

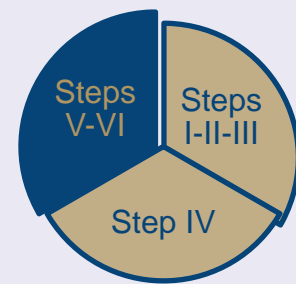
# The McKeesport Plan

## *Early Intervention Program EIP Management Plan*



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**Multiyear Plan Adoption &  
Five-Year Implementation &  
Process Renewal**



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## Step V: Multiyear Plan Adoption

In Steps I, II, and III of the Early Intervention Plan, several systemic problems were identified based on the historical trend analysis and the five-year projections for future revenue and expenditures. The City of McKeesport is constantly faced with the dilemma of a stagnant revenue base that must support increasing operating costs, resulting in a structural deficit. Quite simply, the operating revenues are not sufficient to support the operating expenses on an annual basis. This trend is primarily due to the following reasons:

- The real estate assessed value has been trending flat or decreasing since 2003. Over the past eight years, from 2002 through 2009, the real estate tax collection has actually decreased by over \$200,000.
- The tax base is about 34% tax-exempt (government buildings, Port Authority, utilities, social services, healthcare, and churches). This is a projected loss of about \$1.4 million annually, which would otherwise be available to support City services.
- A residential base with 23% of its population below the poverty level and a significant low-to-moderate income population that does not generate significant increases in earned income tax (EIT) revenue from year to year
- Declining manufacturing, retail trade, and service segments that have contributed to the erosion of the economic base
- An outdated revenue collection system that has not been upgraded to include modern techniques or technological improvements

As a result, the City regularly resorts to using its operating reserves or identifying one-time revenue fixes to balance the budget. Typically, these include the sale of assets, proceeds from borrowing, or revenue derived from business enterprises like garbage and sewer fees.

In Step IV of the Early Intervention Plan, the management audit of the departments identified structure, staffing, and operational improvements that could be made to support a streamlined, more effective organization that would be strong and flexible enough to meet the demands of modern practices and constantly changing demands for public services. These recommendations focused on setting aggressive professional standards, modeling best practices, and adopting a more regional approach for the delivery of services.

Step V of the Early Intervention Plan is structured to identify the City's top five financial and management priorities. Additional prioritization is to be conducted at the departmental level. Interdepartmental objectives that are

City-wide or county-wide in nature are detailed in the Plan. Each objective is to contain a detailed action plan that describes (1) what is to be achieved, (2) the budgetary impact, (3) the timing and deadlines for each action step, and (4) which employee or agency has the primary responsibility for the objective.

**The City regularly resorts to using its operating reserves or identifying one-time revenue fixes to balance the budget.**

**Goals and Action Items**

Based on the results from the financial analysis and management audits, the consultant team has recommended a Five-Year Plan that outlines action steps and sets deadlines for activities necessary to the City’s fiscal and administrative health. The Plan focuses on revenue growth strategies, expenditure reductions from service-delivery efficiencies, adoption of best practices, and intergovernmental cooperation strategies.

The Five-Year Plan focuses on five priorities for the City as a whole and a set of action steps within these priorities. This Plan should be read in conjunction with the Step IV management audit of the departments and the recommendations that are included in each section of the Plan.

For each of these priorities, the Plan includes (1) critical success factors, (2) action steps, (3) the person or department responsible for each action step, (4) the timelines for the action steps, and (5) the probable financial impact of the action steps.

Considering and implementing these recommendations will take significant effort by the City officials and staff. Many of the recommendations and goals will challenge the traditional notions and practices that the City has adopted over time, but many of the current practices are ineffective and are no longer useful for cultivating and supporting a modern, properly functioning local government organization.

As a result of the study, analysis, and synthesis of material and information from Steps I through IV of the Plan, the following priority goals for the City have been identified.

<b>Goal 1: The City has a solid and self-sustaining revenue base.</b>
<b>Goal 2: The City has a cost-containment strategy for its operations.</b>
<b>Goal 3: The City has adopted operations, systems, and practices that support the goal of a safe, clean, and sustainable community.</b>
<b>Goal 4: The City has leadership in place that can promote projects and advance a strong vision of success for the organization.</b>
<b>Goal 5: The City has a long-term plan for financing capital projects.</b>

**GOAL 1: THE CITY HAS A SOLID AND SELF-SUSTAINING REVENUE BASE.**

The ability to generate revenue is critical to the health and sustainability of any local government operation. Currently, the City does not generate sufficient annual revenue to support the cost of basic services. The gap between the revenue generated and the cost of delivering municipal services cannot be filled by any one action or decision, but rather must be addressed over time by adopting a posture of fiscal discipline and open dialogue with the public and the other communities and policymakers in the region.

**Real Estate Taxes**

Real estate taxes are calculated based on the assessed value of taxable real estate in the City (assessing the value is a County function) and the millage rate adopted by the City Council on an annual basis during the budget process. The County imposed a freeze on assessed values for the past several years, forcing local governments to utilize the base year of 2002 as the basis for local assessed values. (This practice has been determined to be unconstitutional by the Pennsylvania Supreme Court, which may have an impact on the City's assessed values in the future.) This method limits the ability of the City to recognize additional revenue based on the natural increases of market values of property in the City over time. The only increases to the City's real estate tax base are a result of new construction or development in the City that is added to the total assessed value. Although adjusting real estate tax millage is the easiest method for generating additional revenue, it is also the most controversial and least desirable. It is usually the action that is considered to be a last resort for local officials because it affects property owners who may not have the ability to pay higher taxes.

**Act 511 Tax Revenue**

The rates for EIT, deed transfer tax, business taxes, and local services tax are established at specific levels in the authorizing statutory language of Act 511, the Local Tax Enabling Act. There is no discretion at the local level for adjusting the rates for these taxes – the only discretion for local governments is the method by which they are collected. Currently, the City has elected to collect taxes in-house through the City's Tax Office. Of the Act 511 taxes collected by the City, the EIT makes up by far the largest percentage of the overall collection. In the review of similar communities in southwest Pennsylvania, McKeesport was one of the lowest in the collection of EIT, primarily due to the lower income levels in the City.

Beginning in 2012, the EIT in McKeesport will be collected by a Tax Collection Committee made up of 45 municipalities and 10 school districts in the Southeast Allegheny County Tax Collection District (TCD) as mandated by Act 32 of 2008. The impact of the new tax collection system in its transitional years is difficult to determine, but it will probably result in collections that are lower than otherwise expected for the first two to three years due to the complexity of moving to a consolidated system with a new tax collector.

**Fees, Licenses, Permits, and Charges**

Fees and departmental charges that are collected in the City, when the Municipal Service Fee (MSF) is excluded, only make up about 2% of the overall revenue budget. This is the lowest percentage of overall revenue for departmental earnings for any of the 14 comparison communities (see Appendix C for a full report). The City has become more and more dependent on tax revenue and less dependent on fees and charges over the past eight years. This lack of diversity in the revenue base causes the City revenue to be more vulnerable to outside economic influences and less resilient in its ability to adjust its revenue stream.

**It is absolutely critical that the City take immediate steps to enhance its revenue base in order to provide a solid and self-sustaining source to support the basic operating expenditures for the delivery of vital public services.**

It is absolutely critical that the City take immediate steps to enhance its revenue base in order to provide a solid and self-sustaining source to support the basic operating expenditures for the delivery of vital public services. For this reason, the stabilization of the revenue base should be the number one goal for the City. The following is a review of the critical success factors and action steps that must be accomplished in order to achieve this goal.

## McKeesport EIP Financial Management Plan

### Goal 1: The City has a solid and self-sustaining revenue base.

To achieve this goal we must address the following critical success factors.

We must have...

- More diversity in the revenue stream
- Better records of residents and businesses
- More revenue from fees
- Better collection of outstanding delinquent taxes and fees
- Strong real estate market values
- A vibrant business community

We must be...

- Less dependent on real estate tax
- A community that attracts wage earners
- Able to capture the costs of providing services through the established fees

To meet this goal we will...		Responsibility	Implementation Schedule (Months)		
			6-12	13 -24	25 +
Action 1A	Appoint a Chief Financial Officer (CFO)	Mayor and Council	X		
Action 1B	Upgrade technology to achieve better reporting and control of Borough assets	CFO, City Administrator	X		
Action 1C	Create an internal system to analyze, adjust, and implement appropriate fees for services. Compare fees from similar and adjacent communities.	CFO	X		
Action 1D	Adopt annual fee resolution with all City fees.	CFO	X	X	X
Action 1E	Assign employee to conduct a comprehensive review of the Municipal Service Fee on an annual basis and make adjustments to the fee as necessary.	CFO	X	X	X
Action 1F	Market/promote a tax compromise program that will support moving vacant properties for private sales.	City Administrator	X	X	X
Action 1G	Market/promote a tax abatement program. Update Local Economic Revitalization Tax Assistance Act (LERTA) ordinances and promote abatement as a marketing tool.	City Administrator	X	X	X
Action 1H	Set up a system to monitor current collections, assessments, and collection rates.	CFO	X		
Action 1I	Maximize use of tenant registration to cross-reference resident and business address information with EIT and business tax rosters.	CFO	X	X	X
Action 1J	Create an accurate and updated database in MUNIS to track businesses and detailed information about residents in the City.	CFO	X	X	
Action 1K	Authorize routine random audits of businesses relative to business privilege taxes.	City Administrator	X	X	X



### Discussion: Collection of Delinquent Taxes

The issue of delinquent tax collection has long been a priority item for the City. The City, over the past decade, experienced high rates of uncollectable real estate tax, which has been further exacerbated by the recession and home foreclosure rate during the last two years. In 2010, the City is expected to collect only about \$150,000 in delinquent real estate taxes, while the rate of foreclosures, sheriff sales, and abandonment of property has increased, causing a vacant property problem in the neighborhoods. According to information provided by the City, approximately 29% of the property in the City is delinquent for City taxes, totaling approximately \$2.5 million. This is a significant problem that must be addressed.



The City effectively uses the County's vacant property program to move properties from a "willing seller" to a "willing buyer." In addition, the City should consider the adoption of tax abatement and tax compromise programs that may address many of the vacant property issues.

By effectively using demolition, land banking, and tax abatement programs, the City has been able to attract the development of new housing at market rates in neighborhoods immediately adjacent to the downtown business district. These homes are attractive, affordable, and have pedestrian connections that make them convenient to services and public transportation. Additional residential projects like the ones undertaken will provide much-needed additions to the tax base.

The City should continue to utilize the tools that are available to help homeowners stay in their homes and arrange for reasonable payment arrangements for real estate tax collections in order to avoid additional vacancies through abandonment. When the amount of taxes and MSF fees owed (including the penalties and interest charged) exceeds the value of the property, it may be in the City's best interest to intercede and act as the intermediary between the homeowner and the tax collector.



In order to balance the need for vigorous and aggressive tax collection with the issue of abandonment of property whose taxes owed are greater than its value, the following steps are recommended:

**STEP 1** – Require the Tax Office Manager to provide a report to the City on a quarterly basis that identifies all

properties that have outstanding delinquent real estate taxes and MSFs relative to the assessed value of the property. This list should be reviewed by the Mayor and City Administrator prior to any decision to pursue tax sales of properties. Properties that have a negative value should be referred to the Solicitor and trigger a tax-compromise procedure.

**STEP 2** – Have the Tax Office work with the Code Department to identify which properties on the delinquent list are vacant and which are occupied. Work actively to pursue payment arrangements and homeowner support where property is occupied.

**STEP 3** – Provide a referral service for property owners who are in danger of losing their homes by linking them to County and state services that are available for this purpose. Require that this information be provided by the Tax Office prior to any action to pursue a tax sale.

### **Discussion: Municipal Service Fee**

The MSF provides 10% of the overall revenue for the City and should be identified for special attention and focus. The following steps are recommended:

**STEP 1** – The Finance Department should work diligently with the Code Department to establish a good property owner list for billing purposes. This list should be maintained in the City’s MUNIS system and updated regularly through the tenant registration information.

**STEP 2** – The MSF should be rigorously analyzed on an annual basis to determine whether the fee charged to the property owners covers the cost of all personnel compensation and benefits, operating supplies and materials, long-term capital expenditures, and uncollectable accounts.

**STEP 3** – The City should adjust the fees annually during the budget process, based on the information derived from the analysis of direct and indirect costs to provide the service.

**GOAL 2: THE CITY HAS A COST-CONTAINMENT STRATEGY FOR ITS OPERATIONS**

As reported in Steps I and II, the City has done a relatively good job of containing costs over the past eight years, primarily by using a strategy of staff reductions in administration and in the sewer operation and by supplementing the Police Department with grant funds. The City increase in expenditures has averaged about 4.6% per year over the past eight years. This has been a challenge, considering that both fuel costs and healthcare costs have escalated at double-digit annual increases over the past five years. Part of what is driving the increases to the total City expenditures is the Police Department expenses, at about \$4.2 million in 2009. The police expenses have increased at a rate of more than 10% per year for three of the last five years. Meanwhile, the Fire Department expenses, at \$1.9 million in 2009, have increased at about 2.9% per year, and the Public Works Department expenses, at about \$3.5 million in 2009, have remained flat since 2002. Public safety expenses make up about 30% of the overall general operating expenses in the City. Cost containment must therefore begin in the area of public safety in order to have any impact on the overall financial health of the City.

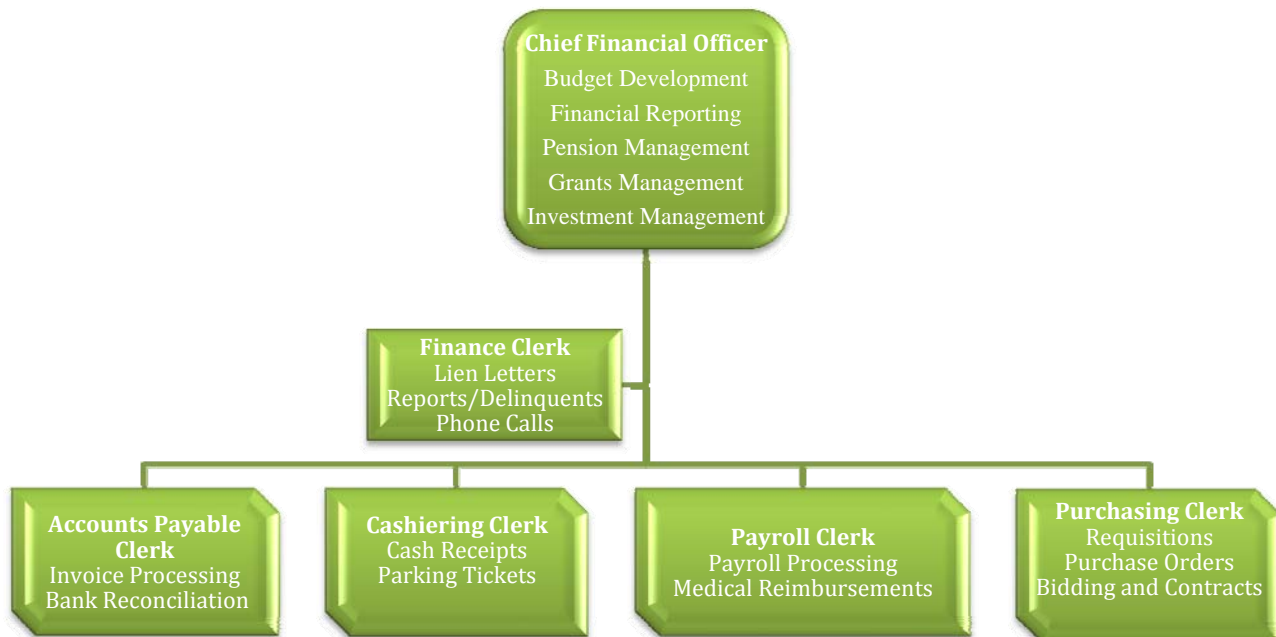
**Management and Finance**

The City should have better financial reporting and better information for decision-making purposes. The City should require the department directors to take a more active role in developing and administering the budget. The directors should be given regular budget reports and query access to the MUNIS accounting system so that they can monitor their budgets in real time. They should be held accountable for budget overruns and should be required to justify expenditures that are not routine or ordinary. Any items requested for the new budget year should have complete analysis of cost (initial and maintenance), support data, and justification for the purchase.

The Finance Department should set up a routine procedure that will require a complete analysis of cost prior to any new hire in any department. The City's personnel costs make up about 75% of the overall budget, and it is therefore critical to evaluate every position prior to the Council's approval of a new hire. The analysis should include not only starting costs but projected benefit and pension costs over the entire employment period, with adjustments for estimated inflation rates. This analysis should be presented to the Mayor, City Administrator, and Council prior to a hiring decision.

Based on the transition to a county-wide collection system for EIT collection, the City should reevaluate the positions and the job duties of employees in the Finance Department/Tax Office. As part of this evaluation, a professional Chief Financial Officer with a strong background in governmental accounting should be appointed to head the department. Many of the duties should be consolidated under a fewer number of positions. The recommended structure for the Finance Department is shown in Figure 1 below:

FIGURE 1 — FINANCE DEPARTMENT PROPOSED ORGANIZATION CHART



## Police Department

The Police Department increased staff significantly in 2009 from 45 full-time officers to 53; as a result, costs for providing police service have escalated dramatically. The department went from \$3.2 million in 2006 to \$4.4 million in the 2010 budget. Escalating healthcare costs and unusually high overtime also continue to be areas of concern for cost containment. Health insurance costs in this department increased to over \$700,000 in 2009. Combined overtime costs for shift coverage and court appearances were over \$300,000 in 2009.

At \$4 million in 2008, the McKeesport Police Department expenses were nearly twice as high as those of other fiscally distressed communities in Allegheny County. For example, the City of Duquesne spent \$1.2 million, the City of Clairton spent \$829,000, Munhall Borough spent \$1.9 million, and Wilkinsburg Borough spent \$2.8 million. These figures are entirely correlated to the number of police officers employed by the respective communities.

McKeesport is surrounded by small communities with either no police service or part-time police service. Currently, the City provides police services to Dravosburg but should be providing the same service to at least six additional communities in the region. The City should initiate discussions with its adjacent communities regarding its ability to provide services at a reasonable cost. This would supplement the McKeesport revenue base for the provision of police services, while providing a higher level of service for neighboring communities.

### **Fire Department**

Overall, there is very little opportunity to trim the Fire Department budget. With 22 full-time firefighters, McKeesport is comparable to other cities of similar size and has similar demographics. Of the other fiscally distressed communities in Allegheny County that were examined, only the City of McKeesport and the Borough of Wilkinsburg have fully paid professional fire departments. In 2008, McKeesport spent \$1.8 million and Wilkinsburg spent \$1.6 million.

Non-personnel costs are not excessive and are actually comparatively low. Yet, the budget for the fire department, at \$2 million for 2010, makes it difficult for the City to support and provide resources. The Fire Department continues to operate with outdated apparatus and equipment that is in need of replacement.

### **Public Works and Parks**

McKeesport City spends about the same for its Public Works Department as other cities across the Commonwealth of similar size and demographics. However, compared to other fiscally distressed communities in Allegheny County, McKeesport spends about twice as much for its public works operation. In 2008, McKeesport spent about \$3.5 million for its highways, streets, and sanitation operations, compared to \$2 million in Munhall Borough and \$2.6 million in Wilkinsburg Borough. Other cities, like Clairton and Duquesne, spent less than \$1 million for these operations.

### **Code Enforcement, Planning, and Zoning**

In order to focus on neighborhood improvements and revitalization of the business district, the code enforcement, planning, and zoning operation must have additional resources and personnel available for a more aggressive enforcement operation. More aggressive code enforcement and cleanup will help to stabilize the neighborhoods and protect housing stock. The lack of code enforcement was obvious and pervasive in all of the interviews conducted with City staff and officials. The City currently only spends about 7% of its operating budget on code enforcement, planning, and zoning activities.

## McKeesport EIP Financial Management Plan

### Goal 2: The City has a cost-containment strategy for its operations.

To achieve this goal we must address the following critical success factors.

We must have...

- A process for evaluating the cost of new hires
- More efficient methods for delivering services
- Professional standards and techniques in place
- A regional approach to providing critical services

We must be...

- Clear with department heads about the focus and objectives
- Supportive of new and more efficient techniques

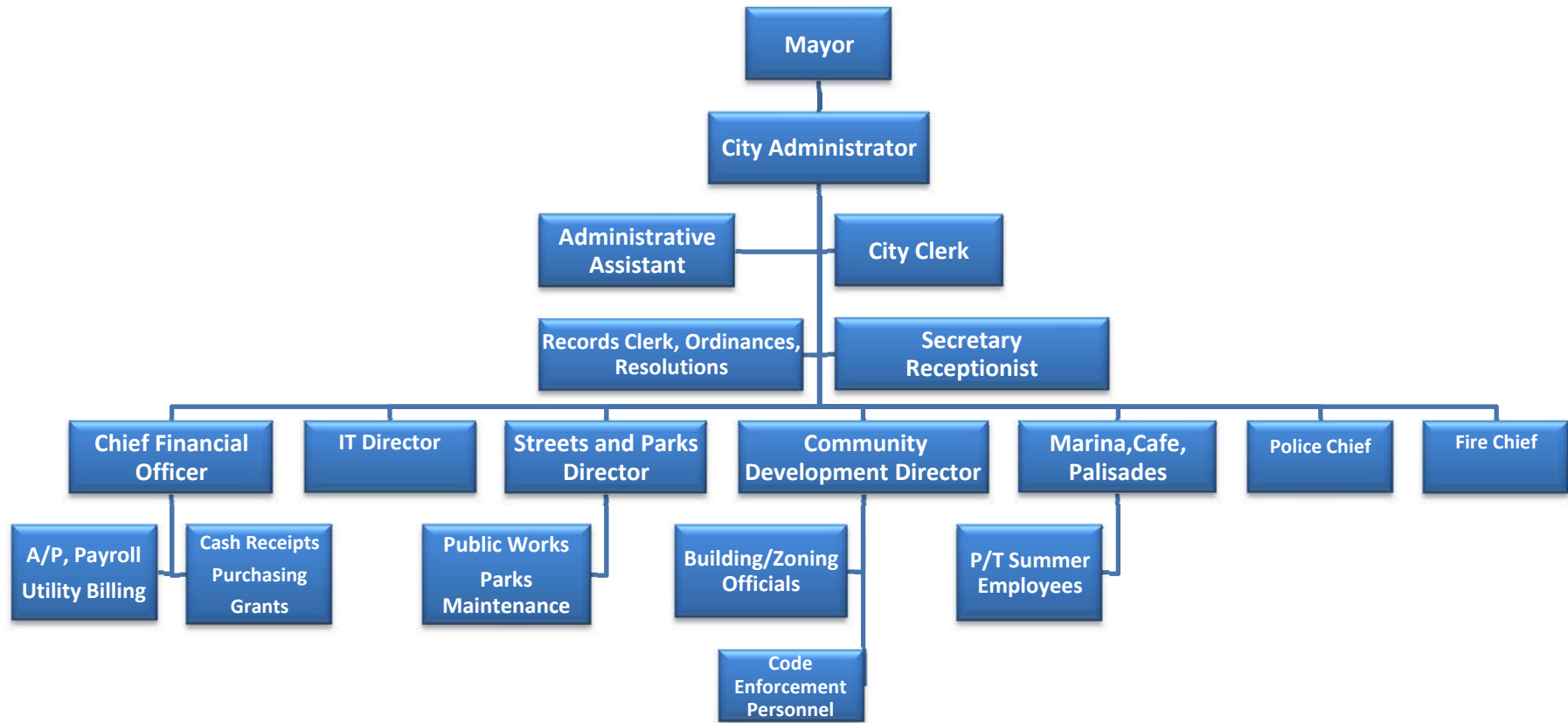
To meet this goal we will...		Responsibility	Implementation Schedule (Months)		
			6-12	13-24	25+
Action 2A	Initiate and continue discussions with adjacent communities regarding the ability of the City to provide full-time police services at a reasonable cost. Engage an outside facilitator such as the Local Government Academy to advance these discussions.	Mayor, City Administrator	X		
Action 2B	Create a standard procedure for evaluating each staff position vacancy prior to any hiring decision. The procedure should include direct, indirect, and legacy costs.	Chief Financial Officer (CFO), City Administrator	X		
Action 2C	Contract out the recycling operation to a private collector and liquidate assets. Negotiate the elimination of these positions through attrition with the bargaining unit.	City Administrator, DPW Director, Council	X		
Action 2D	Use summer employees to supplement the workforce in order to address parks, vacant properties, and street maintenance during summer months.	City Administrator, Council	X		
Action 2E	Re-evaluate the Finance Department/Tax Office. Hire CFO and redistribute work to positions as identified in Figure 1. Negotiate the elimination of positions through attrition with the bargaining unit.	Mayor, City Administrator	X		
Action 2F	Develop a capital plan for facility, equipment, park, and road improvements and finance capital plan through limited low-interest borrowing.	City Administrator, CFO		X	
Action 2G	Develop a code enforcement operation and recreation program that is self-sustaining for the long-term improvement of the quality of life in the neighborhoods.	City Administrator, Community Development Coordinator		X	X
Action 2H	Consider the development and implementation of a cafeteria plan for employee health benefits and leave.	City Administrator, Consultant, Council		X	

### **Discussion – Changes to Level of Staffing in Departments**

The largest expenditures in a local government organization, by far, are related to the compensation and benefits for the personnel. For that reason, the City must vigilantly explore the best methods for undertaking service delivery with the most cost-effective staffing structure possible. As part of Step IV of the Early Intervention Plan, the consultant team reviewed current staffing, work practices, and collective bargaining agreements in order to conduct its management audit for each department. The consultant team then identified best practices and modern methods that are applicable for each department. As a result of this review, the following specific staffing structure is recommended for the City. Although the recommended level of staffing cannot be unilaterally implemented without negotiation with the various collective bargaining units, it is a structure and staffing level that should be the goal for the organization. By adopting the staffing structure and levels shown, the City will be able to achieve several important objectives from this study:

1. Contain costs by supporting fewer full-time and more part-time positions
2. Support community goals of more aggressive code enforcement and attention to streets, parks, and facilities
3. Provide professional staff support for better management of operations, resources, and processes related to personnel and capital assets
4. Provide additional resources for long-term operational and capital planning
5. Provide better control of records and timely dissemination of information

FIGURE 2 — PROPOSED ORGANIZATIONAL STAFFING STRUCTURE





**Discussion: Healthcare Cafeteria Plan**

The effectiveness and quality of the City's service to the community depends on the consistent and conscientious performance of the City personnel. In recognition of the value of the faithful performance of its employees, the City provides a number of predetermined benefits. An option for providing a more customized approach to benefits while at the same time achieving cost savings and a more accurate reflection of the City's values and goals is the installation of a cafeteria plan for health benefits and leave.

A cafeteria plan is a written benefit plan that is maintained by the employer for the benefit of its employees. Section 125 of the Internal Revenue Code makes it possible for employers to offer their employees a choice among a variety of nontaxable benefits based on the cash value without the application of the Internal Revenue Service (IRS) rules that would require income recognition by the employees. The City could then allow employees to select the qualified benefits and the taxable benefits that are outlined by the City.

The written benefit plan should identify the eligibility for employees, the types of benefits that are included, and the types of benefits that may be elected by employees. It may address flexible spending accounts, optional retirement plans, and group benefits such as life insurance, long-term care insurance, and supplemental disability insurance. Typically, a cafeteria plan will also address issues of leave based on an integrated paid and unpaid leave plan. Additional miscellaneous benefits such as training and development, education, and wellness programs may also be included.

Cafeteria plans are growing in popularity with employers and employees because they provide customized benefits that are chosen by the employee annually, and the employer can set a maximum cash value for the benefit package. For union employees, the plan can be part of the bargaining process. Elements of the plan should be structured so that they are attractive to employees and desirable for the employer. For McKeesport, the following steps are recommended:

**STEP 1** – Develop a scope of services, identified tasks, and work plan for establishing a written cafeteria plan .

**STEP 2** – Establish a committee to work with the City Administrator to develop the cafeteria plan. The committee should include elected officials, key staff members, and union representatives.

**STEP 3** – Identify and select a consultant to assist with the development of the cafeteria plan.

**STEP 4** – Prepare a draft plan and circulate for changes, comments, and suggestions.

**STEP 5** – Prepare the final plan and schedule implementation.

**STEP 6** – Secure a third-party administrator to undertake activities associated with flexible spending, health savings accounts, open enrollment, and related benefits.

**STEP 7** – Implement the cafeteria plan.

**GOAL 3: THE CITY HAS ADOPTED OPERATIONS, SYSTEMS, AND PRACTICES THAT SUPPORT A SAFE AND CLEAN COMMUNITY.**

Public safety is one of the most important considerations for a community's sense of well-being. Research indicates that the lack of a sense of safety and security is one of the greatest deterrents to community development. Based on background research, public input, and analysis of the business district and the City operations, the public safety issues consistently rise to the highest priority. Public safety issues that were highlighted during the EIP and comprehensive planning public outreach process were primarily related to the Police Department operations and Code Enforcement. Many of the following recommendations are derived from the EIP operational review of the departments.

In an older community, the building and codes department is the most important local government operation for enhancing the business district, stabilizing the neighborhoods, and preserving the housing stock. During the six neighborhood meetings that were scheduled as part of the comprehensive planning process, the residents voiced their opinions loudly and clearly about issues related to the cleanup of the neighborhoods and business district. For this reason, the City must consider making a commitment of resources to the building, zoning, and code enforcement operations. In order to demonstrate this commitment, the City should assign or appoint a full-time department director dedicated to the building, zoning, and code functions. The newly appointed director must provide the leadership necessary to properly supervise personnel, maximize resources, and fully commit to the City's development and redevelopment goals. In the past, this department only received about 1.5% of the overall resources available in the McKeesport budget. The City should make a commitment to raise this to at least 3% of the budget (from \$176,000 to \$350,000) over the next three years.

Allocating resources to the Code Enforcement Department will not address the deficiencies identified – there should also be a plan to refocus and re-energize the staff responsible for code enforcement. Since the City is completely developed, there is relatively little activity in the City related to new construction, especially in the commercial district. For this reason, the tasks around plan review and new construction, especially in the commercial district, can be easily contracted to a third party, because they are predictable and can be scheduled. This will allow the City employees to focus on proactive code enforcement in the neighborhoods and in the business district. Although the contracting out of these activities may require some negotiations with the Service Employees International Union (SEIU), the point should be made that this strategy is not intended to reduce or eliminate jobs but to restructure the workload to utilize the hours that are available for these activities for maximum impact.

**The lack of code enforcement was identified in every interview and at every discussion with City staff and officials.**

## McKeesport EIP Financial Management Plan

**Goal 3: The City has adopted operations, systems, and practices that support a safe and clean community.**

**To achieve this goal we must address the following critical success factors.**

We must have...

- Detailed information about costs of providing all services
- One of the best and most professional police operations in the Commonwealth
- A vigorous and effective code enforcement operation

We must be...

- Committed to an equitable distribution of expenses
- Vigilant in our focus on crime prevention techniques and community policing commitment
- Determined to redevelop and revitalize our neighborhoods and housing stock

To meet this goal we will...		Responsibility	Implementation Schedule (Years)		
			1 -3	3 -5	5+
Action 3A	Seek accreditation for the Police Department. Hire an accreditation consultant to assist with the development of required policies, procedures, training, and requirements for the Pennsylvania Chiefs accreditation program.	Mayor, City Administrator, Police Chief	X		
Action 3B	Assign an officer in the department to undertake the process for becoming an accredited department through the International Association of Chiefs of Police (IACP).	Police Chief		X	X
Action 3C	Update, adopt, and distribute a comprehensive police procedures manual for the department as part of the accreditation process.	Police Chief		X	
Action 3D	Develop a strategy for higher police visibility and foot patrols in the business district during peak periods.	Mayor, Chief	X		
Action 3E	Select and train an officer as a Public Information Officer (PIO).	Mayor, Chief	X		
Action 3F	Eliminate the residency requirement in order to attract a larger pool of police candidates.	Mayor, Council		X	
Action 3G	Research, train, and adopt Crime Prevention Through Environmental Design (CPTED) standards for environmental crime prevention strategies.	Mayor, Council	X	X	X
Action 3H	Research, train, and adopt modern community policing practices.	Mayor, Chief	X	X	X
Action 3I	Identify and hire a highly skilled, experienced Director of Zoning, Codes, and Community Development.	Mayor and Council	X		
Action 3J	Implement a summer code enforcement program for property maintenance violations.	Administrator, Director	X		
Action 3K	Develop turnkey packets for developers and applicants.	Director, Staff		X	X

**Discussion: Police Department**

Many of the action items are drawn from the EIP operational review of the Police Department and the recommendations contained therein. The following steps outline specific items that should be addressed as part of the action plan.

**STEP 1** - The Chief and supervisors should attend the Command Institute for Police Executives, Pollex, and Advanced Pollex. This will provide a broad overview of modern police standards and procedures.

**STEP 2** - The Chief and supervisors should deploy officers so that community policing principles are met and there is higher visibility in the neighborhoods and business district.

**STEP 3** - The Chief should carefully choose and train a police officer to act as the department's PIO who will be the sole point of contact with the media.

**STEP 4** - The City should eliminate its residency requirement for police officers, in order to increase its pool of qualified candidates.

**STEP 5** - The City should hire full-time and part-time police patrol personnel in accordance with the staffing needs dictated by the IACP formula included in the EIP.

**STEP 6** - The McKeesport Police Department Manual of Standard Operating Procedures and Policies should be updated to include an emphasis on community policing.

**STEP 7** - The Police Department should initiate the process of seeking accreditation via the Pennsylvania Chiefs of Police Association. This process will require the department to fully meet the standards for modern police operations.

**Discussion: Crime Prevention**

Beyond the strategies outlined in the EIP, several others emerged, many of which are related to the deployment of police officers. Police presence and visibility can be a significant deterrent to crime. While hiring additional police officers may not be possible within the current financial constraints, some of these additional strategies could potentially be implemented by utilizing the existing staff.

A cost-effective and efficient way to develop new strategies to increase public safety is to learn from the experiences of other communities and from organizations that focus on crime prevention. To assist in crime prevention, Washington, D.C.'s police department has recently implemented some innovative programs that consist of evaluating real-time statistics to determine when and where to deploy resources. According to Police Chief Cathy Lanier in a recent interview with *Parade*, 3% of Washington's addresses account for 50% of violent crimes. One of the strategies listed above for McKeesport involves using community policing practices to mitigate crime. This task could potentially be augmented through additional information regarding Chief Lanier's approach in Washington, D.C. The full *Parade* article can be viewed at <http://www.parade.com/news/2009/08/02-new-ways-to-stop-crime.html?index=2>.

In addition to the action items that are related to the utilization of current staffing and resources, the Police Department could implement a Crime Prevention through Environmental Design (CPTED) program to provide education and advisory services regarding physical design principles for preventing crime. CPTED strategies rely upon the ability to influence offender decisions that precede criminal

acts. Research into criminal behavior shows that the decision to offend or not to offend is more influenced by cues to the perceived risk of being caught than by cues to reward or ease of entry. Consistent with this research, CPTED-based strategies emphasize enhancing the perceived risk of detection and apprehension. Some examples of CPTED include the following:

- Natural Surveillance
  - Placing windows overlooking sidewalks and parking lots
  - Using passing vehicular traffic as a surveillance asset
  - Ensuring potential problem areas are well lit
- Natural Access Control
  - Using a single, identifiable point of entry
  - Incorporating maze designs in public restrooms
  - Using low, thorny bushes under ground-level windows
- Natural Territorial Reinforcement
  - Maintaining premises and landscaping so that they communicate occupied space
  - Providing trees in residential areas to improve attractiveness
  - Placing seating and refreshments in common areas to attract more users to the areas
  - Scheduling activities in common areas to attract more people and increase the perception that the area is controlled

These principles should be considered as strategies for renovations in the business district and in neighborhoods as well. The electronic toolkit provided with the McKeesport Plan contains two resource documents regarding CPTED. One is a 126-page overview of the theory supporting the programs, *Creating Defensible Space*, published by the U.S. Department of Housing and Urban Development, Office of Policy Development and Research, and the other is a sample program from Virginia Beach, Virginia.

Another valuable resource for information is the Center for Problem-Oriented Policing. This organization can be found online at [www.popcenter.org](http://www.popcenter.org). A number of research articles and guidelines are available on the Web site. Three documents from this organization are included in the electronic toolkit, one related to CPTED, one related to using street lighting in neighborhoods to decrease crime, and one related to crime prevention in urban parks.

### **Discussion: Code Enforcement**

Some of the recommendations from the EIP operational review of the code enforcement operation are shown as action items for the building and codes department as follows:

**STEP 1** - The City should recruit and employ a Director of Building and Codes who is knowledgeable about (1) planning, zoning, and the Municipalities Planning Code (MPC); (2) building codes, property maintenance codes, and the Uniform Construction Code (UCC); and (3) code enforcement of local ordinances under the McKeesport Code.

**STEP 2** - The City should revise and update the occupancy permit program for residential and commercial properties. The City should take a much firmer stance in identifying violations and having them corrected prior to the transfer of property from seller to buyer. The steps in the recommended process are as follows:

1. When the City receives a request for a no-lien letter, the request is forwarded to the Zoning Officer and the building official in the Codes Department.
2. The building and codes office notifies the owner, buyer, and/or closing agent that the no-lien letter also triggers the request for an occupancy permit and that the occupancy permit must be issued prior to the release of the no-lien letter. The requesting party can then go to the City's Web site and download the application for an occupancy permit.
3. The occupancy permit application form, at a minimum, needs to have the following information: property address, lot and block number, zoning district in which the subject property is located, current use of the property, and proposed use of the property. With this information, the Zoning Officer should be able to conduct a search to see if there are any problems with the current or proposed use of the property.
4. The application should be accompanied by a check for the occupancy permit. The \$25 fee currently charged for this permit should be changed to reflect the cost of issuance, including research, reviews, and inspections of the property. A fee of \$75 or \$100 is more consistent with the fee charged by other municipalities.
5. The certified building inspector and a member of the Fire Department certified in the fire prevention code conduct the inspection of the property. All building codes, fire codes, property maintenance codes, and local codes are noted by the inspector on a checklist. A letter is sent to the owner (seller), buyer, and/or closing agent for the property outlining all violations that must be corrected prior to the sale of the property. The letter lists each deficiency and shows the corresponding code section for the violation. For example, the letter may say "PM202.3 - Handrails required for stairs with four or more risers."
6. Once the owner corrects the violations, he contacts the inspector. The inspector verifies that the violations have been sufficiently addressed. Once all violations are addressed, the occupancy permit is issued and the no-lien letter is released.

Legally, the fact that an occupancy permit has not been issued cannot delay the closing on the sale of a property. The lending institution and the new owner have an interest in making sure that an occupancy permit is issued, however. The City is not required to issue the occupancy permit or the no-lien letter until its conditions are met.

**STEP 3** - The City should develop and provide turnkey packets for residents and contractors, including a checklist of items required for zoning permits, special exceptions, and subdivision and land development applications. Packets containing all of the items necessary for the permit requester to begin the process can be prepared in advance. The prepared packets should outline the necessary approvals and timelines needed for various steps of the process. This is an enormous benefit to residents, business owners, and potential developers. In the six neighborhood public involvement meetings and the business district charrette, residents and business owners reported that they had difficulty getting the information they needed in a timely manner and that they were not aware of City regulations. Much of the routine information and permit applications should be available on the City's Web site so residents can save time and resources by downloading and completing applications in advance of an inspection or permit request.

**STEP 4** - It may be necessary to utilize a third-party contractor to undertake some of the activities in this department. Occupancy permits, review of commercial permits, and routine plan review can easily be done by a contracted vendor. This would free up the full-time employees for an intense focus on property maintenance items in the neighborhoods and business district. This option should be carefully evaluated by management as a way to provide quality services while increasing the capacity of the department to bring more focus to the cleanup of the City neighborhoods and business district.

McKeesport City's building and codes enforcement personnel are knowledgeable and hard working. However, the lack of a full-time Department Director has caused the employees to lose focus, direction, and ultimately productivity. A Department Director with the appropriate background and experience should be appointed to this important position. The director should provide leadership, direction, and administrative guidance to the work routines, assignments, and processes that are critical to the planning and code functions in this department. Ordinances and codes should be updated and brought into compliance with current statutory requirements, and a record-keeping system must be installed that will allow the department to track activity and provide reports to management and the governing body. The City should consider investing resources to bring the building and codes operation up to modern standards, which will help to preserve the City's business district area and neighborhoods for the future.

#### **Discussion: Summer Code Inspections**

One model program that was identified by the consultant team was in a City that utilized the school crossing guard employees during the summer months as additional staff for the code enforcement department. The crossing guards were the logical personnel to work in this area because they already had City uniforms and a working knowledge of the City's neighborhoods. With a short instruction period, they could be trained to recognize exterior property maintenance violations, to document the information, and to enter that data into a property maintenance data collection program that would generate notices to property owners. Follow-up inspections were scheduled by the department director and regular codes inspection personnel to ensure that code violations were addressed within the designated time frames. These highly motivated employees increased the complement of code enforcement personnel without much additional cost. Furthermore, the employees were glad to have a continued source of income during the summer months, and the residents were glad to see someone actively identifying property maintenance issues in their neighborhoods.



To pursue such a program, the McKeesport Code Enforcement Department would need to take the following steps:

**STEP 1** – The Department Director develops a work program for property maintenance code inspections for the summer months that includes the identification of routine violations in the business district and neighborhoods.

**STEP 2** – The City Administrator and Department Director interview school crossing guards to determine who would be interested and who would best match the job activities identified in the work plan.

**STEP 3** – The Director arranges for the proper training and the scheduling of inspections in designated areas of the City.



**STEP 4** – The summer inspectors document property maintenance code violations in the field and enter the data into the appropriate computer software module.

**STEP 5** – The summer inspectors re-inspect properties within designated time frames to ensure that the violations have been addressed.

**STEP 6** – Regular inspectors follow up on violations that are not addressed within the designated notice periods and issue citations as necessary.

**STEP 7** – Regular inspectors prepare the paperwork and testimony for magisterial hearings.



**GOAL 4: THE CITY HAS LEADERSHIP IN PLACE THAT CAN PROMOTE PROJECTS AND ADVANCE A STRONG VISION OF SUCCESS FOR THE ORGANIZATION.**

In any local government operation, management must establish the vision and show the leadership for effecting positive change. The fundamental basis for the authority and action of any local government is the leadership and management of its organizational and operational components. To this end, the structure, culture, and resources for basic leadership and management activities are critical to the success of the organization and, by extension, to the health and welfare of the community and its residents. If the leadership does not operate optimally, the immediate organization and the broader community will suffer. According to the Southwest Pennsylvania Commission's (SPC) Standards for Effective Local Government, which have been adopted and distributed by the International City/County Management Association (ICMA) and are the basis for much of the evaluation of the departments and programs in this report:

If a local government is to function effectively it must possess three critical assets:

1. The will to act,
2. The necessary human and monetary resources, and
3. The administrative machinery to bring the first two assets to bear upon its problems.

The City of McKeesport operates under a Home Rule Charter based on a "Strong Mayor –Council" form of government that was adopted in 1974. Under the Charter, the seven-member City Council is elected "at large" for staggered four-year terms. The Council acts as the legislative body and is responsible for establishing policy through the adoption of ordinances, resolutions, or motions. Most government action and legislative authority in City government rests with the City Council, with the exception of the executive and administrative authority which is "exclusively vested in and exercised by the Mayor."<sup>1</sup> The Mayor, who is not a member of the City Council, by law and in practice, is recognized as the leader of the City government. Under the Charter, the Mayor is elected at large and is responsible for the oversight and control of the day-to-day City operation.

**If the leadership does not operate optimally, the immediate organization and the broader community will suffer.**

The McKeesport City Council typically operates in a cooperative and supportive manner, relying on the Mayor and City Administrator to prepare information, provide policy advice and recommendations, and carry out Council legislative mandates. City Council meetings are conducted in an orderly fashion and provide an adequate amount of time for Council members to express opinions and for residents to make comments. The Mayor and City Administrator develop the agenda and conduct orderly and efficient Council meetings.

Because the administrative control is vested in the Mayor's office and delegated through the City Administrator, the overall goals and policy initiatives are focused and fairly well articulated. There is general cohesiveness and consensus about where the community is headed and how the resources should be allocated. The department employees are clear about who is in charge of the operation and what the objectives are, because the goals of the organization are well formulated and communicated.

<sup>1</sup> City of McKeesport Home Rule Charter, Chapter 13.701. "The Mayor", page 13-10.

In general, there are some disadvantages of the Mayor/Council form of government, including the following:

- The administrative and executive authority is vested in the Mayor, who may or may not have the ability to manage departments.
- The departments may deliver services in a politicized manner rather than in a way that is based on professional analysis and optimal allocation of resources.
- The Council may rely heavily on the advice of the Mayor and City Administrator, and as a result may not develop an effective process for making policy decisions.
- Because executive and administrative functions and decisions are unified in the Mayor, there is an absence of checks and balances because there is very little Council oversight.



**McKeesport EIP Financial Management Plan**

**Goal 4: The City has leadership and the organizational structure in place to support and promote projects and advance a strong vision of success for the organization.**

**To achieve this goal we must address the following critical success factors.**

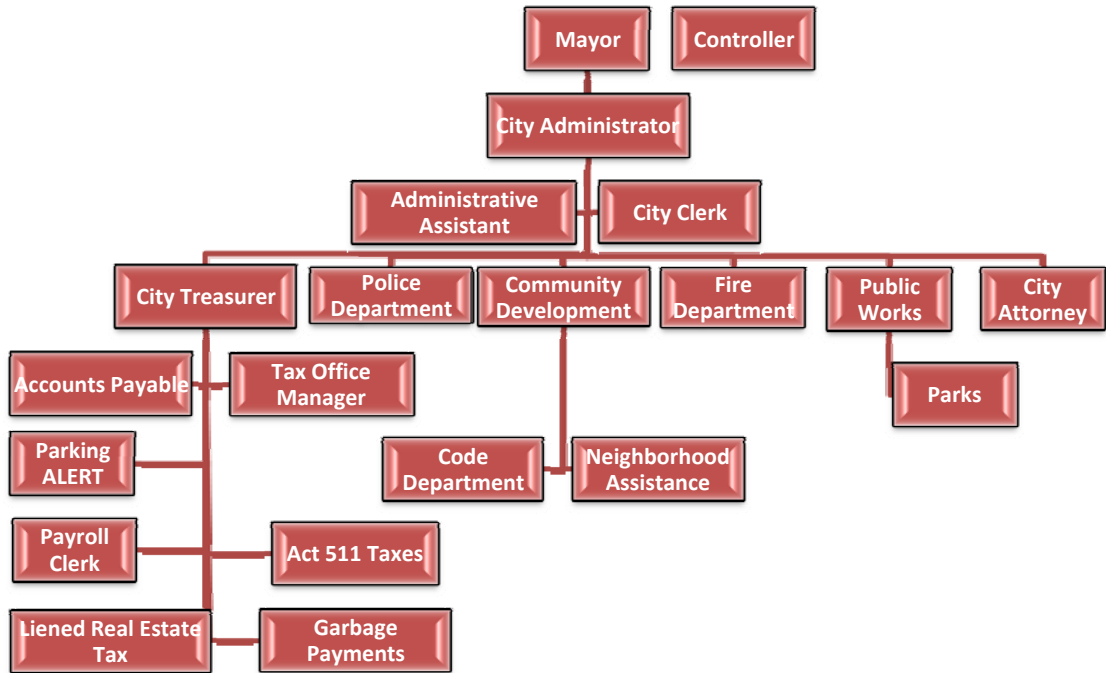
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|---|---|
| <p>We must have...</p> <ul style="list-style-type: none"> <li>• A professional, stable, and proficient management team</li> <li>• The organizational capacity to undertake and complete projects</li> <li>• Professional standards for all employees in all departments</li> <li>• Stability and consistency from year to year, regardless of changing political climate</li> </ul> | <p>We must be...</p> <ul style="list-style-type: none"> <li>• Committed to quality and excellence</li> <li>• Hard working and supportive of management and staff</li> <li>• Committed to the highest ethical standards</li> </ul> |
|---|---|

<b>To meet this goal we will...</b>		Responsibility	Implementation Schedule (Months)		
			1-3 Yrs	3-5 Yrs	5+
Action 4A	Support the Mayor and City Administrator to the extent possible during the decision-making process.	City Council	X	X	X
Action 4B	Develop a policy-making process that encourages as much discussion as possible among Mayor, Council, and staff.	City Council			
Action 4C	Establish specific, consistent, and stringent performance standards for every staff position in the organization.	City Administrator		X	
Action 4D	Develop and adopt a code of ethics for officials and staff.	City Council	X		
Action 4E	Schedule annual strategic visioning sessions that are conducted by an independent facilitator and result in specific goals and objectives.	Council President and City Administrator		X	
Action 4F	Establish performance measurements that are tied to job goals and objectives and are a result of the strategic visioning session.	City Administrator		X	

**Discussion of Organization Structure**

The City of McKeesport has no administrative code or municipal ordinance that establishes the local administrative organizational structure. The current configuration for the administrative structure is reflected in Figure 3 below.

FIGURE 3 — CURRENT ADMINISTRATIVE STRUCTURE



An analysis of the current structure reveals that the management team, although strong and experienced, is weak in terms of resources and specialization of skills and competencies in the areas of finance and human resource management. The current Administrator is professionally trained and has long tenure in municipal management, but neither the Administrator nor any other employee focuses exclusively on these very important areas. The areas of personnel and collective bargaining are an extremely troublesome and expensive part of any City operation. There have been complaints, grievances, and lawsuits filed against the City related to employment practices, which have resulted in payments and settlements to complainants. Furthermore, written procedures providing performance standards for employees and appointed officials and specific procedures to direct the work of each group should be developed for each department, board, and commission. For this reason, additional attention and resources should be directed to the human resource area, either in the form of additional staff or contracted services. An investment in this area would produce significant savings in the long run.

Although the Finance Department appears to have been staffed adequately and with an appropriate level of resources assigned, there is no official Finance Director or Chief Financial Officer (CFO) with a strong background in governmental accounting. Considering that the City is a \$20 million operation, the absence of a competent, highly trained CFO is a glaring omission in the City operation. With the appointment of a CFO and approximately four full-time employees, the department should be able to produce all of the information and undertake all of the functions normally assigned to a finance

operation. In fact, if the operation were running at its peak capacity, the functions of the Finance Department could be carried out with a director and three highly trained, highly motivated employees to carry out the day-to-day activities. This topic is discussed in great length in the “Financial Management” section in Step IV of this Plan.

Likewise, although the Code Enforcement Department is the most critical function in the entire operation for preserving and protecting the neighborhoods from further decline, it has received virtually no attention or resources, based on a review of the budget over the past seven years. The activities and structure in this department cry out for leadership and direction. A Department Director should be installed and charged with a complete overhaul of the zoning and code enforcement functions and a restructured focus on aggressive enforcement activities in all neighborhoods. This issue is further explored in the “Code Enforcement” section in Step IV of this Plan.

Finally, there is an obvious absence of a full-time IT Director or adequate attention to this important focus for local government. Although there is an employee assigned to this duty, the employee has other duties and obligations that prevent him from properly addressing many of the City’s ongoing IT problems and issues. There should be a designated person or contractor on-site or off-site who is responsible for the IT operation on a daily basis and who is able to respond 24/7. Because the City has an extensive IT operation that supports every department of the City operation, this is a critical deficiency that must be addressed before there is an IT breakdown that cripples the operation. Various City employees have attempted to fill this void by coordinating and supporting the City’s IT operation. This deficiency has been fully addressed in the “Technology” section in Step IV of this Plan.

The City should consider benchmarking and periodic performance assessments of its departments to determine the correct level of staffing and services that should be established for the various departments. A proposed structure based on best practices of similar organizations of similar size and budget constraints is shown below. In addition, the City should continually identify functions, services, and programs that may benefit from a more regional approach to service delivery. Figure 4 on page \_\_ establishes a streamlined organizational structure that addresses the deficiencies noted above.

### **Discussion: Strategic Visioning Process**

It is recommended that the Council and key management staff engage in a strategic visioning process. Strategic planning can be defined as the art and science of formulating, implementing, and evaluating multifunctional decisions that enable an organization to achieve its objectives. In the City of McKeesport, this process should involve integrating management, financial resources, human resources, service delivery, and information management to achieve organizational success. Strategic planning is generally thought to consist of three phases:

- **STRATEGY FORMULATION** includes developing a mission and vision statement, identifying external opportunities and threats and internal strengths and weaknesses, and establishing goals and alternative strategies to pursue.
- **STRATEGY IMPLEMENTATION** involves articulating objectives, identifying action items, and establishing priorities for the organization. It means mobilizing department directors to put articulated strategies into action.

- **STRATEGY EVALUATION** centers on identifying factors that support current strategies, measuring performance, and taking the corrective action necessary to meet strategic objectives.

The strategic planning process is based on the belief that organizations should continually monitor internal and external events and trends so that timely changes can be made as needed.<sup>2</sup>

**“If we know where we are and something about how we got there, we might see where we are trending – and if the outcomes which lie naturally in our course are unacceptable, to make timely change.”**

**ABRAHAM LINCOLN**

**STEP 1** - A summarized organizational profile for the City of McKeesport should be prepared that is primarily drawn from the recent Comprehensive Plan and Early Intervention Plan. Basic information about service population and demographic trending should be included, along with a list of priority recommendations that are derived from both plans. A summary of critical issues and relevant information should be reviewed with the Council at the outset of the initial meeting in order to establish the organizational environment for formulating strategy.

**STEP 2** - It is important in a local government operation for elected leaders, administrators, and key staff to agree upon the basic vision and mission for the organization. A vision statement is generally developed first because it establishes a foundation for elected leaders and administrators to have a shared understanding of “who we are” and “what we want to become.” Vision statements are focused on goals and objectives for the future.

In contrast, mission statements are focused on organizational behavior and the present. A mission statement should answer basic questions about the nature and role of the local government organization as it currently operates:

#### **WHAT IS OUR BUSINESS?**

#### **WHAT IS OUR REASON FOR EXISTING?**

As part of the development of the mission statement for the City of McKeesport, several questions should be explored:

- Who are our clients and customers?
- What are our services?
- Who are our competitors or benchmark communities?
- Is our organization technologically current?
- Is our organization committed to financial soundness?
- What are our basic beliefs, values, aspirations, and ethical priorities?
- What is our distinctive competence and competitive advantage?

<sup>2</sup> “Adapting to Change,” *Strategic Management Concepts* (Upper Saddle River, NJ: Prentice Hall, 2003), p. 7.

- Are we responsive to social, community, and environmental concerns?
- Do we treat our employees as valuable assets of the organization?

**STEP 3** - The Council and key staff members should engage in a traditional strengths, weaknesses, opportunities, threats (SWOT) assessment. The SWOT assessment should be tailored to address the City's organization and should include the following:

- **EXTERNAL AUDIT: THREATS AND OPPORTUNITIES** – External factors have an impact on the way the organization operates and how it is perceived. Key stakeholders for the City include citizens, commercial establishments, elected officials, employees, vendors and suppliers, federal and state officials, and visitors to the City. Elements that should be examined are economic forces; social, cultural, demographic, and environmental forces; political governmental and legal issues; and competitive forces.
- **INTERNAL AUDIT: STRENGTHS AND WEAKNESSES** – Internal factors are a subjective assessment of the way that a local government organization operates to provide essential public services. Factors that are considered to be essential to the sustainability of any organization include efficiency, effectiveness, flexibility, and adaptability. Elements that should be considered are financial, human resources, competition, and satisfaction with service delivery. Competitor municipalities should be assessed in terms of reputation, services provided, budgets, and technology.

The discussions and information reported at the initial meeting should be captured and utilized as a basis for the models and matrices necessary for structuring Step 4 activities.

**STEP 4** – A series of meetings should be conducted with department directors, management staff, and crew leaders. A comprehensive list of critical issues for the departments should be prepared in a question-and-answer format. Further revisions to the initial list will provide a prioritized critical issue list based on these interviews. The answers to the questions will be used to develop primary objectives.

**STEP 5** – Based on the top critical issues that have been identified, major objectives for the organization will be stated and used as a basis for formulating comprehensive strategies to be considered. These objectives should be integrated into the models and discussion tools.

**STEP 6** – This step should be focused on incorporating the critical issues derived from key staff interviews with the results of the SWOT assessment that are relevant to the departments and functions. The Threats-Opportunities-Weaknesses-Strengths (TOWS) matrix is the most widely used strategic planning tool for organizations and should be used to support the discussion of the development of core strategies. The factors used to create the matrix should be derived directly from the external and internal audits from the SWOT exercise. By matching the strengths and weaknesses with the threats and opportunities, specific strategies

can be developed that complement the City’s strengths and provide proactive defense strategies for perceived weaknesses. The purpose of this exercise is to help generate feasible alternative strategies to meet primary objectives that address the critical issues of the organization.

**STEP 7** – The top five priority strategies that are most important for organizational success and sustainability should then be identified. The following are examples of recommended criteria used for decision making based on the success and sustainability of the City organization:

- Economic
- Human resources
- Environmental
- Social equity

**STEP 8** – For each of the top five strategies identified as important for organizational success, it is important to design the appropriate action items necessary to advance each strategy.

**STEP 9** – Many organizations spend time, money, and effort in developing a plan, but exert little thought or commitment of resources to the implementation of the plan. Establishing annual objectives should assist the City with the implementation process. The purpose of establishing annual objectives is to provide the following:

- Guidelines for actions and efforts in an organization
- Justification to stakeholders for activities
- Source of employee motivation
- Basis for organizational design

The appropriate annual objectives should be identified to support the implementation process.

**STEP 10** – A discussion regarding the appropriate organizational structure for implementation of the top five priority strategies should occur. Changes in strategy sometimes require changes in organizational structure, because structure often dictates how policies will be established and how resources will be allocated. It is therefore important to determine if organizational structure changes are necessary in order to pursue new strategies. There are times when an attractive strategy must be abandoned because it becomes cost prohibitive if it would require a massive change in the organizational structure.

**“The best game plan in the world never blocked or tackled anyone.”**

**VINCE LOMBARDI**

**STEP 11** – A detailed strategic plan document should be developed that includes but is not limited to the following items:

1. Executive summary
2. History and background material
3. Vision and mission statement



4. External audit – threats and opportunities
  - a. Economic forces
  - b. Social, cultural, demographic, and environmental forces
  - c. Political, governmental, and legal issues
  - d. Competitive forces
5. Internal audit
  - a. Financial assessment
  - b. Competitor assessment
  - c. Competitor matrix
6. Critical issues
7. Major objectives
8. Strategy formulation
9. Strategy implementation plan
10. Strategy evaluation

**STEP 12** – The City should develop an evaluation framework for the identified priority strategies that starts with a review of the underlying basis of the strategy plan and provides a continuous monitoring of progress. An evaluation assessment matrix should be developed that identifies, for each strategy, whether major changes have occurred in the City’s internal and external position and whether the City organization has made progress in satisfactorily meeting the stated objectives. Strategy evaluation should be designed to provide a true picture of what is happening in the organization. For this reason, qualitative evaluations should also be built into the process. This should inform the City Council and management as to what corrective action, if any, must be taken.

**STEP 13** – The City should develop appropriate performance measures based on stated objectives for the priority strategies. Quantitative criteria that are commonly used are (1) comparing the selected factors over time, (2) comparing the City operation to its competitors or benchmark communities, and (3) comparing the department performances to statewide or national standards. Qualitative factors that should also be considered are turnover and absentee rates, quality of the services, and employee satisfaction.

**STEP 14** – Taking corrective action should be targeted toward making the changes that can reposition the City organization to achieve sustainability for the future. This phase should include analyzing organizational structure, reviewing organizational performance, or revising the organization’s mission. Corrective actions should be designed to capitalize on strengths, take advantage of key external opportunities, avoid or mitigate threats, and improve internal weaknesses.

### GOAL 5: THE CITY HAS A LONG-TERM PLAN FOR FINANCING CAPITAL PROJECTS.

Capital planning is an integral part of the overall budget process and is sufficiently unique from the annual budgeting process so as to merit special emphasis and attention. In most local governments, it would not be possible to pay for large-scale capital projects such as roads, sewers, facilities, and large equipment purchases without the development of a capital plan.

A capital plan is a special budget document that is developed and utilized by a local governing body to identify specific capital projects with corresponding funding sources planned to be undertaken over a multiyear period. The plan should outline the estimated cost for each project, and all detail and supporting documentation should be included. The document should identify supporting revenue for the project through identified revenue sources such as dedicated fees, debt financing sources, and potential grant funds. The capital plan should also provide a recommended time frame for carrying out the implementation of specific capital projects.

The capital improvement plan process should include all relevant staff and should identify specific goals for the City, such as the following:



1. Providing a logical and effective replacement and upgrade of major infrastructure systems
2. Addressing compliance issues mandated by federal and state agencies for sanitary and storm sewer improvements
3. Analyzing possible funding sources for upgrades for facilities
4. Planning for the expansion and/or enhancement of facilities and equipment necessary for the provision of the continued quality of municipal services for residents

The capital plan projects should be funded through sources that match the useful life of the projects. This is in contrast to general operating budgets, which are funded through annual tax levies, fees, and miscellaneous revenue. The following are logical funding sources for capital projects:

1. Capital reserves
2. Dedicated fees (e.g., sewer fees)
3. Long-term general obligation bonds
4. Short-term loans and lease purchase agreements
5. Grants from federal, state, local, and private sources

By utilizing these funding sources, the burden for the residents is spread over the useful life of the project, rather than a large fee or tax increase being assessed in any given fiscal year. The capital plan should be reviewed and analyzed during the annual budget process in order to determine the appropriate level of funding for each project identified. Ultimately, the City Council, through its Capital Planning Committee, will make important decisions about what projects will be undertaken and what priorities are set in order to meet the goals identified in the capital planning process.

## McKeesport EIP Financial Management Plan

### Goal 5: The City has a long-term plan for financing capital projects.

To achieve this goal we must address the following critical success factors.

We must have...

- A clearly defined project plan that is prioritized
- A reasonable schedule for replacements and new projects
- A funding strategy for completing projects
- A focus on county, state, and federal funding opportunities

We must be...

- Committed to a capital planning process
- Committed to budgeting for capital projects on an annual basis

To meet this goal we will...		Responsibility	Implementation Schedule (Months)		
			6-12	13-24	25+
Action 5A	Require department directors to conduct an inventory of facilities, roads, sewers, and equipment with conditions, estimated costs, and projected replacement schedules.	CFO, Dept. Directors		X	
Action 5B	Coordinate site visits of facilities and projects for Mayor, Council, and staff.	City Administrator, CFO		X	
Action 5C	Prepare capital plan document template with narrative, schedule, costs, and five-year budget.	CFO		X	
Action 5D	Identify revenue sources to support projects.	CFO		X	
Action 5E	Implement a capital plan as part of operating budget.	CFO		X	
Action 5F	Undertake comprehensive analysis of debt instruments and funding opportunities in order to support a capital plan.	City Administrator, CFO		X	X
Action 5G	Update the plan on an annual basis.	CFO		X	X
Action 5H	Develop a funding strategy for financing projects over time.	City Administrator, CFO		X	X
Action 5I	Implement a funding strategy through county, state, and federal support and influence.	City Administrator, CFO		X	X