

CITY OF DUQUESNE  
2023 Manager's Budget Proposal



Submitted to City Council November 18, 2022

Interim City Manager

George Newsome

## Manager’s Summary

### Projected 2022 Results

- The City of Duquesne will enter 2023 with a substantial surplus of approximately \$1.3 million.
- Tax Revenue lagged slightly behind expectations
- Federal ARPA funds of \$293,000 added to a good revenue stream
- All other expenditures are either lower or near budget amount
- Anticipated deficit in Water Fund due to capturing indirect expenses correctly and timing of reimbursement for grant funds

### Key Items for 2023 Proposed Budget

- There will be no increase in the real estate or earned income tax
- The 3 mills to debt services, which covers our bond issue is unchanged
- Also unchanged is that 1 mill of current real estate tax dedicated to the Fire Department expenditures. This amount does not include the approximate \$20,000 from the Fireman’s Relief
- Employee health benefits increased by approximately 8%
- All union employees will receive pay increases as required under union contracts
- Non-union employees will also receive pay increases
- Salaries for the City Manager and the Public Works Director are split between the General Fund and the Water Fund
- This budget includes a separate Capital Budget with recommendations.
- \$125,000 of non-resident EIT is dedicated to the Capital Budget as required under the Act 47 exit plan.
- A DCED Act 47 grant for an unspecified amount for specific projects is not included in the budget
- By the time the City exits Act 47 in 2023 as required, it will have:
  - Proven the ability to produce balanced budgets
  - Established reserves of 5-10% of expenditures
  - Develop a 5-year Capital Improvement Plan and establish annual funding

### Core General Fund Revenue & Expenditure Summary

After running substantial deficits in 2016 and 2017 the City experienced small surpluses and deficits from 2018 through 2021. Strong growth in tax collections and federal ARPA funds combined with more stable expenditures should leave the City with a substantial surplus at the end of 2022.

#### City of Duquesne - Core Revenue & Expenditures (2017-2022)

DESCRIPTION	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 PROJECTED
Taxes	2,192,073	2,316,231	2,533,347	2,630,015	2,980,797	2,801,666
Licenses/Permits	103,254	81,432	76,231	112,022	108,701	73,244
Fines/Forfeitures	40,260	34,469	36,131	49,024	42,893	27,010
Interest/Rents/Royalties	2,926	6,013	4,969	3,304	3,330	2,173
Intergovernmental Revenues	473,968	425,497	481,102	774,698	1,544,929	1,646,638
Charges for Services	600,749	562,762	518,009	523,637	531,413	525,830
Miscellaneous Revenues	0	5,840	192	843	8,774	1,800
Other Financing Sources	468,491	896,990	942,351	1,206,307	724,657	758,488
Total Revenues	3,881,721	4,329,234	4,592,332	5,299,850	5,945,494	5,836,850
General Government	619,589	891,965	1,025,251	588,027	622,927	582,210
Public Safety	1,534,794	1,408,247	1,511,337	1,524,152	1,915,193	1,746,790
Sanitation	426,713	508,293	510,194	396,613	412,792	425,000
Public Works	554,676	726,013	741,450	480,729	641,685	788,793
Parks/Recreation	2,724	6,396	18,688	722	1,847	11,432
Debt Service	515,455	498,201	465,115	791,488	781,371	772,078
Insurance/Employee Benefits	163,713	159,596	244,284	1,254,380	235,134	209,566
Other Financial Uses	202,747	93,830	103,550	277,532	5,819	1,000
Total Expenditures	4,020,411	4,292,541	4,619,869	5,313,643	4,616,767	4,536,869
Excess/(Deficit) of Revenues Over/	(138,690)	36,693	(27,537)	(13,793)	1,328,727	1,299,981
(Under) Expenditures						
Cumulative	(138,690)	(101,997)	(129,534)	(143,327)	1,185,400	2,485,381

### Proposed General Fund Budget

The 2023 General Fund Budget is reduced due to dedicated millage to the Fire Protection Fund and the Debt Service Fund. The proposed 2023 General Fund Budget indicates a small surplus and will not require tax increases.

DESCRIPTION	2022 BUDGET	2022 PROJECTED	2023 PROPOSED BUDGET
Taxes	2,318,500	2,452,166	2,175,000
Licenses/Permits	88,500	73,244	72,500
Fines/Forfeitures	41,500	27,010	31,500
Interest/Rents/Royalties	2,550	2,168	2,550
Intergovernmental Revenues	707,800	1,185,256	869,025
Charges for Services	520,000	525,830	520,000
Miscellaneous Revenues	5,500	1,800	1,000
Other Financing Sources	577,500	750,225	718,000
Total Revenues	4,261,850	5,017,699	4,389,575
General Government	530,716	500,610	606,679
Public Safety	1,906,964	1,581,160	1,678,329
Sanitation	425,000	425,000	420,000
Public Works	520,065	525,191	614,202
Parks/Recreation	1,000	1,432	12,600
Debt Service	548,000	545,000	515,000
Insurance/Employee Benefits	207,031	209,566	133,000
Other Financial Uses	5,000	1,000	5,000
Total Expenditures	4,143,776	3,788,959	3,984,810
Excess/(Deficit) of Revenues Over/ (Under) Expenditures	118,074	1,228,740	404,765

### Fire Protection Fund Budget

One mill is dedicated for the Fire Department as proposed to help clarify the City’s commitment to the Volunteer Fire Department. Accounting for fire-related expenses separately will allow the VFD to plan accordingly for each budget year.

DESCRIPTION	2022 BUDGET	2022 PROJECTED	2023 PROPOSED BUDGET
Current Year Real Estate Taxes	78,750	70,000	72,500
Prior year Real Estate Taxes	0	0	5,000
TOTAL FPF REVENUES	78,750	70,000	77,500
Workers' Compensation	18,845	18,845	22,044
Pension Contribution	29,397	29,397	20,759
Office supplies	0	108	
Cleaning Supplies for Station	0	0	
Gasoline for Fire Vehicles	0	8,698	
Uniform Allowance & Volunteer Shifts	0	4,408	
General Government Supplies	0	0	
Operating Supplies	0	0	
Cellular Phone	1,500	1,028	
Vehicle Insurance	13,000	18,392	20,000
Building Repairs/Maintenance	0	8,907	
Repairs to Fire Vehicles	0	4,138	
Fire equipment major purchases	0	3,335	
TOTAL FPF EXPENDITURES	62,742	97,255	62,803
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES	16,008	(27,255)	14,697

Debt Service Fund

The City renegotiated its pension bond debt payments in December 2022. A key requirement of the new bond issue was that Duquesne dedicate real estate millage to make the bond payments. The Debt Service Fund proposed below meets that obligation with three mills of tax revenue and will continue until the bond debt is extinguished.

DESCRIPTION	2022 BUDGET	2022 PROJECTED	2023 PROPOSED BUDGET
Current Year Real Estate Taxes	236,250	211,000	217,500
Prior year Real Estate Taxes	0	18,500	15,000
TOTAL DSF REVENUES	236,250	229,500	232,500
Pension Bond Issue	200,000	200,000	200,000
Pension Bond Issue Interest	18,815	18,815	16,669
TOTAL DSF EXPENDITURES	218,815	218,815	216,669
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES	17,435	10,685	15,831

## Water Fund Budget

The 2022 Water Budget is expected to show a deficit. The deficit is due in part to improved recording of indirect expenses applied to the Water Department. The Water Fund also experienced higher expenses due to required contracted services for water controls. Increases in water rates are anticipated to go from \$9.75 per 1000 gallons to 9.90 per 1000. Higher users rates are proposed to increase to 11.80 per 15 100 gallons.

DESCRIPTION	2021 ACTUAL	2022 BUDGET	2022 PROJECTE D	2023 PROPOSE D BUDGET
Interest Income	71	100	50	100
T- Mobile Lease	37,836	20,625	20,625	20,625
Water Systems Grant	0	0	120,444	350,726
	1,013,01	1,000,00		
Metered Sales to Customers	7	0	945,000	1,250,000
Other Water Revenues	28,650	25,000	19,000	25,000
Other Charges for Services	0	0	7,300	8,500
	1,079,57	1,045,72		
<b>TOTAL WF REVENUES</b>	<b>5</b>	<b>5</b>	<b>1,112,419</b>	<b>1,654,951</b>
Executive (Manager)	63,025	58,002	55,140	75,083
Revenue Collection	34,013	33,564	52,404	46,376
Secretary/Clerk	85,847	83,429	89,401	97,642
IT	5,667	2,500	2,450	3,500
Engineering Services	0	35,000	12,000	35,000
Building/Plant	17,668	24,668	13,278	39,241
Employee Wages/Benefits	142,953	182,383	208,907	278,379
Operating Supplies	19,378	16,800	19,918	15,200
Contracted Services	206,907	37,400	111,314	68,900
Water Purchases	487,265	475,000	445,000	450,000
Capital Purchases/Leases	4,500	4,000	235,355	10,000
Refund for Prior Year Revenues	7,731	1,000	2,000	2,000
Transfer to General Fund	0	0	87,730	100,000
Transfer to Water Capital Fund	35,668	0	8,263	0
	1,110,62			
<b>TOTAL WF EXPENDITURES</b>	<b>2</b>	<b>953,746</b>	<b>1,343,160</b>	<b>1,221,321</b>
<b>EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>(31,047)</b>	<b>91,979</b>	<b>(230,741)</b>	<b>433,630</b>

### Capital Fund Budget

The City’s Act 47 plan requires Duquesne to develop and fund a Capital Budget to cover its long-term capital expenses and that all one-time revenues be used to fund one-time expenditures. The plan gives the City the option to allocate an increasing portion of Non-Resident Earned Income Tax to the Capital Fund rather than reduce the rate as it exits as Act 47 Distressed Status.

The proposed budget recommends a few critical expenditures for improvements to City Hall including electrical upgrades and elevator repairs, police and public works vehicles as well as repairs to walls and ceilings inside the building.

DESCRIPTION	2022 BUDGET	2022 PROJECTED	2023 PROPOSED BUDGET
Non-resident EIT	50,000	50,000	125000
Federal grant	331,684	292,662	0
Transfer from General Fund	0	0	0
Total Revenues	381,684	342,662	125,000
Hardware/software purchases	4,000	0	5000
General construction contracts	20,000	41,580	10000
HVAC contracts	25,000	0	0
Electrical contracts	10,000	0	12000
Elevator/accessibility contracts	3,000	0	6000
Security/IT contracts	40,000	40,020	0
HVAC contracts	6,000	20,375	0
Vehicle purchase	48,000	48,000	10000
Sewer repairs	20,000	42,500	0
Vehicle purchase	85,000	0	85000
Salt shed improvements	20,000	19,553	0
Improvements other than building	10,000	0	10000
Contributions to non-Govt organizations	10,000	0	0
Total Expenditures	301,000	212,028	138,000
Excess/(Deficit) of Revenues Over/(Under)	80,684	130,634	(13,000)



Expenditures

Liquid Fuels Fund Budget

The City’s Liquid Fuels allocation from the State is required to be in a separate fund and has specific allowable uses. For ease of record keeping the City typically uses these funds for salt and other road materials, street lighting and traffic signals. The 2023 budget reflects these expenditures.

DESCRIPTION	2022 BUDGET	2022 PROJECTED	2023 PROPOSED BUDGET
Interest Income	50	5	100
Liquid Fuels Allocation	165,000	165,000	158,332
Turnback Allocation Act 32	3,720	3,720	3,720
TOTAL LFF REVENUES	168,770	168,725	162,152
Road materials	25,000	25,000	50,000
Electricity expense	1,000	200	1,000
Machinery/equipment repairs/maintenance	0	1,349	1,500
Street Lighting	140,000	175,000	175,000
TOTAL LFF EXPENDITURES	166,000	201,549	227,500
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES	2,770	(32,824)	(65,348)