

November Council Meeting: Budget Discussion Fact Checking & Thoughts on Etiquette

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By: Bradford Flynn

The Borough of Bath 2023 Budget was passed by Borough Council at their November 7th Regular Session. Prior to adopting the 2023 Budget, one resident was quite vocal, making assertions about the Borough's budgeting practices that will be fact checked here. Manager Flynn will also share some etiquette that could help with any resident raising questions about the complex beast, otherwise known as the municipal budget. If you missed out on the meeting, resident Michael Long of Bath went on the record during public comment session with the following:

Assertion/Question 1: Long stated that since 2018 after the Borough left the Colonial Regional Police Department (CRPD), there should have been savings of \$2 million since it was costing the Borough \$450,000 per year and PA State Police was only costing the Borough around \$200.00 per year. Long asked: Where did all the money go?

Fact: When the Borough withdrew from CRPD in July 2018, the contract for police services was \$422,112.83. Assuming the same cost from 2018 to 2022 (4 years) this amounts to \$1.7 million in savings, not \$2 million. Bath replaced police services with State Police Services. There is no charge for state police coverage.

Fair question: Where did the money go from CRPD? In large part, borough roads. Over the last few years, the Borough has invested significant financial resources into fixing its road network; one of the highest complaints of issues by residents in recent years. Something the Borough could not do in a budget stretched for funding police services. Old Forge Drive was one of the largest streets reconstructed and widened for added residential parking paid for with the savings from police funding.

Any residual cash not used for roads went into closing funding gaps in the General Fund budget after several years without a tax increase.

Assertion/Question 2: Long asserted just a couple years ago the Borough was run with only 4 employees. He said the Borough is now run with 14 employees and the Borough is paying for significant pay increases for those employees. Long went on to assert the Borough has been borrowing money to pay for salary increases.

Fact: In 2020, the Borough operated with 3 full-time Public Works crewmembers, 2 part-time Public Works crew members, 1 full-time Office Secretary, 1 full-time Office Administrator, and 1 full-time Borough Manager: 6 full-time employees with 2 part-time employees– 8 at that time, not 4 or 14 employees.

The Borough's methodology for wage increases is two-fold; based on annual performance review standards and wage rate factors obtained through surveys completed by the PA State Association of Borough's (PSABs).

The Borough has never acquired debt obligations to pay for employee wage rates.

The Borough typically carves out roughly 3% of gross (total of all) employee wages to be used as a pool of cash for annual raises. For example, if the Borough is carrying \$300,000 in total wages, 3% or \$9,000 is used for the wage pool that must be shared between qualified full-time and part-time employees.

Assertion/Question 3: Long stated that the Borough recently borrowed \$550,000 to pay for Municipal Separate Storm Sewer System (MS4) start up. At one point, Long claimed the \$550k borrowed went to refinancing \$386,000 of outstanding debt. Long also claimed the Borough borrowed \$250,000 last year.

Fact: In 2021, the Borough borrowed \$550,000 for capital improvement projects which included reconstructing Penn Street from Washington Street to Broad Street, Easter Terrace, and Independence Ave.

The General Obligation note of 2021 was also used to refinance the remaining debt on a 2016 General Obligation note when the Borough reconstructed Washington Street. The leftover 2016 balance was roughly \$175,000. After the refinance, the Borough had roughly \$375,000 in funds to fix all three streets.

The Borough is only carrying debt from the \$550,000 General Obligation note, sitting at roughly 18% of its total borrowing base. In other words, the Borough is using roughly 18% of its available credit.

Question/Assertion 4: Long questioned why the Borough appears to fund so many 'no-bid' contracts, citing the following expenditures: park camera system and digital sign board at Borough Hall.

Fact: Ordinarily, the public bid threshold for municipalities is \$21,900 (this amount adjusts for cost-of-living each year). Therefore, purchasing of goods or services more than \$21,900 (as of 2022) requires a public bid.

However, the Borough is authorized by state law to pay for professional service providers without going through the public bid process. Generally, services such as legal, engineering, or information technology are considered exempt from public bid requirements. Further, the Borough is authorized to make direct purchases from

the PA General Services Co-Stars program. This is the state's pricing verification program that allows for direct purchases of equipment or services without a public bid process. The state recognizes that purchasing direct from a verified contract allows municipalities to save money it might not have from the public bidding process. This is because the bidding process can be rather extensive, often requiring legal review and the drafting of technical specifications.

The digital sign board at Borough Hall was purchased through KC Signs, a PA business, and PA Co-Stars distributor/contractor. The Borough shopped directly with KC Signs on the state contract and saved money by not developing bid specifications requiring extensive legal and engineering review.

Relative to the Borough's Park camera systems, the equipment costs for the project fell below public bid thresholds and IT services are considered a professional service exempt from public bidding.

Assertion/Question 5: Long did not agree that the Borough Manager's salary should be more than the City Manager of the City of Bethlehem. Long cited from his research that the City Manager of Bethlehem, who operates a \$20 million budget, is paid only \$65,000 a year.

Fact: First, the City of Bethlehem is a city of the third-class. Bath is incorporated as a Borough. The City of Bethlehem operates a strong Mayor-Council form of government. This is very different from the Borough of Bath, which operates a Manager-Council form of government. Different set of rules and processes between Bath and the City of Bethlehem.

Second, the City of Bethlehem does not have a 'city manager.' The city operates with an elected mayor, who has a salaried city business administrator under the city's 'Administration Department.' In 2022, the City of Bethlehem mayor will earn a salary of \$90,500.00. The business administrator (assumed equivalent position of a Borough Manager for the purpose of this argument) will earn a salary of \$111,459.00.

The City of Bethlehem 2022 budget is not \$20 million, it was recorded as \$94,750,000.00. (See www.bethlehem-pa.gov/meet-your-government/budgets-and-audits for more information).

Finally, the Borough of Bath manager, who also serves as Treasurer and Secretary, among other duties, will earn a 2022 salary of \$86,658.41. And according to the 2022 PSABs Salary Survey data (which only compiles information relative to Boroughs), lists the average salary for the Borough Manager position among Pennsylvania's southeast region, including Northampton County, as \$97,161.00.

Assertion/Question 6: Long questioned the budgeting process in general, how no information about the budget was available and where could the public find budget

information. Long also asked in 2022, if there was \$330,000 spent in Public Works, where does the money show back up in the budget.

Fact: First, when reviewing the General Fund budget, there are expense lines and revenue lines. All the General Fund expenses are paid for through taxes on the revenue side, unless specified further by money coming from an interoperating fund. For example, the General Fund may receive money from another fund to pay for a certain expense.

The Borough Administration is and has been transparent about Borough finances. Residents and taxpayers are welcome to ask questions or even meet with staff to go over any line of the budget in any of the Borough's six funds.

That said, the Borough administration begins working on the upcoming years' budget during the summer of the preceding year. So, to adopt the January 2023 Budget, work begins drafting the budget during the month of June of 2022. Each municipality is different and conducts budgetary calendars in their own unique way. The Borough is required under state law to adopt a budget by December 31st of each year.

Budget talks begin in the Personnel, Finance, and Administration Committee (PFA Committee). These meetings are open to the public and posted on the Borough's website calendar. The PFA Committee receives suggestions from the public and other Borough committees from June through August. Draft budgets begin to take shape by the September and October Council meetings. Additional meetings can be held during this period. These budgets are discussed in public session. The final draft budget is typically ready for adoption during the November Council meeting.

The 2023 Budget draft was made public after the October Council meeting and posted on the Borough's Home Page October 4, 2022. The Borough is required to publicly advertise the budget in a paper of general circulation prior to adoption. The 2023 Budget was advertised in the Home News prior to adoption. The Borough's budget is posted on the Borough website, Facebook page, and local newspaper.

Final Thoughts & Helpful Etiquette: Short of the Borough mailing every taxpayer a copy of the budget prior to adoption (which admittedly and jokingly the Borough cannot afford), there must be a level of personal responsibility with how an individual receives his/her information from their government or deciding how to include themselves in the budget process.

Municipal budgets are complex, so it is good to ask questions. But plan it out. Plan time to read over the draft. Take time out of your day to either call or visit Borough officials to explain the budget.

It really is no secret. Any Borough residents/taxpayer can ask for copies of a draft budget that has been authorized by the Council for advertising. This cannot be

stressed enough, come meet with us to understand how and what goes into drafting the budget!

Be cautioned! Waiting until the 11th hour of a five-month budget adoption process to raise objections only then publicly, or ask questions, or really to impress upon the public contextually misguided opinions (in a word: grandstanding), without at least talking directly with Borough officials about the budget only serves to unnecessarily complicate the public budget meeting. Sometimes we need to be reminded: Borough Council meetings, budgetary or otherwise, are not inquisitions.

Engaging in a perceived game of 'gotcha' is troubling. Because of personal reasons, or whatever, it becomes tough for you as the concerned resident to make otherwise potentially valid points when you are on the offensive. It becomes tough for Borough Council because they have no point of reference or context in which to engage in a more meaningful conversation. This disrupts the flow of a meeting. This is why meeting participants should take time to plan out comments or questions and be mindful of allotted public comment time of between 3 and 5 minutes.

To be helpful during a budget meeting, asking something like this: "I met with the Borough Manager to talk about the budget. I just don't understand General Fund spending under the Public Works line for overtime, and why it's going up 20% from last year." I think this example demonstrates a much better start to having a conversation about budget complexities.

The November 7th meeting was refreshing in that Borough Council and the administration was asked some questions! Public comment is always warranted and it's great to see the engagement. It helps though to focus the discussion instead of putting everyone through a rapid-fire shotgun patterned line of questioning. Having a little etiquette goes a long way. Come up with a plan. Put together some questions pertaining to the topic being discussed at the public meeting that everyone can easily follow and hopefully provide commentary to clear up any confusion.

For further questions, comments, or tips on how the Borough can better serve its public, please contact members of Borough Council or the Borough Manager (610) 837-6525.