



Dauphin County, Pennsylvania
Strategic Management Planning Program
Five-Year Plan

Delivered on October 17, 2025

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Penbrook Borough

Five-Year Financial Plan

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Executive Summary

Introduction

Penbrook has a solid fiscal foundation and broad community confidence in core services such as administration and policing. The Borough has historically achieved operating surpluses, invested in capital assets, leveraged grants and COVID-era relief, and built substantial General and Sewer Fund reserves. Residents value Penbrook's close-knit, small-town feel, proximity to Harrisburg, relatively affordable housing, and convenient access to regional amenities. However, community sentiment about the future is mixed, with a slight majority believing the Borough is on the right track, while others are uncertain or concerned about future challenges.

Looking ahead, expense growth is outpacing recurring revenue, creating structural budgetary imbalance. Baseline forecasts show deficits starting in 2026 and widening through 2029. The Borough is also considering major capital improvements, including the renovation or replacement of the existing municipal building. Despite future challenges, strong Unrestricted Fund Balance levels will provide flexibility to implement targeted initiatives and execute a multi-year capital improvement plan.

Baseline Operating Projection, 2025-2029

	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Baseline Revenue	\$2,293,000	\$2,182,000	\$2,060,000	\$2,079,000	\$2,104,000
Baseline Expenses and Transfers	\$2,187,000	\$2,209,000	\$2,279,000	\$2,354,000	\$2,429,000
Baseline Surplus (Deficit)	\$106,000	(\$27,000)	(\$219,000)	(\$275,000)	(\$325,000)
Unrestricted Ending Fund Balance	\$2,694,000	\$2,670,000	\$2,450,000	\$2,180,000	\$1,856,000
Fund Balance as % of Expenses	123%	121%	108%	93%	76%

Structure of Report

Penbrook voluntarily sought assistance in developing a comprehensive long-range plan as part of the Commonwealth's Strategic Management Planning Program. The purpose of the program is to establish short-term and long-term financial and management objectives that strengthen the fiscal capacity of local governments and integrate long-term community and economic development strategies that strengthen the local tax base. The Borough engaged Keystone Municipal Solutions ("KMS" or the "Project Team") to assist in this effort. This Five-Year Financial Plan and Management Audit establishes specific measures Penbrook can employ to improve its financial position and enhance its long-term viability.

The Project Team has worked closely with the Borough since the spring of 2025 to construct the Plan. To support this effort, the Project Team has analyzed historic budgets and financial audits, pension actuarial valuations, debt related documents, contracts with key vendors, and other

financial records. The Project Team interviewed key Borough officials and senior managers of the business office and Police, Public Works, and Codes departments; evaluated departmental policies and procedures; and reviewed departmental budget and personnel information. Current operating procedures were evaluated and compared to governmental best practices. The information gathered from these and other activities has been used to develop the comprehensive Five-Year Financial Plan.

This Plan is organized into three sections with ten chapters, two appendices, and this executive summary. The first section presents the financial and socio-economic background of the Borough. This section includes a financial condition assessment and trend analysis to provide an understanding of Penbrook's current financial state and establishes a baseline for its future financial position. The section also includes a baseline five-year financial projection that assumes no corrective action is taken.

The Plan then develops a program to improve the Borough's financial position through a combination of expenditure reductions, productivity improvements, and revenue increases. The second section presents the findings and recommendations of the management audits of the core functional areas. The budgetary impact, responsible party, and target completion date are included within each recommendation. Many of the recommendations show no direct budgetary impact, but these improvements will clearly have a substantial positive impact on overall operating effectiveness and budgetary performance.

The second section includes a financial projection based on revised operating forecasts that consider the financial impact of the policy and management recommendations.

The third section also includes a summary of public feedback received through a community survey. KMS used the survey to solicit input from the residents on local government services and the strategic direction of the Borough.

The Plan was developed with the goal of providing Penbrook with a set of options for increasing revenues and reducing expenditures to achieve structural budgetary balance. The Plan should also provide a framework for public discussion of the Borough's policies, programs, and priorities as well as document the realities of the Borough's fiscal position. While a detailed listing of our recommendations is described in the body of the document, below is a summary of several main components and principles that form the basis of the Plan.

Key Recommendations

The Plan strengthens the Borough's financial position through a balanced mix of spending controls, productivity gains, and targeted revenue measures. Initiatives with direct fiscal impact are reflected in the revised operating projection, while other actions enhance day-to-day management and service delivery without immediate budget effects. Together, these measures increase average annual revenue growth to slightly above 1 percent and keep expenses essentially flat from 2027 to 2029, while preserving very strong unrestricted fund balance levels and sustaining proactive capital investment.

Revised Operating Projection with Corrective Action, 2025-2029

	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Baseline Revenues	\$2,293,000	\$2,182,000	\$2,060,000	\$2,079,000	\$2,104,000
Baseline Expenses and Transfers	\$2,187,000	\$2,209,000	\$2,279,000	\$2,354,000	\$2,429,000
Baseline Surplus (Deficit)	\$106,000	(\$27,000)	(\$219,000)	(\$275,000)	(\$325,000)
Initiatives	\$0	\$47,000	\$76,000	\$224,000	\$253,000
Revised Surplus (Deficit)	\$106,000	\$20,000	(\$143,000)	(\$51,000)	(\$72,000)
Starting Fund Balance	\$2,694,000	\$2,800,000	\$2,820,000	\$2,677,000	\$2,626,000
Ending Fund Balance	\$2,800,000	\$2,820,000	\$2,677,000	\$2,626,000	\$2,554,000
Fund Balance Target (25%)	\$546,750	\$552,250	\$569,750	\$588,500	\$607,250
Difference	\$2,253,250	\$2,267,750	\$2,107,250	\$2,037,500	\$1,946,750

The strategy avoids millage rate increases because the analysis presented in this plan suggests that there are opportunities to reassess service levels and reduce costs while maintaining service quality. The plan focuses on the following key areas.

Community and Economic Development

The plan advances targeted initiatives to catalyze economic and community development, including a boroughwide blight remediation strategy, modernized zoning and property maintenance codes, and consistent data-driven enforcement supported by a structured rental inspection program. The plan also recommends implementing a Payment in Lieu of Taxes (PILOT) program to strengthen partnerships with community-serving institutions, enable exempt property owners to help fund essential services, and ease pressure on the tax base.

Workforce Costs

Workforce costs are the Borough's primary budget driver, accounting for roughly three quarters of General Fund spending and growing faster than recurring revenues. The plan recommends that the Borough evaluate police restructuring opportunities, set a goal to limit increases in workforce costs to equal the rate of inflation, and develop a succession plan that considers separating the Borough Manager and Chief of Police positions. The recommendations in the plan ultimately reduce the rate of overall expense growth while maintaining strong service levels.

Regionalization

Penbrook should evaluate shared-service and regionalization opportunities for police, public works, and fire service to improve efficiency, control costs, and build on existing collaborations such as the Harrisburg trash contract, police mutual aid agreements, and public works equipment

sharing. Success will require sustained political will, strong intergovernmental cooperation, and careful legal and operational planning. Police consolidation is the most complex yet the most impactful option, with the potential for meaningful savings and improvements in training, supervision, retention, and overall service quality.

Penbrook is well-positioned to implement this plan, as strong leadership and healthy cash reserves provide the capacity and flexibility to reassess service levels, phase in workforce cost controls, and invest in capital assets.

Chapter One

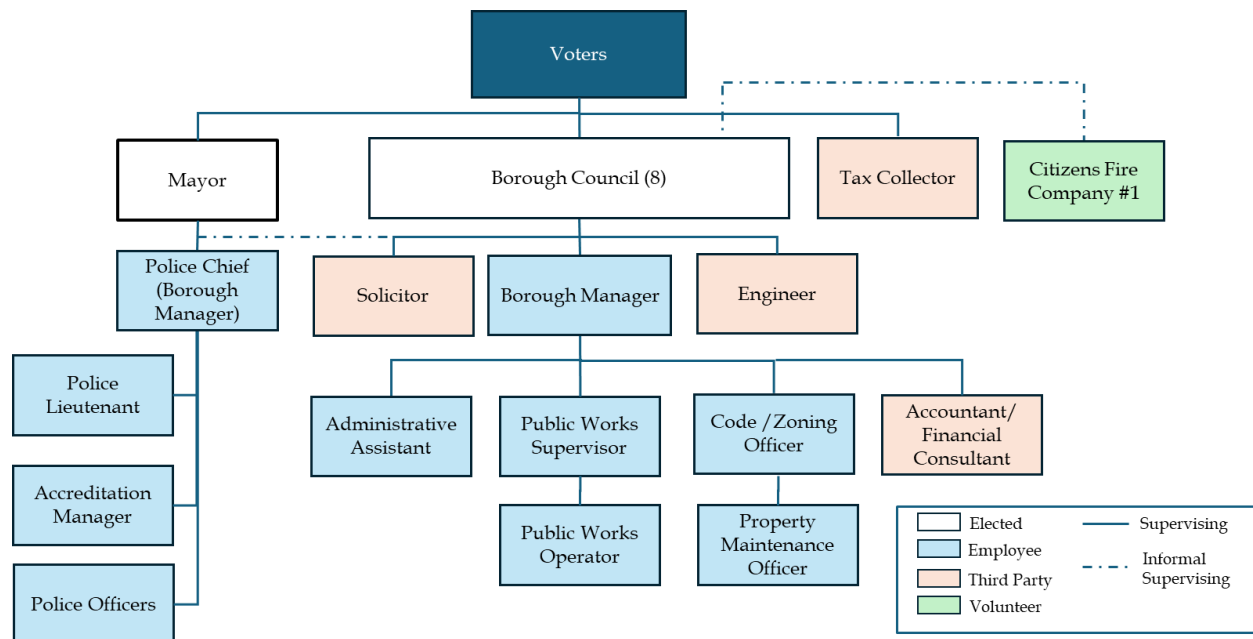
Background: Penbrook Borough

Introduction

The Borough of Penbrook was incorporated in 1894 in Dauphin County and has a population of about 3,300. The Borough covers 0.45 square miles in southern Dauphin County and is bordered by the City of Harrisburg and Susquehanna Township.

The Borough is governed by an elected Mayor and eight members of Council. Two members of council are elected from each of the Borough's four wards. Borough Council serves as the legislative body of Penbrook, setting policy, enacting ordinances and resolutions, adopting budgets and levying taxes.

Exhibit 1.1
Borough Organizational Chart



Socio-Economic Review

Population

The Borough's population has increased since 1990 but has experienced uneven growth. Penbrook's population is about 17 percent higher than it was 35 years ago but had a flat population between 2000 and 2020. The Borough's total growth slightly lags that of Dauphin County since 1990. Overall, Pennsylvania has experienced scattered growth but has maintained a positive change.

Exhibit 1.2
Population, 1980-2020

Year	<u>Penbrook</u>		<u>Dauphin County</u>		<u>Pennsylvania</u>	
	Pop	Pct Change	Pop	Pct Change	Pop	Pct Change
1990	2,791		237,813		11,881,643	
2000	3,044	9.1%	251,798	5.9%	12,281,054	3.4%
2010	3,008	-1.2%	268,100	6.5%	12,702,379	3.4%
2020	2,973	-1.2%	286,401	6.8%	13,002,700	2.4%
2023	3,274	10.1%	289,234	1.0%	12,961,683	-0.3%
Cumulative Pct Chng		17.3%		21.6%		9.1%

Source: U.S. Census Bureau

The breakdown of the Borough's population by age shows a relatively young population compared to the County and Commonwealth, with 25 percent of its population under the age of 18. The Borough's population over 65 is significantly smaller than both the County and Commonwealth.

Exhibit 1.3
Population Range, 2023

Population Range	Penbrook Borough			Dauphin County	Pennsylvania
	2010	2020	2023	2023	2023
Under 5 Years	7.3%	12.8%	9.3%	5.7%	5.1%
Under 18 Years	27.6%	29.7%	24.9%	22.2%	20.3%
18 Years and Over	72.4%	70.3%	75.1%	77.7%	79.7%
65 Years and Over	10.0%	8.4%	9.0%	18.5%	20.0%

Source: U.S. Census Bureau

Economic and Housing Data

Household income levels are lower in the Borough compared to the Commonwealth and significantly lower compared to the County. The 2018-2022 American Community Survey (“ACS”) (the most recent data available) shows the Borough’s median household income and per capita income trailing that of the County. Despite lower income levels, the Borough’s poverty rate is favorable compared to the County and the Commonwealth. Moreover, Penbrook has a well-educated workforce, which is a positive indicator for communities.

Exhibit 1.4
Household Income and Other Economic Statistics, 2010-2023

	Penbrook			Dauphin County	Pennsylvania
	2010	2020	2023	2023	2023
Median Household Income	\$35,938	\$50,347	\$68,295	\$74,159	\$76,081
Families	\$40,078	\$54,750	\$71,359	\$85,073	\$97,349
Married-couple Families	\$62,134	\$95,278	\$122,519	\$103,047	\$115,332
Nonfamily households	\$32,433	\$33,148	\$36,796	\$44,255	\$44,365
Per Capita Income	\$21,648	\$22,716	\$27,027	\$41,055	\$43,104
Pct of Individuals Below Poverty	x	9.9%	7.3%	12.9%	12.0%
Persons without health insurance, under 65	x	8.4%	7.5%	6.9%	6.8%
High School Graduate or Higher	89.0%	90.0%	90.3%	91.5%	91.9%
Bachelors Degree or Higher	14.5%	34.7%	42.4%	34.3%	34.5%

Source: U.S. Census

Similar to median income levels, home values in the Borough significantly lag those of the County and Commonwealth; however, Penbrook’s homeownership rate is comparable to the other jurisdictions. Homeownership is correlated with income levels and overall household wealth. Owning a home is typically a long-term commitment to a community which means that generally homeowners are more likely to be committed to neighborhood civic engagement, local elections, and volunteer work, which are activities that promote stable communities.

Exhibit 1.5
Select Economic and Housing Characteristics, 2019-2023

	Penbrook	Dauphin County	Pennsylvania
Median Home Value	\$126,100	\$222,300	\$215,300
Owner Occupied Units	65.8%	63.3%	69.2%
Renter Occupied Units	34.2%	36.7%	30.8%

Source: U.S. Census

Local Economy

Penbrook's local economy is weighted towards service-based employment with 78 percent of the employed population working in service-related jobs (Management, Business, Science, Arts, Service, and Sales and Office), which is right in line with the County (78 percent) and the Commonwealth (77 percent).

Exhibit 1.6
Occupation for Civilian Employed Population

Occupation	Penbrook	Dauphin County	Pennsylvania
Management, Business, Science, and Arts	41%	40%	43%
Service	26%	16%	16%
Sales and Office	11%	22%	20%
Natural Resources, Construction, and Maintenance	15%	6%	8%
Production, Transportation, and Material Moving	8%	16%	14%
Total	100%	100%	100%

Source: U.S. Census

As shown in Exhibit 1.7, the Educational Services, Health Care, and Social Assistance sector by far is the Borough's largest employer. County and Commonwealth employment is also very strong in that sector, but not as concentrated as the Borough

Exhibit 1.7
Jobs by Industry Sector

Sector	Penbrook	Dauphin County	Pennsylvania
Agriculture, Forestry, Fishing and Hunting	5.2%	0.5%	1.2%
Construction	6.0%	4.8%	5.9%
Manufacturing	4.2%	8.9%	11.8%
Wholesale Trade	0.5%	3.7%	2.4%
Retail Trade	8.8%	13.1%	11.2%
Transportation and Warehousing	4.0%	7.1%	6.0%
Information	1.1%	1.4%	1.6%
Finance and Insurance, and Real Estate and Rental and Leasing	2.2%	7.2%	6.7%
Professional, Scientific, and Management, and Was Management	7.4%	8.0%	11.0%
Educational Services, Health Care, Social Asst	40.5%	23.4%	26.4%
Arts, Entertainment, and Recreation, Accommodat and Food Services	9.1%	7.5%	7.1%
Other Services (excluding Public Admin)	6.7%	5.3%	4.5%
Public Administration	4.3%	9.1%	4.3%

Source: U.S. Census

Chapter Two

Historic Financial Performance

Introduction

This chapter presents a summary of the financial condition of Penbrook Borough since 2020. A review of all major funds was conducted to assess financial condition; however, this analysis focuses principally on the General Fund-the primary operating fund. The analysis relies on independent financial audit data, internally generated revenue and expense account details, collective bargaining agreements, pension actuarial reports, and other relevant information. Penbrook Borough accounts for financial activity within the following major governmental funds.

All Funds Overview

Exhibit 2.1
Overview of Key Funds

Fund	Purpose	Funding Sources
General Fund	Primary operating fund	Taxes, fees, and other revenues that may be used for any lawful purpose
Capital Related Activity	The replacement, repair, or maintenance of capital assets is captured in various funds including the General Fund, Capital Reserve Fund, Compensatory Capital Reserve Fund, Parks Grant Fund, Vehicle Capital Reserve Fund, and Snow Reserve Fund	Primarily funded by General Fund revenue and transfers with contributions from grant funding and debt proceeds
Municipal Solid Waste Fund	Captures activity related to the pick-up, hauling, and disposal of refuse	Primarily funded by solid waste collection fees
Fire Protection Fund	Reflects Penbrook Fire Company activity	Primarily funded but fire millage
Sewer Fund	Captures activity related to sewer service, such as fees charged by Capital Region Water	Primarily funded by sewer fees
Highway Fund	Restricted to projects related to public roads or streets, streetlights, and snow removal	Includes the annual Liquid Fuels Fund distribution totaling about \$85,000

Operating Results and Fund Balances

The Borough has generally maintained operating surpluses, proactively invested in capital assets, leveraged grants and COVID relief, and built strong cash reserves in the General and Sewer Funds. Unrestricted General Fund cash increased from \$1.8 million to \$2.3 million between 2020 and 2024, supported by \$312,438 in American Rescue Plan Act ("ARPA") funding (2021–2022), \$173,000 in Dauphin County Coronavirus Aid, Relief, and Economic Security Act ("CARES") relief (2020), and roughly \$650,000 in Pennsylvania Commission on Crime and Delinquency ("PCCD") grants since 2020.

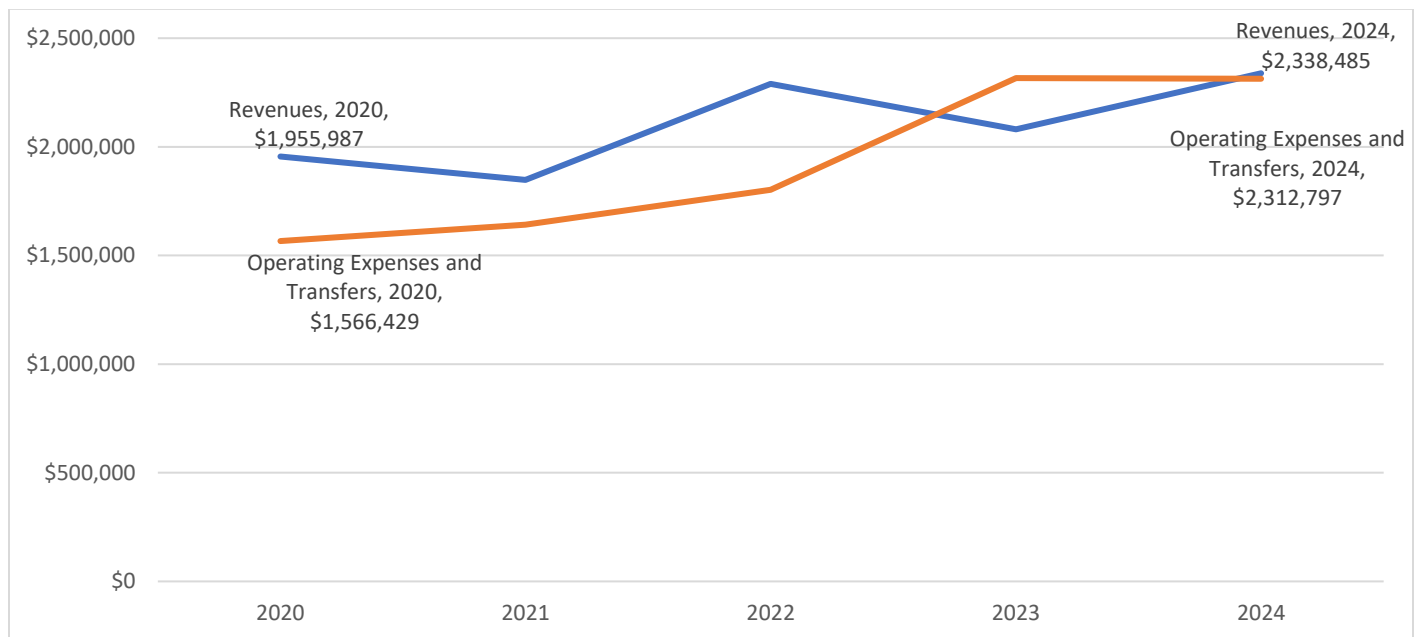
Despite a historically strong fiscal position, underlying trends indicate structural imbalance. Excluding COVID era relief and large grant awards, recurring sources grew by just 2 percent annually, driven by Earned Income Tax ("EIT") collections. Current Real Estate Tax collections have increased due to a General-Purpose millage rate increase in 2022, but total Real Estate Tax receipts have been flat due to declining delinquent collections. Expenses, meanwhile, increased an average of 8 percent annually, led by workforce costs and investments in capital assets. Workforce costs account for about 75 percent of the budget and increased by 27 percent from 2020 to 2024, driven by roughly 7 percent average annual growth in Salaries, Wages, and Overtime.

Exhibit 2.2
General Fund Results, 2020-2024

	2020	2021	2022	2023	2024
Operating Revenues	\$1,955,987	\$1,847,840	\$2,289,651	\$2,080,407	\$2,338,485
Operating Expenses	\$1,548,568	\$1,633,631	\$1,698,289	\$2,114,480	\$2,118,499
Operating Surplus (Deficit)	\$407,419	\$214,209	\$591,362	(\$34,073)	\$219,985
Capital Related Transfers	(\$17,861)	(\$7,740)	(\$104,126)	(\$201,896)	(\$194,298)
Net Surplus (Deficit)	\$389,558	\$206,469	\$487,236	(\$235,969)	\$25,687
Ending Fund Balance	\$1,772,438	\$1,978,908	\$2,466,144	\$2,230,175	\$2,255,862

Source: Penbrook Borough

Exhibit 2.3
General Fund Results, 2020-2024



Source: Penbrook Borough

Operating Revenues

Exhibit 2.4 on the following page presents a five-year history of revenues by major category. Real Estate Tax and EIT are the Borough's two primary revenue sources and together comprise about 56 percent of 2024 revenue and the 2025 budget. Real Estate Tax is the largest source at 40 percent of 2024 revenue, while EIT contributes 17 percent. Other Intergovernmental Revenue has averaged about 11 percent historically, driven by large grants supporting police staffing and \$312,438 in ARPA funding. State Pension Aid and Insurance Rebates and Reimbursements together account for about 5 percent of revenue. Other Act 511 Taxes make up about 3.5 percent, with the Business Privilege Tax and the Local Services Tax as the largest components.

Exhibit 2.4
General Fund Revenue Sources, 2020-2024

Revenue	2020	2021	2022	2023	2024	Avg % of Total	CAGR
Current Real Estate Tax	\$804,061	\$831,302	\$861,832	\$887,873	\$870,654	40.5%	2.0%
Delinquent Real Estate Tax	\$176,331	\$151,966	\$125,262	\$52,813	\$49,829	5.3%	-27.1%
Earned Income Tax	\$287,007	\$293,264	\$342,527	\$367,565	\$388,933	16.0%	7.9%
Other Intergovernmental Revenue	\$187,579	\$13,450	\$368,821	\$191,817	\$391,431	11.0%	20.2%
Insurance Rebates & Reimbursements	\$81,897	\$154,906	\$97,463	\$54,939	\$99,310	4.6%	4.9%
Pension Aid	\$93,553	\$81,554	\$88,068	\$96,365	\$125,831	4.6%	7.7%
Other Act 511 Taxes	\$62,510	\$71,113	\$75,084	\$83,742	\$78,768	3.5%	5.9%
Interest, Rents & Royalties	\$20,521	\$18,795	\$46,919	\$127,018	\$124,002	3.2%	56.8%
Real Estate Transfer Tax	\$52,606	\$63,252	\$83,656	\$51,305	\$56,780	2.9%	1.9%
Licenses, Permits & Inspections	\$52,709	\$55,683	\$62,225	\$51,021	\$41,513	2.5%	-5.8%
Cable TV Franchise Fee	\$46,197	\$45,010	\$47,286	\$38,208	\$32,510	2.0%	-8.4%
Fines	\$55,805	\$38,514	\$32,656	\$27,925	\$31,787	1.8%	-13.1%
Charges for Services	\$16,927	\$9,990	\$16,995	\$21,958	\$21,253	0.8%	5.9%
Employee Benefit Contributions	\$8,939	\$10,120	\$14,460	\$19,250	\$18,960	0.7%	20.7%
Other Revenue	\$9,344	\$8,921	\$26,397	\$8,607	\$6,923	0.6%	-7.2%
Total	\$1,955,987	\$1,847,840	\$2,289,651	\$2,080,407	\$2,338,485	100.0%	4.6%

Source: Penbrook Borough

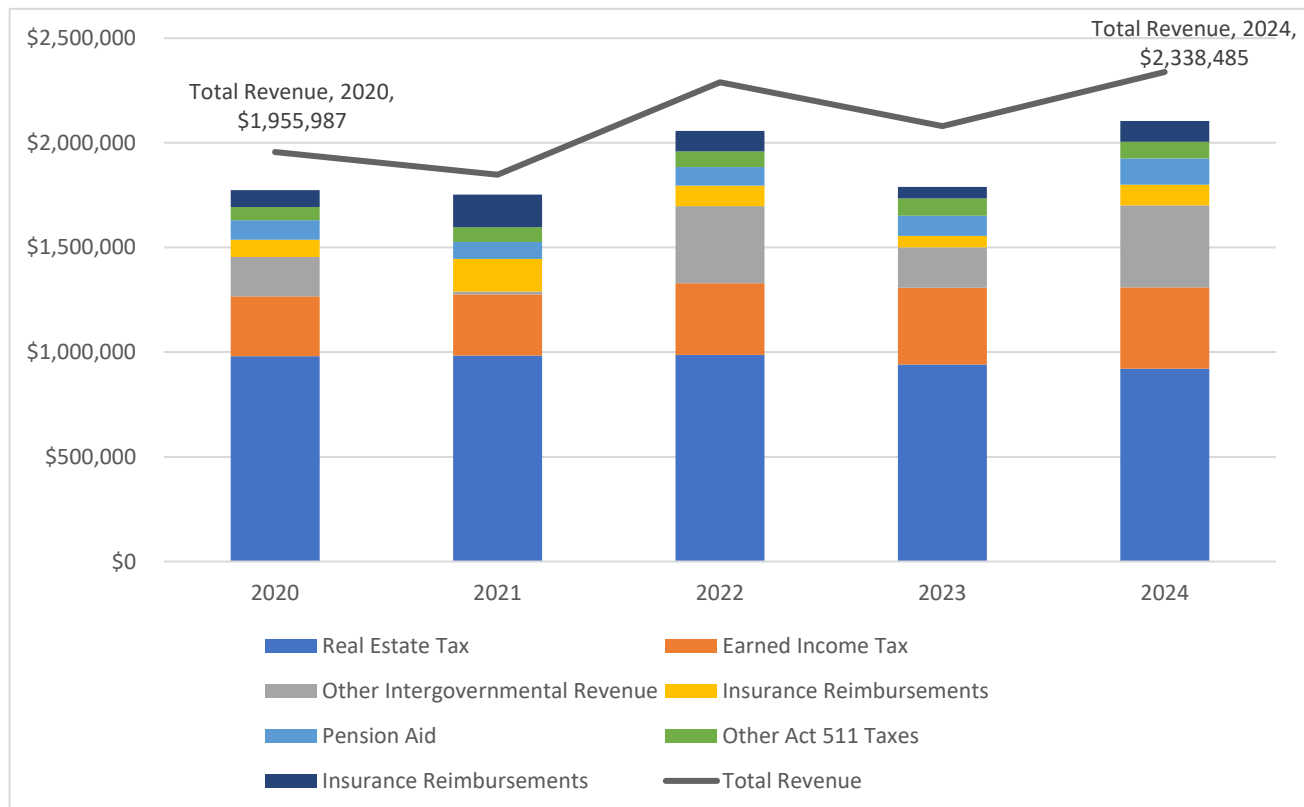
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From 2020 to 2024, operating revenue increased at an average annual rate of 5 percent. Much of this growth reflects one-time COVID relief funds and police service grants. Excluding these non-recurring revenues, recurring sources grew by just 2 percent annually. EIT was the primary driver of recurring growth, rising 8 percent per year on average and accounting for \$102,000 of the \$179,000 increase in

Current Real Estate Tax collections increased by about 2 percent annually due to millage rate increases. However, total Real Estate Tax receipts appeared flat due to declining delinquent collections, which averaged \$150,000 annually from 2020 through 2022 but have since fallen to about \$50,000.

Additional recurring revenue growth came from higher interest income as the Borough built cash reserves and short-term rates rose. The Borough earned more than \$100,000 in General Fund interest in both 2023 and 2024. Looking ahead, interest income is expected to decline beginning in 2026 as most economists anticipate the Federal Reserve will begin lowering short-term rates in late 2025.

Exhibit 2.5
Key General Fund Revenue Sources, 2020-2024



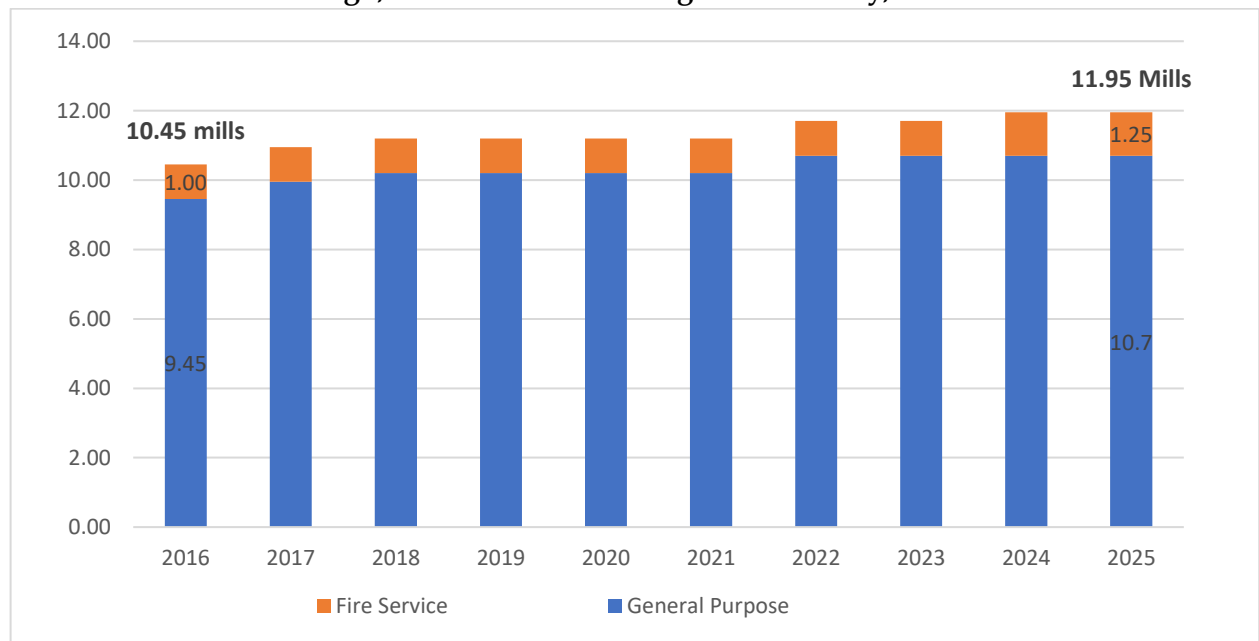
Source: Penbrook Borough

Real Estate Tax Revenue

Real Estate Tax is the Borough’s largest revenue source, with current and delinquent collections accounting for a combined 46 percent of revenue historically. The Borough has raised the overall millage rate four times since 2016, resulting in an average annual increase of about 1.5 percent. As shown in Exhibit 2.6, the General-Purpose millage rate was increased in 2017, 2018, and 2022, and has remained at 10.7 mills since 2022. The Fire Equipment and Fire Houses millage rate most recently increased from 1.0 to 1.25 mills in 2024.

The municipal millage is a relatively small share of residents’ real estate tax bill. In 2025, the Penbrook Borough municipal millage rate accounted for just 32 percent of residents’ overall tax bill, with the Central Dauphin School District millage rate at 18.2934 mills and the Dauphin County rate at 8.376 mills.

Exhibit 2.6
Penbrook Borough, Real Estate Tax Millage Rate History, 2016-2025



Source: Penbrook Borough

Penbrook Borough maintains a comparatively high millage rate. As shown in Exhibit 2.7, Penbrook has the fourth highest rate in Dauphin County. In 2025, the County median is 3.324 mills, compared to Penbrook’s total of 11.95 mills. While the Borough has enacted periodic tax increases, average annual inflation in the Northeast Region of 3.4 percent

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from 2016–2024 has outpaced these adjustments, limiting the real growth of local tax revenues.¹

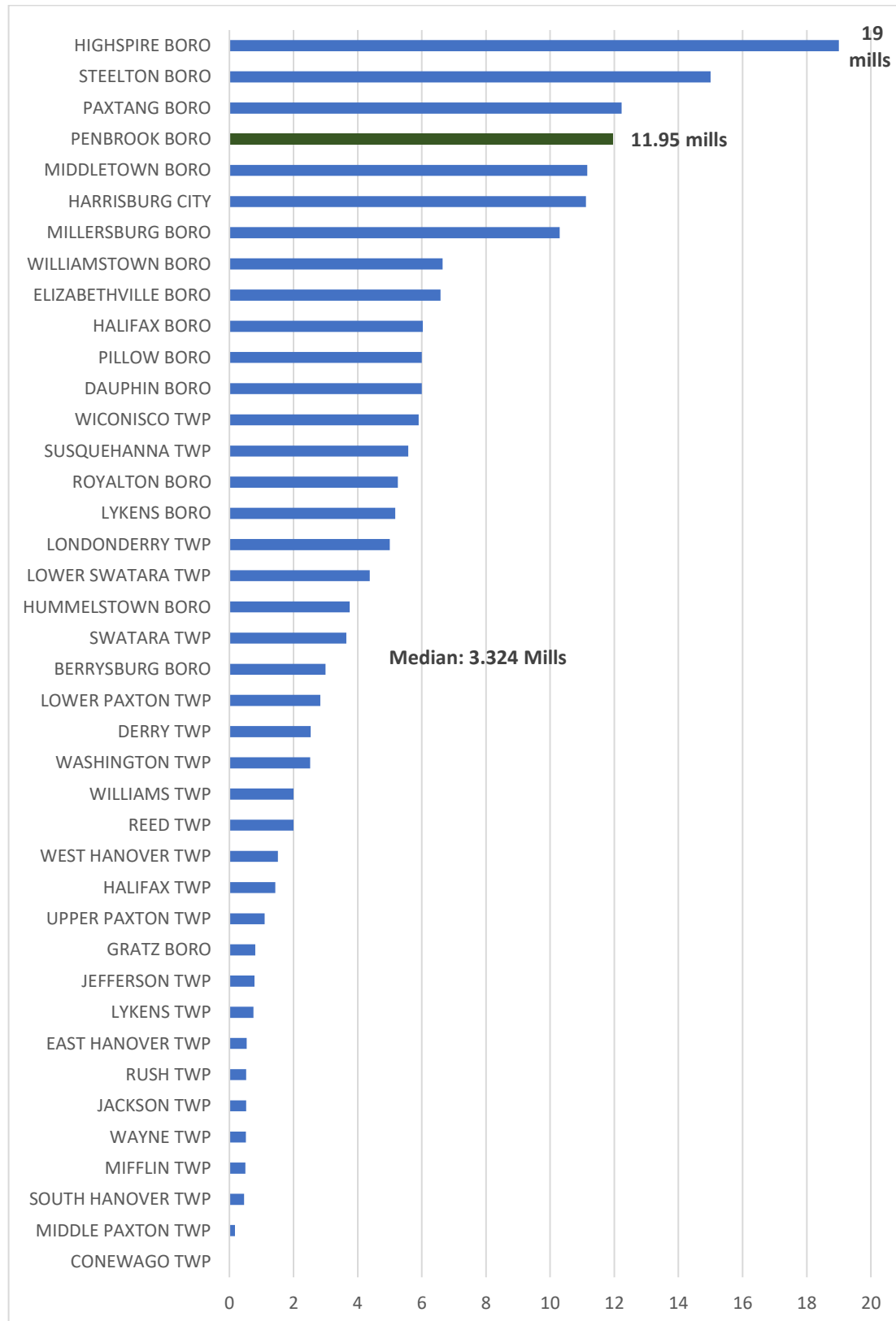
The majority of Dauphin County municipalities rely on free state police coverage, enabling these communities to maintain lower millage rates. Exhibit 2.8 compares millage rates among the 16 Dauphin County communities that either operate their own police service or contract for service from a neighboring municipality. Even within this peer group, Penbrook’s millage rate remains above the median and comparatively high.

¹ Throughout this report, financial performance will be assessed in relation to the rate of inflation. The Bureau of Labor Statistics (BLS) defines inflation as the overall upward movement in the prices of goods and services within an economy.

<https://www.bls.gov/regions/mid-atlantic/cpi-summary/2023/home.htm>

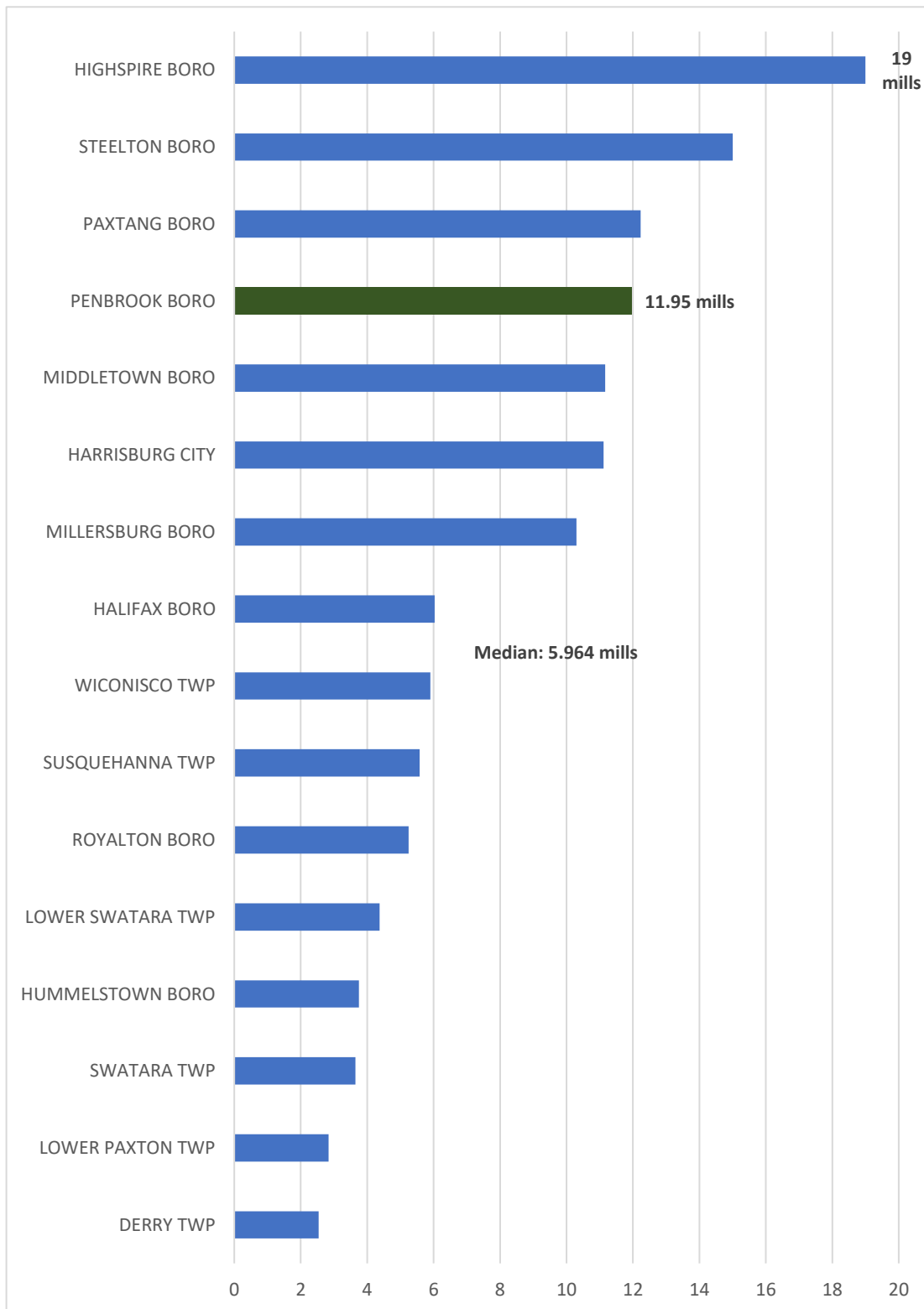
Exhibit 2.7

Total Municipal Real Estate Tax Millage Rate, Dauphin County Municipalities, 2025



Source: PA Department of Community and Economic Development Municipal Statistics

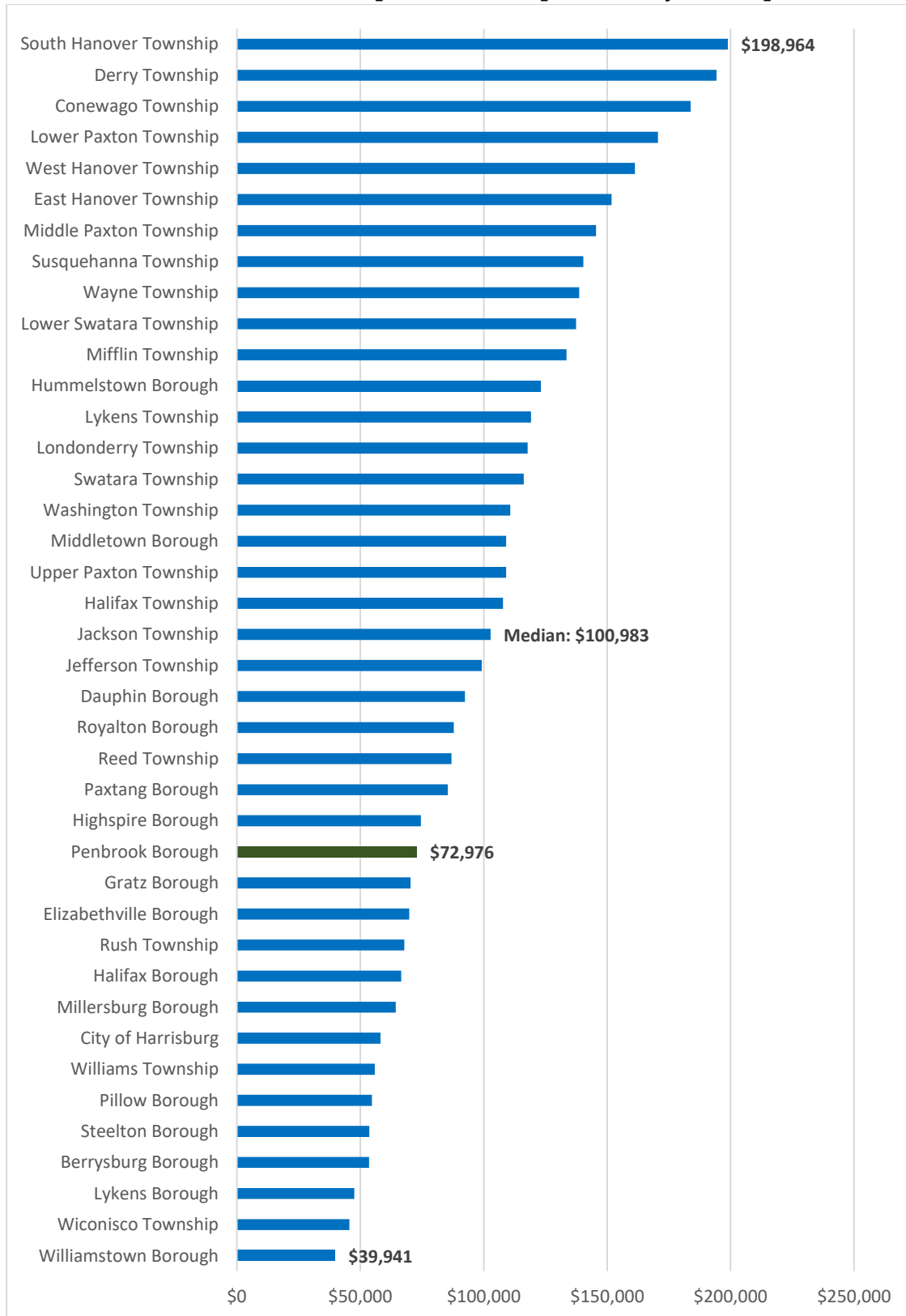
Exhibit 2.8
Municipal Real Estate Tax Millage Rate,
Dauphin County Boroughs that Do Not Rely on State Police Coverage, 2025



Source: PA Department of Community and Economic Development Municipal Statistics

Exhibit 2.9

Total Taxable Residential Value per Parcel, Dauphin County Municipalities, 2025



Source: The Dauphin County Office of Tax Assessment

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Comparing millage rates across communities requires deeper analysis, as real estate tax income depends on both the tax rate and the assessed value base. Assessed valuation is a key factor in determining the millage rate required to fund municipal services. Municipalities with higher property values and higher assessed values can levy lower tax rates while still generating the same level of revenue. As shown in Exhibit 2.9, Penbrook's total residential assessed value per parcel of \$72,976 is below the County median of \$100,983 million.

From 2016 to 2024, Penbrook's assessed values have remained flat. During the same period, real estate market values in the region increased by 27 percent. The lack of growth in assessed values reflects successful tax appeals, the broader tendency for assessments to lag market trends, and the absence of a recent county-wide reassessment.

Exhibit 2.10

Penbrook Borough, Real Estate Market Value and Assessed Value, 2016-2024

	2016	2017	2018	2019	2020
Market Value	\$104,377,138	\$104,346,455	\$105,360,319	\$105,330,133	\$112,967,082
Assessed Value	\$87,469,050	\$87,438,450	\$87,398,450	\$87,366,150	\$88,640,600
Ratio	83.8%	83.8%	83.0%	82.9%	78.5%
	2021	2022	2023	2024	Pct Increase
Market Value	\$111,479,303	\$119,716,574	\$120,691,293	\$132,333,079	26.8%
Assessed Value	\$87,726,200	\$87,113,500	\$87,646,900	\$87,549,000	0.1%
Ratio	78.7%	72.8%	72.6%	66.2%	

Source: State Tax Equalization Board, Pennsylvania Department of Community and Economic Development

Assessment values are also impacted by land use. Of 1,167 total parcels, 85 percent are residential, 9 percent are commercial, 3 percent are exempt, and the remaining 2 percent of parcels are either undeveloped land or lots. The value of tax-exempt properties totals \$8.1 million.

Real estate Tax income is influenced by collection performance; the 2024 current collection rate is estimated at a strong 94 percent. Delinquent collections averaged about \$150,000 annually from 2020 to 2022 but have since declined to roughly \$50,000, which may reflect the county-wide COVID policy in 2020 to waive penalties and extend the face period. Penbrook also appointed CGA Law Firm to collect delinquent taxes and stormwater fees in 2024. Alternatively, current-year Real Estate tax collections have increased by about 2 percent annually, driven primarily by millage rate increases.

Ultimately, various factors continue to create upward pressure on Penbrook's millage rate, including stagnant assessed values and inflationary cost growth, as well as the Borough's commitment to maintaining a well-staffed police force. However, comparisons with peer municipalities suggest that there are opportunities for the Borough to reassess service levels or reduce costs while maintaining service quality.

Act 511 Taxes

Earned Income Tax

EIT is the second largest source of General Fund revenue, representing 16 percent of operating revenue historically. The Borough imposes a 0.5 percent EIT on residents and 1 percent EIT on non-residents. The Central Dauphin County School District also levies a 1.5 percent tax bringing the full EIT charged to Penbrook residents to 2.0 percent. As indicated below, all 40 Dauphin County municipalities impose a resident EIT and 28 also impose a non-resident EIT.

In general, municipalities such as Penbrook that are not governed by a home rule charter or declared financially distressed through Act 47 are not permitted to implement a resident EIT that exceeds 1 percent. The City of Harrisburg was permitted by the state legislature to exit Act 47 and retain its extraordinary taxing authority, enabling the City to maintain EIT and Local Services Tax rates above the rates typically allowed for third-class cities. In addition, residents of Central Dauphin, Middletown Area, and Susquehanna School Districts passed ballot referendums enabling the school districts to eliminate the occupation tax and levy an EIT rate above 1.0 percent.

Exhibit 2.11
Dauphin County Earned Income Tax Rates, 2025

	0%	0.50%	1.00%	>1%	Total
Municipal Resident	0	39	0	1	40
Municipal Non-Resident	12	3	25	0	40
School District Resident	0	9	0	3	12

Source: PA Department of Community and Economic Development

EIT collections increased at an average annual rate of 7.9 percent from 2020 to 2024, outpacing inflation over the same period². EIT growth has been stronger in recent years with collections increasing by 33 percent from 2021 to 2024. Most municipalities benefited from the pandemic-era surge in wages experienced nationally, which resulted in strong EIT collections.

Other Act 511 Taxes

The Borough also collects Other Act 511 Taxes including Real Estate Transfer Tax, Mercantile/Business Privilege Tax, Local Services Tax (LST), Per Capita Tax, and Occupation Tax. Real Estate Transfer Tax is the second largest source of Act 511 tax revenue after EIT. Penbrook Borough levies a 0.5 percent Real Estate Transfer on real estate transactions within the Borough. The Central Dauphin County School District also levies an additional 0.5 percent on real estate transactions. Revenues from Real Estate Transfer Taxes average about \$62,000 annually and fluctuate based on housing market conditions.

² According to BLS data for the Mid-Atlantic Region, which includes all of Pennsylvania, the average annual inflation rate from 2020 to 2024 was 4.4 percent.

Penbrook Borough levies a 1 mill Business Privilege Tax on each person engaged in a business temporary, seasonal or itinerant on each dollar of the whole or gross volume of business transacted. No taxpayer, however, shall be obligated to pay more than \$1,000 on account of the gross volume of a taxpayer's business. Those conducting business in the Borough are also required to obtain a Business Privilege License. The Central Dauphin School District does not levy a Business Privilege Tax. Business Privilege Tax and Licenses generate about \$25,000-\$30,000 annually.

LST is payable by all individuals who hold a job or profession within a taxing jurisdiction imposing the tax. The Commonwealth permits a maximum combined municipal and school district LST of \$52 for residents that do not qualify for the Mandatory Low-Income Exemption³. While some communities split the LST with their local school district, Penbrook receives the entire \$52 levy. LST collections average about \$18,000 annually. The following individuals are exempt from the tax:

- Individuals with annual earned income below \$12,000.
- Honorably discharged veterans with qualifying service-related disabilities.
- Members of reserve military components called to active duty during the tax year.

Penbrook also levies both a Per Capita and an Occupation Tax. The Per Capita Tax is \$5 per resident over the age of 18, generating roughly \$10,000 annually. Exemptions apply to individuals earning less than \$300 annually and to active-duty service members and veterans.

A \$10 Occupation Tax is levied on residents between the ages of 18-65, generating about \$18,000 per year. The following partial exemptions can be claimed to remove the occupation tax portion of the bill:

- Any person moving into the Borough prior to July 1 of the taxable year who provides proof of payment of an occupation tax in another municipality for that year.
- Any person moving into the Borough after July 1 of the taxable year.
- Any person serving in the Armed Forces of the United States at any time between January 1 and July 1 of the taxable year, provided a written exemption request is submitted.
- Any person retiring between January 1 and July 1 of the taxable year, provided a written exemption request is submitted.
- Any person with total annual earned income below \$12,000 (or the exemption amount established under 53 P.S. § 6924.301.1), provided a written exemption request is submitted.

Of all 40 Dauphin County municipalities, 12 levy an occupation tax, eight of which are boroughs. Penbrook is the only municipality within the Central Dauphin County School District that levies an occupation tax.

³ Political subdivisions that levy an LST at a rate that exceeds \$10 must exempt taxpayers whose total earned income and net profits from all sources within the political subdivision is less than \$12,000.

Intergovernmental Revenue

The Department of the Auditor General administers the Pennsylvania General Municipal Pension System State Aid Program that helps local governments defray the cost of employee and police pension plans maintained by municipalities, regional police forces and councils of government. State Pension Aid averaged about \$97,000 from 2020 to 2024, accounting for 4.6 percent of annual revenue.

Other Intergovernmental Revenue has fluctuated significantly as a result of significant, non-recurring funding sources such as ARPA funding and grants to support police service. The Borough received a total of \$312,438 in ARPA funding. The Borough allocated \$40,000 in ARPA funding for capital investments and the remaining \$267,000 to general fund expenses. The Borough also received \$173,000 in Dauphin County Cares Act Covid Relief Funds in 2020.

In addition, the Borough has been awarded three PCCD grants totaling nearly \$650,000 since 2022, including a \$190,116 grant for gun violence investigation and prosecution in 2022, a \$210,238 grant for local enforcement support using COVID relief, and a \$249,049 through the Medical Marijuana Enforcement Act Enforcement Program. These grant funds have been used to support officer salary and benefits, police vehicles, and other equipment such as ballistic vests.

In addition, the Borough has also been successful in securing state Local Share Account (“LSA”) grants to help fund sewer capital investments and offset debt service costs connected with the Asylum Run sewer improvement project, including \$85,000 and \$96,000 LSA grants that were transferred from the General Fund to the Asylum Run Debt Fund. The Borough also used a Pennsylvania 902 recycling grant to purchase Public Works equipment including a backhoe, woodchipper, and hot box for road repaving.

Other Revenues

In addition to the key revenue sources outlined above, Penbrook also receives revenue from other sources such as Insurance Reimbursements, Licenses, Permits and Inspections, and Cable Franchise Fee Revenue.

Insurance Reimbursement revenue averages about \$98,000 annually and accounts for 5 percent of annual revenue on average. The Borough participates in the Pennsylvania Municipal Health Insurance Cooperative. The Pennsylvania Municipal Health Insurance Cooperative (“PMHIC”) is a self-funded pool that allows municipalities to join together to provide employee health coverage at lower, more stable costs. By spreading risk across many members and using shared administration, PMHIC reduces premium volatility, offers economies of scale, and often delivers more predictable budgeting and savings than municipalities purchasing insurance on their own.

Income from Licenses, Permits, and Inspections varies year-to-year, but generally averages about \$50,000, accounting for 3 percent of annual revenue. Residential rental licenses are the largest source of license, permit, and inspection revenue.

Revenue from Cable TV Franchise Fees has declined from \$46,000 in 2020 to \$33,000 in 2024, representing an average annual decline of 8 percent per year. As consumers have migrated

toward streaming services, cable franchise fee revenue has been impacted. Streaming services generally do not require the use of public property and therefore do not engage in compensation agreements with municipalities. Cable TV Franchise Fees are expected to continue to decline in the future.

Operating Expenses

Exhibit 2.12 on the following page presents a five-year history of expenses by major category. Workforce-related costs account for 74 percent of annual spending, with Salaries, Wages, and Overtime representing 45 percent of total operating revenue. Healthcare and pension costs comprise an additional 14 percent and 5 percent, respectively. Transfers to the Debt Service Fund are also significant, with expenses spiking in 2023 due to the early repayment of a debt obligation. As noted previously, Asylum Run debt service payments have been offset by LSA grants. Professional and Legal Services represent 5 percent of expenditures, driven largely by third-party accounting support and solicitor services.

Exhibit 2.12
General Fund Expenses, 2020-2024

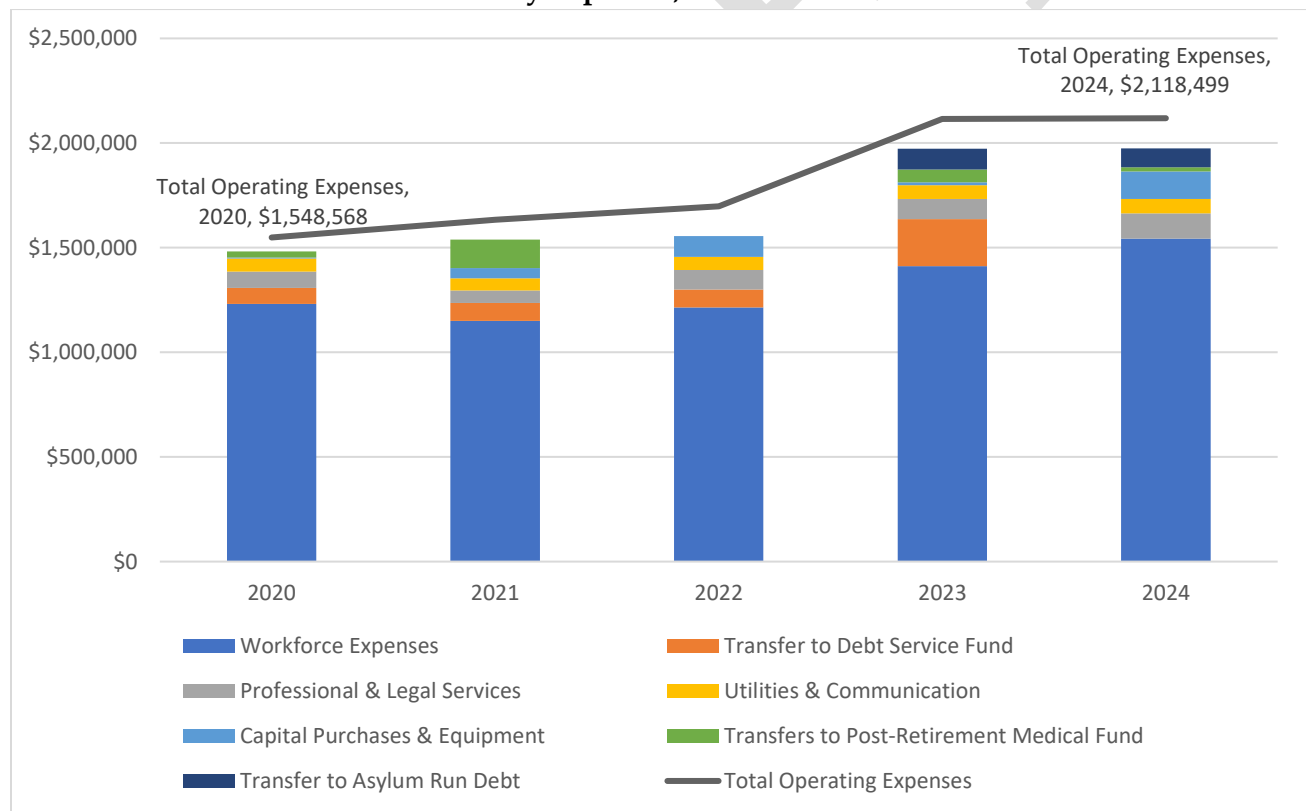
Expenses	2020	2021	2022	2023	2024	Avg % of Total	CAGR
Salaries, Wages & Overtime	\$758,571	\$709,537	\$783,323	\$870,130	\$997,455	45.2%	7.1%
Healthcare	\$242,455	\$245,933	\$230,340	\$320,748	\$275,460	14.4%	3.2%
Pension	\$93,553	\$83,794	\$95,224	\$96,365	\$125,831	5.4%	7.7%
Transfer to Debt Service Fund	\$76,000	\$85,000	\$85,000	\$224,950	\$0	5.2%	-100.0%
Professional & Legal Services	\$78,513	\$59,816	\$93,572	\$96,954	\$119,722	4.9%	11.1%
Utilities & Communication	\$62,922	\$58,709	\$63,441	\$66,166	\$69,402	3.5%	2.5%
FICA	\$57,680	\$53,874	\$59,716	\$67,249	\$76,260	3.5%	7.2%
Capital Purchases & Equipment	\$3,605	\$48,461	\$99,472	\$13,632	\$131,546	3.3%	145.8%
Other Employee Benefits	\$49,243	\$57,480	\$45,996	\$56,600	\$68,883	3.1%	8.8%
Transfers to Post-Retirement Medical Fund	\$30,000	\$136,564	\$0	\$60,000	\$20,000	2.7%	-9.6%
Materials & Supplies	\$31,885	\$26,939	\$54,420	\$44,815	\$48,582	2.3%	11.1%
Transfer to Asylum Run Debt	\$0	\$0	\$0	\$100,000	\$90,000	2.1%	
Maintenance & Repairs	\$19,641	\$17,074	\$25,003	\$39,358	\$33,664	1.5%	14.4%
Insurance	\$19,868	\$21,801	\$24,007	\$23,513	\$25,806	1.3%	6.8%
Fire & Emergency Services	\$16,787	\$17,894	\$22,356	\$21,595	\$23,046	1.1%	8.2%
Other Expenses	\$7,844	\$10,756	\$16,419	\$12,406	\$12,841	0.7%	13.1%
Total	\$1,548,568	\$1,633,631	\$1,698,289	\$2,114,480	\$2,118,499	100.0%	8.1%

Source: Penbrook Borough

Expenses have increased by an average of 8 percent annually, driven primarily by rising workforce costs and capital investments. Workforce expenses account for 75 percent of the annual budget and rose 27 percent from 2020 to 2024, largely due to 7 percent average annual growth in Salaries, Wages, and Overtime. Of the \$570,000 total increase in expenses during this period, \$240,000 is attributable to salary, wage, and overtime costs. Capital investments are reflected both as direct General Fund expenses and as transfers to capital reserve funds, with the General Fund contributing about \$165,000 annually on average, partially offset by grants.

Expenditure history also shows fluctuations related to debt repayment and transfers to the Post-Retirement Medical Fund. A large portion of the increase in 2023 was due to the early repayment of a debt obligation, which required a larger-than-scheduled payment but reduced interest costs in 2023 and beyond. The Borough also made a significant transfer to the Post-Retirement Medical Fund in 2021, which was established to pay Other Post-Employment Benefits (“OPEB”) for beneficiaries. Similar to the debt repayment, this transfer represented a short-term outflow from the General Fund intended to reduce fiscal pressure in future years.

Exhibit 2.13
Key Expenses, 2020-2024



Source: Penbrook Borough

Workforce Expenses

The General Fund, Sewer Fund, and Stormwater Authority share management, administrative, and Public Works staff. As outlined in the Amended and Restated Memorandum of Understanding, Penbrook Borough supplies administrative, managerial, and field staff, along with equipment, to support Stormwater Authority operations. The Authority reimburses the Borough for hours worked plus prorated benefits and contributes 3 percent of the Borough Manager's salary for management services, while larger capital, insurance, and project costs are shared proportionately. The 2025 budget also allocates portions of the Borough Manager and Public Works salaries and benefits to the Sewer Fund.

Across functions, the General Fund accounts for about 87 percent of total workforce expenses, the Sewer Fund about 11 percent, and the Stormwater Authority about 2 percent. This workforce cost sharing ultimately reduces pressure on the General Fund and relies on both Sewer and Stormwater fees to help fund workforce costs.

Because the General Fund is the primary fund capturing workforce spending, this chapter focuses on General Fund workforce expenses. Detailed analyses of Sewer Fund and Public Works workforce costs appear in their respective chapters.

Exhibit 2.14
Total Workforce Expenses by Entity, 2024

	Workforce Expenses	% of Total
General Fund	\$1,684,771	86.6%
Sewer Fund	\$219,119	11.3%
Stormwater Authority ⁴	\$34,564	1.8%
Total	\$1,946,167	100.0%

Source: Penbrook Borough

As noted previously, workforce expenses account for 74 percent of historical General Fund spending and are the primary driver of growth from 2020 to 2024, increasing by an average of 6 percent annually. Over that period, total expenses increased by about \$570,000, with workforce costs contributing \$330,000, or roughly 58 percent, of expense growth.

At the start of 2025, the Borough employed seven non-uniform staff: the Borough Manager, Office Administrator, BCO/Zoning Officer, Property Maintenance Enforcement Officer, and three Public Works employees. The Police Department comprises the majority of the workforce with 10 sworn officers, including the Chief of Police who also serves as Borough Manager, plus one civilian support staff member. Of the sworn complement, nine are full time and one is part time.

⁴ Financial Information for the Penbrook Stormwater Authority is reflected as a fiscal year spanning July-June while the Borough operates based on a calendar year. However, a fiscal year of Stormwater Authority activity still represents a 12-month period and can therefore be used to estimate annual workforce spending.

Labor unions represent the majority of the Borough's employees. Bargaining unit employees are covered under one of two Collective Bargaining Agreements ("CBAs"). Police Department employees with the rank of Cadet through Lieutenant are represented by Teamsters Local Union 776. Public Works and Clerical employees are in a second unit represented by AFSCME Local 2944. The Police CBA commenced January 1, 2022, and terminates December 31, 2026. The CBA with AFSCME commenced on January 1, 2024, and terminates December 31, 2027.

Salaries, Wages, and Overtime

In 2024, Salaries, Wages, and Overtime totaled \$997,455. These costs have grown at an average annual rate of 7 percent, significantly outpacing inflation, and account for 45 percent of total operating expenses. Most of this growth reflects increased staffing. Around 2020, the Borough employed 6 full-time and 5 part-time officers; the department now operates with 9 full-time and 1 part-time officer. In addition, the Borough recently added a full-time Property Maintenance Enforcement Officer. Importantly, the Borough has proactively controlled workforce costs by leveraging PCCD grants to fund two of the recently added officers through 2027 and by combining the Borough Manager and Chief of Police roles to generate ongoing savings.

In addition, all unionized employees receive contractually mandated salary and wage increases. Teamsters Local Union 776 wage increases will average 2.5 percent from 2022-2026 and AFSCME Local 2944 salary and wage increases will average 3.25 percent from 2024-2027.

Exhibit 2.15
General Fund Workforce Expenses, 2020-2024

Workforce Expenses	2020	2021	2022	2023	2024
Salaries, Wages & Overtime	\$758,571	\$709,537	\$783,323	\$870,130	\$997,455
FICA	\$57,680	\$53,874	\$59,716	\$67,249	\$76,260
Healthcare	\$242,455	\$245,933	\$230,340	\$320,748	\$275,460
Pension	\$93,553	\$83,794	\$95,224	\$96,365	\$125,831
Other Employee Benefits	\$49,243	\$57,480	\$45,996	\$56,600	\$68,883
Transfers to Post-Retirement Medical Fund	\$30,000	\$136,564	\$0	\$60,000	\$20,000
Total	\$1,231,502	\$1,287,182	\$1,214,599	\$1,471,091	\$1,563,890
Average % of Total Expenses			74%		

Source: Penbrook Borough

Employee Benefits

In addition to Salary, Wages, and Overtime, Borough provides health and retirement benefits. Healthcare accounts for about 14 percent of annual spending and increased roughly 3 percent per year from 2020 to 2024. The Borough participates in the Pennsylvania Municipal Health Insurance Cooperative (PMHIC), a self-funded pool that spreads risk, stabilizes premiums, and improves budget predictability compared with purchasing coverage independently.

Agreements with Teamsters Local Union 776 and AFSCME Local 2944 require group hospitalization and major medical coverage, including drug, vision, and dental. Effective January 1, 2015, for Teamsters Local 776 the Borough may institute a plan with a \$250 deductible for single

coverage and \$750 for family coverage; members are responsible for deductibles, co-pays, co-insurance, and in-/out-of-network fees. Members of both unions contribute to premiums on a progressive schedule that increases each year of the current collective bargaining agreements; in 2025, members contribute \$50 per pay period for single coverage and \$60 for family coverage. Opt-out programs allow Teamsters members who opt out to receive 25 percent of the annual premium savings, while AFSCME members receive \$500.

Transfers to the Post-Retirement Medical Fund have averaged \$49,000 annually, including a \$136,534 contribution in 2021. Although post-retirement health insurance was phased out for officers hired after August 29, 2014, the Borough remains financially responsible for eligible officers hired before that date. Under the agreement, officers who retire at age 50 with at least 25 years of service receive the same medical benefits as active officers; three retirees currently receive benefits and a fourth is expected to become eligible soon. Benefits do not continue as a Medicare supplement and end if equal or better employer coverage is available. Current eligible officers contribute 1 percent toward this benefit.

Federal Insurance Contributions Act (FICA) is a United States federal payroll tax that is deducted from each paycheck to fund Social Security and Medicare programs. The growth in these expenses is closely linked to salary and wage growth. FICA costs represent about 4 percent of overall expenses and have increased at an average annual rate of 7 percent.

Other Employee Benefits include various benefits such as workers' compensation insurance, uniforms, training, education seminars, life insurance, and disability insurance. Workers' compensation insurance is the largest other employee benefit expense historically, accounting for about \$21,000 in 2024. Workers' Compensation is insurance that provides benefits for workers who are injured or become ill as a direct result of employment. Life and disability insurance costs are another relatively significant Other Employee Benefits expense and were \$11,000 in 2024.

Pension

The Borough maintains defined benefit plans for the Police Department and Non-Uniformed Employees. The Police Pension Fund has a total of 15 participants, representing active, retirees, disabled employees, and beneficiaries. The Police Pension Fund shows a fiduciary net position as a percentage of the total pension liability of 103 percent. The Non-Uniform Pension Fund has 9 total participants and a fiduciary net position as a percentage of the total pension liability of 106 percent

Exhibit 2.16
Police and Non-Uniformed Pension Plan Funding Summary

	Police	Non-Uniformed
Active Employees	7	5
Vested Former Employees	0	2
Former Employees Receiving Benefits	8	2
Total Participants	15	9
Total Pension Liability	\$6,099,762	\$963,147
Plan Fiduciary Net Position	\$6,283,430	\$1,021,766
Net Pension Asset	\$183,668	\$58,619
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103%	106%

Sources: Penbrook Borough Police GASB 68 Report, Measurement Date of December 31, 2023, Borough of Penbrook Non-Uniformed Employees Pension Plan GA 8-00292, GASB Statements GASB 40, 53, 67, and 68 Information for the fiscal year ended December 31, 2023

Pennsylvania law requires all municipalities to make annual contributions to the pension funds based on a calculation of Minimum Municipal Obligation (“MMO”). The MMO is based on an annual actuarial valuation that takes into consideration annual pension costs, contributions by employees, pension asset valuations, investment rate and salary increase projections, and amortization assumptions. This annual obligation is offset by state aid which is based on a calculation considering employee headcount. Despite a significant increase in the pension MMO in 2024, the cost was completely offset by pension aid received from the state.

Exhibit 2.17
Annual Minimum Municipal Obligation and Pension State Aid History

	2020	2021	2022	2023	2024
Pension MMO	\$93,553	\$83,794	\$95,224	\$96,365	\$125,831
State Aid	\$93,553	\$81,554	\$88,068	\$96,365	\$125,831
Net Municipal Payment	\$0	\$2,240	\$7,156	\$0	\$0

Debt Service

The Borough has one debt issuance outstanding: the General Obligation Note of 2019, which was issued to finance sewer system related improvements and refund a previous borrowing. Historically, the Borough used a combination of Sewer Fund and General Fund grant resources to pay annual debt service. If the General Fund grant resources become unavailable, the full debt service will be paid from the Sewer Fund. The Borough is considering paying off the outstanding debt amount prior to maturity to avoid interest costs. The loan is callable in full at any time without penalty; however, there is a penalty for partial prepayment.

Exhibit 2.18
Debt Summary, as of January 1, 2025

Description	Fund	Amount Outstanding	Maturity	Rate	2025 Debt Service
G.O. Note of 2019 (Asylum Run)	Sewer	\$685,000	10/15/2029	2.171%	\$194,871

Source: Penbrook Borough

Exhibit 2.19
Annual Debt Service Summary, as of January 1, 2025

Year	Principal	Interest	Total
2025	\$180,000	\$14,871	\$194,871
2026	\$123,000	\$10,964	\$133,964
2027	\$125,000	\$8,293	\$133,293
2028	\$127,000	\$5,579	\$132,579
2029	\$130,000	\$2,822	\$132,822
Total	\$685,000	\$42,530	\$727,530

Other Expenses

In addition to the key expenses outlined above, Penbrook also incurs additional expenses, a majority of which can be attributed to Professional and Legal Services, Capital Purchases & Equipment, and Utilities and Communications.

Professional and Legal Services account for equivalent to 5 percent of operating expenses historically and have increased to roughly \$103,000 annually on average since 2022. Accounting and legal services are the largest expenses and have averaged about \$28,000 and \$38,000 annually in recent years.

Capital investments are reflected both as direct General Fund expenses and as transfers to capital reserve funds, with the General Fund contributing about \$175,000 annually on average, partially offset by grants. As mentioned previously, the Borough allocated \$40,000 in ARPA funding for capital investments.

Utility and Communications expenses have totaled about \$50,000 annually, accounting for 3 percent of expenses historically. This category includes electricity, gas, water, telephone, computer, and website related expenses.

Fire and Emergency Services are provided by the all-volunteer Citizen's Fire Company. The Borough receives about \$15,000 in Foreign Fire Insurance Premium Tax proceeds, which must be allocated to the volunteer firefighters' relief association. In addition, Ambulance service is provided under contract with Susquehanna Township EMS for \$5,000 annually. In 2024, the Borough also allocated \$2,400 for the Emergency Management Coordinator and Deputy. The Property Maintenance Enforcement Officer also serves as Emergency Management Coordinator.

Conclusion

Penbrook has maintained a relatively healthy fiscal position, invested in capital assets, and built robust reserves with support from one-time COVID relief and grants. However, expenses are rising faster than recurring revenues, creating structural budget imbalance. Growing workforce costs and anticipated capital needs will continue to pressure the General Fund and, without corrective action, could ultimately deplete cash reserves.

Chapter Three

Baseline Projection of Financial Results

Overview

The baseline projection reflects a continuation of current operating procedures and trends without significant growth in the tax base or implementation of corrective action. The baseline projection in this chapter establishes the framework used to develop the recommendations included in the remainder of the report. Those recommendations seek to help the Borough secure long-term fiscal stability. This chapter establishes the basis of the assumptions used to generate the 2025-2029 projection.

Projection Assumptions

The financial projection is based on reasonable revenue and expense growth expectations accounting for historical performance, existing collective bargaining agreements, national and regional trends, and other relevant information. The projection assumes no corrective actions are taken to improve the current situation.

The Borough's financial performance will be assessed in relation to the rate of inflation. According to BLS data for the Mid-Atlantic Region the average annual inflation rate from 2020 to 2024 was 4.4 percent. The Philadelphia Federal Reserve projects annual inflation at roughly 2.4 percent over the next ten years.⁵

Revenue Assumptions

The baseline projection for Real Estate Taxes assumes no change in assessed valuation, collection rates, or millage, resulting in flat collections. The General Purpose Real Estate Tax millage has remained at 10.7 mills since 2022, and total real estate tax receipts were essentially flat from 2020 to 2024, reflecting strong current-year collections offset by a decline in delinquent recoveries, likely influenced by COVID-era tax relief and a change in tax collectors.

EIT collections have experienced annual growth of almost 8 percent since 2020. Penbrook residents, and consequently EIT collections, have likely benefited from the pandemic-era surge in wages experienced nationally. The baseline projection assumes EIT collections will moderate and align more closely with anticipated inflation but continue to outperform inflation at 3.5 percent average annual growth.

Other Intergovernmental Revenue has fluctuated due to one-time funding, including \$312,438 in ARPA allocations, \$173,000 in CARES Act funds, nearly \$650,000 in state crime and enforcement

⁵ The Philadelphia Federal Reserve. <https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/inflation-forecasts>

grants, and Local Share Account grants supporting sewer debt service. The projection incorporates existing multi-year awards, such as PCCD grants for police staffing, vehicles, and equipment, but does not assume future large one-time awards like past COVID relief. Instead, the projection assumes the Borough continues to have success securing grants roughly \$100,000 in annual grant funding once current awards expire, which is consistent with historical levels when recent large, nonrecurring awards are excluded.

Real Estate Transfer Tax is the second largest source of Act 511 tax revenue after EIT. US Census data indicates that median home value has increased at an average annual rate of nearly 4 percent since 2019, with particularly strong growth in recent years, likely as a result of strong national housing market conditions. The projection assumes growth moderates as is expected regionally and aligns with anticipated inflation.

Other Act 511 Taxes include the Business Privilege Tax, Local Services Tax, Per Capita Tax, and Occupation Tax, which combined have historically grown at an average annual rate of 6 percent. LST, Per Capita, and Occupation taxes are closely tied to population trends, and U.S. Census data shows about 2 percent growth in Penbrook since 2019, suggesting that recent revenue gains are more likely the result of improved collection efforts. The Business Privilege Tax, based on gross business volume, should theoretically track inflation but has instead remained flat at \$25,000 to \$30,000. The projection assumes overall Act 511 revenue growth will moderate and track inflation, consistent with modest population increases expected in Dauphin County.⁶

Workforce-related revenues are projected to track associated expenses. Insurance reimbursements and Employee Benefit Contributions are expected to increase in line with healthcare costs, while State Pension Aid is projected to grow at the same rate as Pension expenses. In addition, police services are the largest source of income derived from Charges for Services and is therefore expected to mirror salary and wage growth.

Interest, Rents & Royalties are expected to decline as fund balance levels decline. Penbrook earned more than \$100,000 in General Fund interest in both 2023 and 2024; however, interest earnings are likely to decline in 2026, as most economists expect the Federal Reserve to begin lowering short-term rates in the fall of 2025.

The projection assumes fee schedules for residential rental licenses and fines remain unchanged and inspections continue on a limited basis, resulting in flat revenue from Licenses, Permits and Inspections and from Fines. Rental inspections were previously suspended but are now being conducted on a limited basis to ensure compliance with regulations.

Revenue from Cable TV Franchise Fees has declined recently as consumers have migrated toward streaming services. Streaming services generally do not require the use of public property and therefore do not engage in compensation agreements with municipalities. Cable TV Franchise Fees are expected to continue to decline in the future.

⁶<https://www.rural.pa.gov/download.cfm?file=Resources/excel/Population%20Projections%20by%20Gender%20and%20Age%202020%20to%202050.xlsx>

Exhibit 3.1
Revenue Growth Rate Assumptions

Revenue	2026-2029
Current Real Estate Tax	0.0%
Delinquent Real Estate Tax	0.0%
Earned Income Tax	3.5%
Other Intergovernmental Revenue	\$150,000
Insurance Reimbursements	5.6%
Pension Aid	3.0%
Other Act 511 Taxes	2.3%
Interest, Rents & Royalties	-5.9%
Real Estate Transfer Tax	2.3%
Licenses, Permits & Inspections	0.0%
Cable TV Franchise Fee	-2.5%
Fines	0.0%
Charges for Services	3.0%
Employee Benefit Contributions	5.6%
Other Revenue	2.3%
Total Revenue	-1.2%
CPI	2.4%

Exhibit 3.2
Baseline General Fund Revenue Projection, 2025-2029

Revenue	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Current Real Estate Tax	\$909,000	\$909,000	\$909,000	\$909,000	\$909,000
Delinquent Real Estate Tax	\$37,000	\$37,000	\$37,000	\$37,000	\$37,000
Earned Income Tax	\$392,000	\$406,000	\$420,000	\$434,000	\$450,000
Other Intergovernmental Revenue	\$381,000	\$266,000	\$116,000	\$116,000	\$116,000
Insurance Reimbursements	\$75,000	\$79,000	\$84,000	\$88,000	\$93,000
Pension Aid	\$130,000	\$134,000	\$138,000	\$142,000	\$146,000
Other Act 511 Taxes	\$80,000	\$82,000	\$84,000	\$86,000	\$88,000
Interest, Rents & Royalties	\$98,000	\$77,000	\$77,000	\$71,000	\$65,000
Real Estate Transfer Tax	\$45,000	\$46,000	\$47,000	\$48,000	\$49,000
Licenses, Permits & Inspections	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000
Cable TV Franchise Fee	\$30,000	\$29,000	\$29,000	\$28,000	\$27,000
Fines	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000
Charges for Services	\$18,000	\$18,000	\$19,000	\$19,000	\$20,000
Employee Benefit Contributions	\$18,000	\$19,000	\$20,000	\$21,000	\$23,000
Other Revenue	\$6,000	\$6,000	\$6,000	\$6,000	\$7,000
Total	\$2,293,000	\$2,182,000	\$2,060,000	\$2,079,000	\$2,104,000

Expense Assumptions

The baseline projection reflects historical performance and the current collective bargaining agreements with AFSCME Local 2944 and Teamsters Local Union 776. Salaries, Wages, and Overtime have grown about 7 percent annually historically, driven primarily by increased staffing. Looking ahead, most positions are subject to collective bargaining. The agreement with AFSCME provides 3 percent wage increases in 2026 and 2027, while the Teamsters agreement provides 2.5 percent wage increases in 2026. Accordingly, the projection applies an average 3 percent annual wage increase across the workforce and assumes departmental headcounts remain at current levels throughout the projection period.

Pension and FICA costs are closely linked to Salary, Wage, and Overtime expenses; therefore, these employee expenses are also expected to grow at 3 percent annually.

Healthcare expenses have increased by 3.2 percent annually since 2020, below the trend in private health insurance spending experienced nationally. The Borough has managed healthcare expenses through participation in the Pennsylvania Municipal Health Insurance Cooperative, a self-funded pool that spreads risk, stabilizes premiums, and improves budget predictability compared with purchasing coverage independently. The baseline conservatively assumes future healthcare expenses mirror the national average, which is projected to be 5.6 percent according to the Center for Medicare and Medicaid Services.⁷

Transfers to the Post-Retirement Medical Fund have averaged \$49,000 annually, including a \$136,534 contribution in 2021. Although post-retirement health insurance was phased out for officers hired after August 29, 2014, the Borough remains financially responsible for eligible officers hired before that date. Three retirees currently receive benefits and a fourth is expected to become eligible soon. Annual benefit costs are estimated at \$20,000 per participant and are also projected to mirror the national average.

Other Employee Benefits include various benefits such as workers' compensation insurance, uniforms, training, education seminars, life insurance, and disability insurance. Workers' compensation insurance is the largest other employee benefit expense historically and should mirror inflation.

The annual costs of Fire and Emergency Services including the allocation of the Foreign Fire Insurance Premium Tax proceeds, contributions to Susquehanna Township EMS, and an annual allocation for an Emergency Management Coordinator and Deputy are expected to remain flat, totaling \$22,000 annually.

Capital investments are reflected both as direct General Fund expenses and as transfers to capital reserve funds. Direct General Fund capital investments are expected to average about \$44,000, which aligns with historical experience. The projection assumes that the Borough continues to

⁷ Centers for Medicare and Medicaid Services. <https://www.cms.gov/newsroom/press-releases/cms-releases-2023-2032-national-health-expenditure-projections>

transfer roughly \$80,000 annually to various funds for capital investments including the Vehicle Capital Reserve and Parks Grant Funds.

As of January 1, 2025, the Borough has one outstanding debt obligation totaling \$685,000. Historically, debt service has been paid from both the General and Sewer Funds. The Borough plans to use LSA grant funds to support General Fund transfers to the Asylum Run Debt Service Fund through 2026, after which debt service will be paid solely by the Sewer Fund. The baseline projection assumes no early repayment and reflects the shift of annual costs to the Sewer Fund beginning in 2027.

The baseline projection expects the activity that generates expenses related to Professional and Legal Services, Utilities and Communication, Materials and Supplies, Maintenance and Repairs, Insurance, and Other Expenses to grow at the rate of inflation.

Exhibit 3.3
Expense Growth Assumptions, 2025-2029

Expenses	2026-2029
Salaries, Wages & Overtime	3.0%
Healthcare	5.6%
Pension	3.0%
Transfer to Debt Service Fund	\$0 Per Schedule
Professional & Legal Services	2.3%
Utilities & Communication	2.3%
FICA	3.0%
Capital Purchases & Equipment	\$44,000
Other Employee Benefits	2.3%
Transfers to Post-Retirement Medical Fund	\$70,000
Materials & Supplies	2.3%
Transfer to Asylum Run Debt	Ends in 2026
Maintenance & Repairs	2.3%
Insurance	2.3%
Fire & Emergency Services	\$22,000
Other Expenses	2.3%
Total Expenses	3.3%
CPI	2.4%

Exhibit 3.4
Baseline General Fund Expenditure Projection, 2025-2029

Expenses	2025	2026	2027	2028	2029
	Projection	Projection	Projection	Projection	Projection
Salaries, Wages & Overtime	\$1,058,000	\$1,090,000	\$1,123,000	\$1,156,000	\$1,191,000
Healthcare	\$313,000	\$330,000	\$349,000	\$368,000	\$389,000
Pension	\$158,000	\$163,000	\$168,000	\$173,000	\$178,000
Professional & Legal Services	\$99,000	\$102,000	\$104,000	\$107,000	\$109,000
Utilities & Communication	\$70,000	\$72,000	\$73,000	\$75,000	\$77,000
FICA	\$77,000	\$79,000	\$82,000	\$84,000	\$87,000
Capital Purchases & Equipment	\$18,000	\$42,000	\$43,000	\$44,000	\$45,000
Other Employee Benefits	\$59,000	\$60,000	\$61,000	\$63,000	\$64,000
Transfers to Post-Retirement Medical Fund	\$20,000	\$60,000	\$63,000	\$67,000	\$71,000
Materials & Supplies	\$40,000	\$41,000	\$42,000	\$43,000	\$44,000
Transfer to Asylum Run Debt	\$96,000	\$0	\$0	\$0	\$0
Maintenance & Repairs	\$19,000	\$19,000	\$19,000	\$20,000	\$20,000
Insurance	\$29,000	\$30,000	\$31,000	\$32,000	\$32,000
Fire & Emergency Services	\$22,000	\$22,000	\$22,000	\$22,000	\$22,000
Other Expenses	\$19,000	\$19,000	\$19,000	\$20,000	\$20,000
Total Expenses	\$2,097,000	\$2,129,000	\$2,199,000	\$2,274,000	\$2,349,000

Baseline Operating Projection

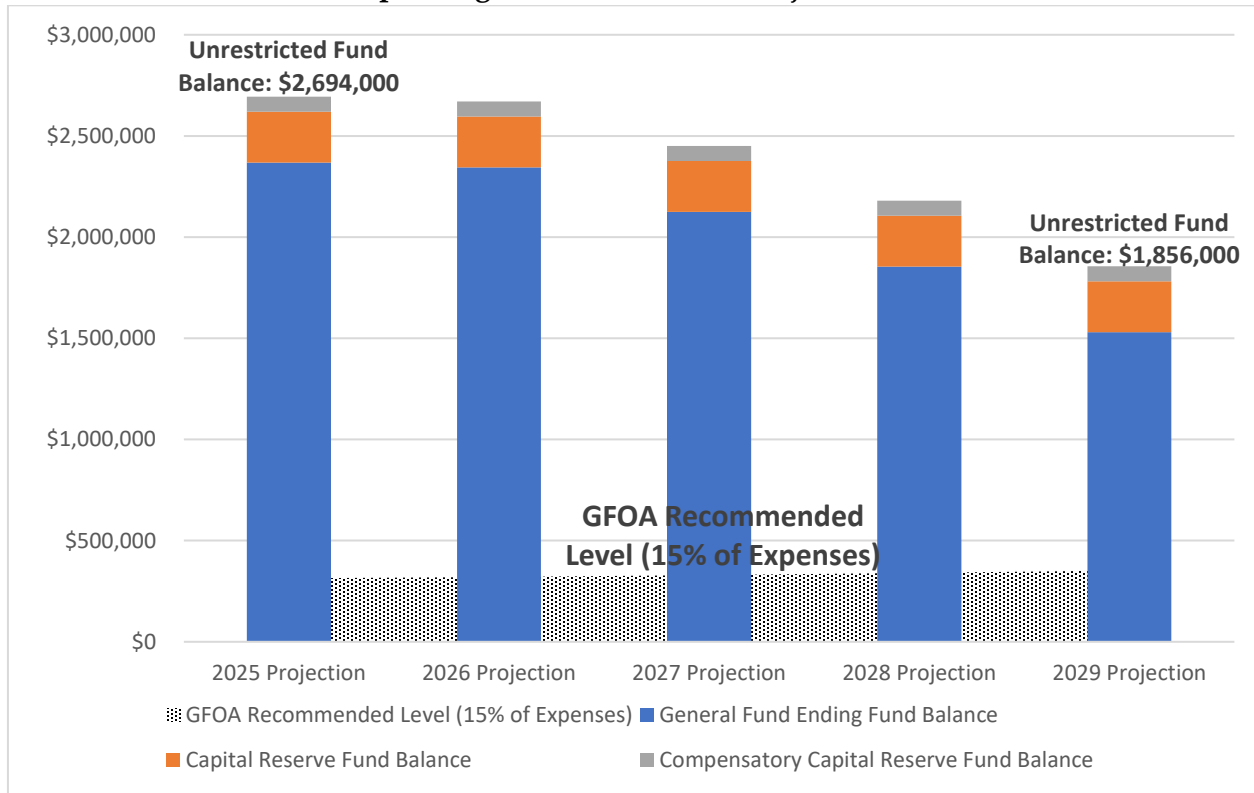
Without corrective action, deficits begin in 2026. Overall revenue is projected to decline by about 2 percent over the period as PCCD grants expire. Shifting Asylum Run debt service to the Sewer Fund masks overall expense growth; excluding this shift, other operating costs grow about 3 percent annually, driven by workforce costs. Including transfers for capital investments, deficits reach roughly \$378,000 by 2029.

The Borough accumulated roughly \$2.7 million in unrestricted fund balance in the General Fund, Compensatory Capital Reserve Fund, and Capital Reserve Fund at the start of 2025. The cumulative impact of the operating deficits is shown in Exhibit 3.5 as the Unrestricted Fund Balance as a percentage of total operating revenue declines from 127 percent of expenses in 2025 to 65 percent of expenses in 2029. However, Unrestricted Fund Balance is expected to remain sizable at roughly \$1.5 million in 2029, equivalent to 65 percent of General Fund expenses. As a comparison, GFOA recommends a minimum fund balance level equivalent to 15 percent of obligations.

Exhibit 3.5
Baseline Operating Projection, 2025-2029

	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Revenues	\$2,293,000	\$2,182,000	\$2,060,000	\$2,079,000	\$2,104,000
Expenses	\$2,097,000	\$2,129,000	\$2,199,000	\$2,274,000	\$2,349,000
Surplus (Deficit)	\$196,000	\$53,000	(\$139,000)	(\$195,000)	(\$245,000)
Capital Related Transfers	(\$90,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)
Net Result	\$106,000	(\$27,000)	(\$219,000)	(\$275,000)	(\$325,000)
Ending General Fund Balance	\$2,694,000	\$2,670,000	\$2,450,000	\$2,180,000	\$1,856,000

Exhibit 3.6
Baseline Operating and Fund Balance Projection, 2025-2029



Conclusion

Penbrook is in a strong fiscal position, but the baseline projection is unsustainable without corrective action. Deficits begin in 2026 and widen through 2029 as recurring revenues grow more slowly than expenses. Operating costs are projected to rise by about 3 percent annually, led by workforce costs. Strong Unrestricted Fund Balance levels provide flexibility to implement targeted initiatives to align recurring revenues and expenses and to continue investing in capital assets while maintaining service levels.

Chapter Four

Borough Manager's Office and General Administration

Overview

Most administrative in Penbrook duties are performed by the Borough Manager. The Borough Manager is responsible for formulating the budget, enforcing ordinances established by the Mayor and Borough Council, approving expenditures, supervising other Borough functions, reporting to the Mayor and Council on financial and administrative matters, and hiring employees. The Borough Manager is supported by an administrative assistant and a third-party financial consultant/bookkeeper. The Borough Manager doubles as the Chief of Police and also receives direct reports from the Department of Public Works and Codes and Planning, and Zoning.

This chapter outlines recommendations to be implemented at the senior administrative level. While the Borough Manager is listed as the responsible party for most of the recommendations, successful implementation of the initiatives will require the cooperation of many across the organization. The intent of the recommendations is to improve overall operational efficiencies as well as identify potential savings through cost reductions and revenue enhancement. Long-term success ultimately depends on maintaining the initiatives and keeping budgetary impact at the forefront of every major decision.

Information Technology

The Borough contracts with a third-party provider for information technology maintenance and support. The relationship with the third-party provider is managed by the Borough Manager and there is no internal IT specialist support. The Borough operates a limited IT environment which consists of a single subnet and less than 50 devices in total.

As a smaller municipality, the Borough does not have sophisticated IT governance and management infrastructure that is found in many larger municipalities. Like other municipalities of its size, Penbrook evaluates the costs and administrative hassle of establishing extensive policies and procedures against potential benefits. The Borough must comply with at least the essential, base-level IT needs without incurring unaffordable costs. As part of this five-year planning process, the Borough conducted an introductory IT self-assessment focused on several key areas, including Governance and Management; Information Security; IT Infrastructure; Network and Communication; Application Systems; IT Service Management; Business Continuity and Disaster Recovery; Vendor Management; Compliance and Regulatory Requirements; and Training and Awareness.

The results of the self-assessment include sensitive information that will remain confidential. However, the assessment warrants further exploration and STMP Phase 2 support, which is described in recommendation ADM11 below.

Summary of Financial Results

Expenses for the Borough Manager's Office and General Administration were about \$608,000 in 2024, representing 29 percent of total General Fund expenses. Since 2020, these activities have comprised about 32 percent of operating expenses. General Administration expenses have increased 3.7 percent on average from 2020 through 2024, which is lower than the 8.1 percent average annual increase in total General Fund expenses over the same period.

Salaries and Wages cover about 20 percent of the Borough Manager's salary (remaining portion accounted for in the Police Department), the administrative assistant, and the Borough's elected officials. Department Salary and Wage expenses was slightly less in 2024 than in 2020.

Penbrook accounts for Borough-wide Healthcare, Non-Uniform Pension, and Post-Retirement Medical Fund transfers out of the Borough's Manager's Office even though these employees are spread across multiple departments. Accounting for these costs in this way does not weaken the Borough's ability to manage and control these expenses; however, it does distort which departments weigh heaviest on the General Fund. Collectively, these costs increased 3 percent annually on average from 2020 to 2024. Healthcare expenses increased 3.2 percent over this period, which is well below the national average. However, Non-Uniform Pension expenses increased 9.2 percent annually on average, which far exceeded inflation and the overall General Fund growth rate.

Professional and Legal Services includes Accounting Services, Legal Services, Labor Attorney Services, and Advertising and Printing. Accounting Services ranged between \$25,000 and \$32,000 from 2020 to 2024. Legal Services, which is mainly the Borough Solicitor, varied from year to year and were \$44,000 in 2024. Labor Attorney costs historically have been minimal and ever above \$1,700 in any year.

Departmental Financial Results

Exhibit 4.1
Expenditure Results, 2020-2024

	2020	2021	2022	2023	2024
Salaries, Wages & Overtime	\$44,265	\$37,590	\$39,098	\$38,914	\$42,416
FICA	\$57,680	\$53,874	\$59,716	\$67,249	\$76,260
Healthcare	\$242,455	\$245,933	\$230,340	\$320,748	\$275,460
Pension	\$39,398	\$44,266	\$54,527	\$46,356	\$55,948
Other Employee Benefits	\$35,093	\$39,976	\$32,250	\$35,343	\$41,295
Professional & Legal Services	\$53,401	\$36,369	\$65,795	\$61,619	\$77,340
Materials & Supplies	\$12,201	\$4,730	\$6,657	\$7,842	\$4,404
Utilities & Communication	\$3,685	\$3,186	\$2,572	\$2,770	\$2,132
Capital Purchases & Equip.	\$0	\$15,867	\$23,067	\$0	\$0
Insurance	\$6,324	\$6,593	\$8,633	\$7,253	\$6,918
Other Expenses	\$941	\$2,073	\$1,952	\$3,849	\$5,929
Post-Retirement Medical Fund	\$30,000	\$136,564	\$0	\$60,000	\$20,000
Total	\$525,442	\$627,021	\$524,606	\$651,942	\$608,102

Exhibit 4.2
Baseline Expenditure Projections, 2025-2029

	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Salaries, Wages & Overtime	\$49,000	\$50,000	\$51,000	\$53,000	\$55,000
FICA	\$77,000	\$79,000	\$82,000	\$84,000	\$87,000
Healthcare	\$313,000	\$330,000	\$349,000	\$368,000	\$389,000
Pension	\$67,000	\$69,000	\$71,000	\$73,000	\$75,000
Other Employee Benefits	\$38,000	\$39,000	\$40,000	\$41,000	\$42,000
Professional & Legal Service	\$64,000	\$66,000	\$67,000	\$69,000	\$70,000
Materials & Supplies	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Utilities & Communication	\$17,000	\$17,000	\$18,000	\$18,000	\$19,000
Capital Purchases & Equip.	\$0	\$0	\$0	\$0	\$0
Insurance	\$8,000	\$9,000	\$9,000	\$9,000	\$9,000
Other Expenses	\$5,000	\$5,000	\$5,000	\$6,000	\$6,000
Post-Ret. Medical Fund	\$20,000	\$60,000	\$63,000	\$67,000	\$71,000
Total	\$664,000	\$730,000	\$761,000	\$794,000	\$829,000

Recommendations

Initiative	ADM01	Establish a Fund Balance Strategy			
Responsible Party	Borough Council and Borough Manager				
Budgetary Impact	2025	2026	2027	2028	2029
	-	-	-	-	-
Target Completion	Ongoing				

The Borough should establish a fund balance policy that outlines the minimum fund balance level, allowable uses, and replenishment requirements and conditions.

Penbrook has established and maintained a strong operating fund balance position, which has enabled the Borough to absorb unanticipated expenses and contribute to capital improvements. The Borough's fund balance equaled almost 100 percent of total operating expenses at the end of 2024, well above benchmarks recommended by credit rating agencies and organizations such as the Government Financial Officers Association (GFOA). The GFOA recommended best practice states that "the adequacy of unreserved fund balance in the general fund should be assessed based upon a government's own specific circumstances. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than 5-15 percent of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures."

Though the Borough's fund balance is currently well above the minimum threshold outlined in the GFOA best practice, this plan's baseline financial projections show operating deficits and declining fund balance position over the next five years. This plan recommends closing these deficits with an incremental program of tax rate and fee increases. In addition, several key deficit closing recommendations in this report are long-term in nature whose full fiscal impact will not be realized for years. It is reasonable for the Borough to use General Fund fund balance prudently to reduce the impact of tax increases and ensure capital needs are met.

Because of the risks and challenges present in the baseline projection, the Borough should maintain a General Fund fund balance level above the GFOA recommended minimum. The Borough should adopt a policy to maintain a fund balance of at least 25 percent. In addition, any future fund balance use should be part of a responsible, coordinated financial plan. **Even if the Borough can maintain compliance with GFOA or some other established minimum fund balance threshold, it should not allow the budget deficit before fund balance allocation to exceed more than 3 percent of expenses in any year.**

Moreover, the Borough should also maintain adequate liquidity in the Capital Fund to ensure Penbrook can fund unanticipated needs and reimbursable grant requirements and maintain managerial flexibility.

Initiative	ADM02	Institute a Payment-in-Lieu-of-Taxes Program			
Responsible Party	Borough Council and Borough Manager				
Budgetary Impact	2025	2026	2027	2028	2029
	-	\$10,000	\$20,000	\$35,000	\$35,000
Target Completion	Ongoing				

As noted previously, 3 percent of all parcels in the Borough are tax-exempt. Some of these properties support core public services, including the municipal building and fire station. The remaining parcels are occupied by various nonprofit and religious institutions, with an estimated combined assessed value of \$6.3 million. If these properties were taxable, approximately \$65,000 in additional annual revenue would be generated.

Nonprofit, religious, and institutional parcels often provide valuable community services, but exempt status reduces the taxable base and shifts a greater share of the tax burden onto residents and businesses. Many of these institutions also attract out-of-town visitors who make use of municipal services such as police, fire, and public works, increasing local costs without generating additional tax revenue. Payment in Lieu of Taxes (PILOT) agreements are considered a best practice because they establish a fairer balance by enabling exempt property owners to contribute to the cost of essential services while fostering stronger partnerships between municipalities and community-serving institutions.

The Borough should actively engage local nonprofit organizations in discussions about potential PILOT arrangements. These arrangements need not be limited to direct contributions to the General Fund. In other communities, nonprofit institutions have provided targeted support such as donating equipment to the police department or funding an officer position, helping to defray operating costs. Other creative approaches focus on community sponsorships and program support. For example, the Philadelphia School, a progressive private institution in Center City, has partnered with local civic groups to help fund playground equipment and field maintenance at Schuylkill River Park.

While there is no standard benchmark, the Borough should seek to negotiate PILOT agreements with a value equivalent to roughly half of what the regular property tax bill would have been, which would result in about \$35,000 per year in additional revenue. Even modest contributions under such arrangements can generate recurring revenue, offset municipal costs, and strengthen collaboration between the Borough and its nonprofit partners.

Initiative	ADM03	Replace the Occupation Tax with Real Estate Tax			
Responsible Party	Borough Council and Borough Manager				
Budgetary Impact	2025	2026	2027	2028	2029
	-	-	-	-	-
Target Completion	First Quarter 2026				

The Occupation Tax is a personal tax levied under the provisions of Act 511 of the Commonwealth of Pennsylvania. Penbrook imposes a \$10 tax on residents between the ages of 18 and 65, generating about \$18,000 annually. The following partial exemptions apply:

- Any person moving into the Borough prior to July 1 of the taxable year who provides proof of payment of an occupation tax in another municipality for that year.
- Any person moving into the Borough after July 1 of the taxable year.
- Any person serving in the Armed Forces of the United States at any time between January 1 and July 1 of the taxable year, provided a written exemption request is submitted.
- Any person retiring between January 1 and July 1 of the taxable year, provided a written exemption request is submitted.

The Occupation Tax is not withheld from wages by employers, creating administrative costs and challenges for collection. Municipalities often struggle to identify and bill all residents responsible for the tax, particularly in communities with high renter populations and transient residents. Census data suggests that approximately 2,180 Penbrook residents should be liable for the tax before exemptions, but historical collections have achieved only a low 80 percent rate, which is considered poor performance. Moreover, delinquent payments account for the majority of annual collections, further underscoring both the administrative burden and inefficiency of the tax. Beyond collection challenges, the Occupation Tax is regressive in nature, as all taxpayers are charged the same flat amount regardless of income.

Of the 40 municipalities in Dauphin County, 12 levy an Occupation Tax, including eight boroughs. Penbrook is the only municipality within the Central Dauphin School District to impose the tax. **Given its inefficiency and limited yield, the Borough should consider eliminating the Occupation Tax and replacing it with an increase in the real estate millage rate.** Although property taxes are also considered regressive, real estate tax collection is significantly more efficient, with Penbrook's collection rate estimated at 94 percent. A shift to real estate taxation would relieve the Borough of the administrative burden, eliminate what is widely viewed as a nuisance tax, and address the reality that many liable residents are already not paying. However, eliminating the Occupation Tax would also shift the burden toward residents currently exempt from personal taxes, such as retirees, active-duty armed services members, and veterans, which the Borough would need to weigh carefully when considering reform.

Initiative	ADM04	Increase Trash Fees to Match Cost of Service			
Responsible Party	Borough Council and Borough Manager				
Budgetary Impact	2025	2026	2027	2028	2029
	-	-	-	-	-
Target Completion	Ongoing				

The Borough contracts with the City of Harrisburg for trash and recycling collection and disposal services. The city charges Penbrook a flat fee for these services based on the number of households

in the Borough. The Borough, in turn, charges the residents a Trash Fee which was \$310 in 2025. The Borough has generally been successful in setting fee levels sufficient to cover annual trash service costs. Since 2020, the Municipal Solid Waste Fund, which is where the Borough accounts for its trash and recycling service activity, ran modest surpluses in all but one year. The Borough's fee setting approach takes into account the proposed rate from the city and historic fee collection rates.

As of this writing, the Borough is considering an agreement extension with the city. The Borough has distributed a Request for Proposals from private haulers so that it can evaluate all options.

Whether the Borough continues its arrangement with Harrisburg or it hires a new third-party provider, it should continue the practice of increasing the Trash Fee to match the cost of service.

Initiative	ADM05	Develop a Succession Plan for the Dual Borough Manager and Chief of Police Positions			
Responsible Party	Borough Council and Borough Manager				
Budgetary Impact	2025	2026	2027	2028	2029
	-	-	-	(\$130,000)	(\$135,000)
Target Completion	Fourth Quarter 2026				

The Borough is in a strong fiscal and operational position, due in part to the strong performance of the combined Borough Manager and Chief of Police role. As outlined in Chapter 2, this structure has helped control workforce costs and generate ongoing savings, so there is no immediate need to restructure management. However, because the current Borough Manager and Chief of Police is likely nearing retirement, the Borough should develop a formal succession plan to maintain continuity of operations and support long term financial planning.

That plan should acknowledge that the skill sets for an effective Borough Manager, and an effective Chief of Police may not align, making it difficult to sustain the combined role. A Borough Manager for a small municipality typically needs expertise in financial management and budgeting, human resources and labor relations including collective bargaining, general legal familiarity, strong interpersonal and communication skills, and growing technology fluency. By contrast, modern policing with its ever-evolving theories, techniques, tactics, policies, procedures, laws, mandates, and responsibilities requires the skills of a police executive no matter what the size of the agency or the community that it serves.

As a best practice, the Manager must assess and prioritize community needs within fiscal constraints. Dual role arrangements can skew priorities toward the function the manager also oversees. For example, when a Borough Manager also serves as Public Works Director, capital projects may receive disproportionate emphasis at the expense of other services.

Combining the Borough Manager and Chief of Police roles can also create conflicts of interest. Under Pennsylvania's Borough Code, the Mayor holds operational control of the department, including supervision of the Chief of Police, while Borough Council is responsible for legislative

functions such as budget allocations, adoption of ordinances, and establishing employment terms. It is common for a Borough Manager to assist Mayor and Council with these core functions. In a combined role, one person could influence contract terms that govern their own operations, help adjudicate grievances arising from policies they issued, and shape budgets they later execute, which can undermine independent oversight and discourage necessary policy decisions.

We recommend the Borough develop a succession plan that separates the Borough Manager and Chief of Police positions. We estimate the salary of a full-time Borough Manager at \$120,000 and the salary of a full-time Chief of Police at \$115,000. The Salary for the current dual Borough Manager and Chief of Police Position is about \$125,000-\$130,000 and allocated across the General Fund, Sewer Fund, and the Stormwater Authority. Roughly \$110,000 is allocated to the General Fund. Thus, the recommended separation of the positions would result in about \$110,000 in new salary expenses and roughly \$20,000 in new benefit costs, resulting in an overall annual increase in spending of \$130,000.

If the Borough opts to continue the combined structure, it should adopt formal safeguards such as a recusal policy with Council designating an acting manager or outside human resources or solicitor for discipline, complaints, and labor negotiations; an independent civilian complaint process; periodic external audits of policing practices; separate budget controls such as dual signatures for significant police spending; and use of third party negotiators for police collective bargaining.

Initiative	ADM06	Formalize a Funding Policy for the Post-Retirement Medical Fund				
Responsible Party	Borough Manager					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	Fourth Quarter 2025					

Although post-retirement health insurance was phased out for officers hired after August 29, 2014, the Borough remains financially responsible for eligible officers hired before that date. Under the agreement, officers who retire at age 50 with at least 25 years of service receive the same medical benefits as active officers; three retirees currently receive benefits and a fourth is expected to become eligible soon. Benefits do not continue as a Medicare supplement and end if equal or better employer coverage is available. Current eligible officers contribute 1 percent toward this benefit.

In recent years, the Borough has funded the Post-Retirement Medical Fund with rebates it receives from participation in PMHIC, which is a partial return of the premium the Borough has already paid to its insurer. The rebates are paid when the insurer performs better than expected financially and varies from year-to-year.

The transfer to the Post-Retirement Medical Fund does not perfectly match the insurance rebate received. If the insurance rebate exceeds the transfer, the difference is retained in the General

Fund. The following exhibit shows the general ledger account activities for insurance rebate income received and transfers out to the Post-Retirement Medical Fund.

Exhibit 4.3

Insurance Rebate and Post-Retirement Medical Fund Projection History, 2019-2025 Budget

	2019	2020	2021	2022	2023	2024	2025 Budget
Insurance Rebates	\$55,398	\$81,897	\$105,620	\$29,895	\$43,016	\$93,315	\$70,000
Transfer to Post-Ret Med Fund	\$30,000	\$30,000	\$136,564	\$0	\$60,000	\$20,000	\$20,000
Difference	\$25,398	\$51,897	(\$30,944)	\$29,895	(\$16,984)	\$73,315	\$50,000

The following chart shows the projected inflows and expenditures for these benefits from 2026 through 2029. The projection assumes the fund is supported by annual contributions from insurance rebates equal to the cost of beneficiary expenses from 2026 to 2029. The projection also assumes 1 percent annual contributions from beneficiaries and interest earnings from existing fund balance. The fund began 2025 with \$111,000 in cash reserves.

Fund expenditures assume retirement benefits cost of \$13,608 per beneficiary in 2025 and \$15,000 per beneficiary in 2026. The projections also assume four total beneficiaries and that the cost per beneficiary increases 5.6 percent annually. It should also be noted that since post-retirement benefits are no longer offered to employees, this recurring cost will gradually decline in future years and eventually be eliminated altogether. The projections show annual fund revenues that modestly exceed costs and an increasing fund balance.

Exhibit 4.4

Post-Retirement Medical Fund Projection, 2025-2029

	2025	2026	2027	2028	2029
<u>Revenues</u>					
GF Transfer – Insurance Rebates	\$20,000	\$60,000	\$63,360	\$66,908	\$70,655
Payroll Contribution	\$2,600	\$2,750	\$2,833	\$2,917	\$3,005
Interest	\$3,375	\$2,500	\$2,500	\$2,500	\$2,500
Total	\$25,975	\$65,250	\$68,693	\$72,326	\$76,160
<u>Expenses</u>					
Health Insurance	\$43,076	\$60,000	\$63,360	\$66,908	\$70,655
Total	\$43,076	\$60,000	\$63,360	\$66,908	\$70,655
Net Surplus (Deficit)	(\$17,101)	\$5,250	\$5,333	\$5,417	\$5,505
Beginning Balance	\$111,343	\$94,242	\$99,492	\$104,824	\$110,242
Ending Balance	\$94,242	\$99,492	\$104,824	\$110,242	\$115,747

The Post-Retirement Medical Fund is not the same as an Other-Post Employment Benefit Trust Fund, which is a legally established irrevocable trust designed to pre-fund non-pension benefits for retirees. The Borough's Post-Retirement Medical Fund does not have the same restrictions or mandated funding requirements as an OPEB trust.

Nonetheless, the Borough should formalize a policy to determine recurring funding levels and cash reserve levels of the fund. The Borough has established a sensible practice of earmarking insurance rebate proceeds to fund these benefits. Since these rebates vary from year-to-year, it is also reasonable to build cash reserves in the fund for years where rebate income falls short of expectations. The Borough will want to avoid overfunding this fund, which could place undue stress of the General Fund. The Borough should consider a policy requiring annual contributions adequate to meet current year obligations and maintain cash reserves equal to the current year obligations.

Initiative	ADM07	Establish Overall Workforce Spending Targets			
Responsible Party	Borough Council and Borough Manager				
Budgetary Impact	2025	2026	2027	2028	2029
	-	\$25,000	\$50,000	\$78,000	\$107,000
Target Completion	First Quarter 2026, Ongoing				

Workforce costs are the most influential expense driver, accounting for 80 percent of the 2025 General Fund budget. Moreover, workforce costs have been growing at a rate higher than inflation, increasing about 6 percent annually on average between 2020 and 2024. Consequently, controlling workforce expenses is essential to solidifying the Borough's long-term fiscal position.

The baseline forecast estimates that salaries will increase at an annual rate of 3 percent while healthcare costs will grow at 5.6 percent. Overall workforce costs of current staff (not including contributions to the Post-Retirement Medical Fund) are projected to grow 3.5 percent annually, which is modestly above the anticipated 2.0 – 2.5 percent rate of inflation.

The Borough should set the goal of limiting increases in workforce costs to equal the rate of inflation. Limiting workforce costs to 2.0 percent annual growth results in savings ranging from \$50,000 in 2027 and to \$107,000 by 2029, relative to the baseline projection.

Achieving these savings targets will be challenging. The Borough must attempt to balance two competing priorities. The Borough must be able to attract and retain staff by providing competitive compensation packages, while also controlling workforce costs. The Borough should carefully examine the compensation structure of represented and non-represented employees in relation to salaries of similar positions in the surrounding region and in other Pennsylvania Boroughs.

As outlined in Chapter Two, most historical growth in workforce spending stems from increased staffing levels. The most impactful way to limit future cost growth while maintaining competitive compensation is to identify opportunities to reduce overall headcount. The Police chapter outlines several strategies to reassess staffing.

Next, because most employees are unionized, negotiating fair and fiscally responsible contracts is important. The Borough's contract with its police labor union expires on December 31, 2026,

and its contract with AFSCME expires on December 31, 2027. The Borough should cooperate with both unions to reach mutually agreeable contract terms.

The Borough should consider the commentary below while negotiating new contracts. There is no single recommended path for achieving workforce-related savings relative to the baseline; however, the sections below outline a menu of options. It is not the intent nor is there an expectation that the Borough implement all of the workforce savings-related measures described below. Rather, the Borough should set the goal of achieving the savings targets through some combination of these initiatives that are negotiated in good faith with its employee groups.

While the discussion focuses largely on the labor agreements in place with the Borough's bargaining units, the personnel cost savings initiatives should in no way be limited to the unions and should include non-represented employees, as well.

CONTROL WAGE/OVERTIME COSTS

General

- *Limiting salary increases to 2.5 percent or below* - The baseline forecasts assume all employees receive 3 percent annual salary increases through 2029. The Borough should limit the increases to the lesser of 2.5 percent or to the change in the annual rate of inflation.

While there are significant factors that contribute to overtime costs outside the control of the Borough, several of the provisions of the CBA significantly increase these costs by providing allowances that exceed obligations under the Fair Labor Standards Act ("FLSA"). There are several examples in the CBA of these types of provisions, including:

Penbrook Borough Police

- Article 10.3, Shift Differential, which provides a \$1.00 per hour differential for hours worked between 7 pm and 7 am.
- Article 10.4, Longevity, which provides a longevity bonus of between \$130 per year of service to \$180 per year of service for years four and above.
- Article 10.6, which allows the assignment of an "Officer-in-Charge" who receives an additional \$10/day while working in this capacity.
- Article 10.7 provides a one-time education bonus of between \$250 and \$750.
- Article 10.8 grants an annual bonus to part-time officers of between \$150 and \$450, depending on years of service and number of hours worked annually.
- Article 17 provides all Police Officers with 72 hours of holiday pay annually, representing payment for eight hours of pay for each of the nine Borough-recognized holidays. In addition, if an officer works on a holiday, they receive not only time and one-half for all hours worked, but a compensatory day off to be used later in the year. Added together, an officer working an eight-hour shift on a holiday receives a total of 28 hours of

compensation. If an officer is not scheduled to work on a holiday, they are compensated for a total of 16 hours.

Public Works and Clerical Employees

- Article 7, Holidays, Section 2 provides double time for work on a holiday.
- Article 14, Call-In Pay, Section 1 provides a minimum of three hours of work when an employee is called into work outside of their regularly scheduled shift.
- Article 15, Overtime:
 - Section 1 requires payment at time and one-half for hours worked in excess of eight per day in addition to the statutory payment for hours worked in excess of 40 per week.
 - Section 2 includes unworked holidays, vacation days, personal days, sick days, bereavement days, rest periods, and other paid leave as hours worked toward computation of a 40-hour work week.

There are several other provisions, while not compensation issues, that also contribute to increased labor costs, including:

Police

- Article 15, Disability Insurance. Disability coverage for all full-time police officers.
- Article 16, Vacations. Buyout of up to 40 hours of carry-over vacation time rather than a requirement that all accrued vacation time be utilized.
- Article 24, Equipment. Retiring officers may receive their Borough-issued sidearm valued at less than \$1,000 at no cost.

Public Works and Clerical Employees

- Article 9, Sick Leave, Section 5 provides compensation at retirement for up to 20 unused sick days at the daily rate of pay. While the buyout of unused sick days is common in public sector CBAs, the rate is usually reduced, i.e., 50 percent of the current daily wage.
- Article 12, Vacation and Personal Leave, Section 7 permits employees to accumulate up to 20 days of vacation. Separating employees are entitled to payment at the current daily rate for unused vacation days. The payment of accrued vacation days is a common practice in both public and private sector workplaces; however, permitting such a large carryover of days from year-to-year places a financial burden on the Borough.

CONTROL HEALTHCARE COSTS

The Borough's labor agreements contain several benefits that are more generous than industry benchmarks, including:

Police

- Deductibles of \$250 for single coverage and \$750 for family coverage.
- Cost sharing of \$50 biweekly for single coverage and \$60 biweekly for family coverage; this cost increases to \$60/\$70 biweekly in 2026; contributions from each officer equate to \$1,300 for single coverage and \$1,560 for family coverage in 2025. The annual cost of the health insurance for each officer varies based on family status. For 2025, this range is between \$13,603 and \$34,206. The officer's annual contributions equate to between 4.6 and 9.6 percent of the total cost of health insurance.
- Copayments:
 - Office visit: \$10; Specialist: \$10; Emergency Room: \$35
 - Retail Prescriptions: \$10/\$20/\$20
 - Mail Order Prescriptions: \$20/\$40/\$40
- Vision and dental coverage for the officer and dependents paid 100 percent by the Borough.
- An "opt out" payment equal to 25 percent of savings when an officer declines health insurance due to adequate coverage elsewhere; this 25 percent payment also applies to officers who voluntarily take single rather than family coverage.
- Post-retirement health insurance benefits until they become eligible for Medicare benefits for officers hired before August 29, 2014.

Public Works and Clerical Employees

- Deductibles of \$250 for single coverage and \$750 for family coverage.
- Copayments as follows:
 - Office visit: \$10; Specialist: \$10; Emergency Room: \$35
 - Retail Prescriptions: \$10/\$20/\$20
 - Mail Order Prescriptions: \$20/\$40/\$40
- Required employee contributions to health insurance costs which are low relative to the total cost of premium and industry benchmarks: \$50 biweekly for single coverage and \$60 biweekly for family coverage; this cost increases to \$60/\$70 biweekly in 2026; contributions from each employee equate to \$1,300 for single coverage and \$1,560 for family coverage in 2025. The annual cost of the health insurance for each employee varies based on family status. For 2025, this range is between \$13,603 and \$34,206. The employee's annual contributions equate to between 4.6 and 9.6 percent of the total cost of health insurance.
- Vision and dental coverage for the employee and dependents paid 100 percent by the Borough.

The Borough should seriously consider establishing a negotiating position that eliminates or amends language in these provisions and reduces recurring operating expenses. Further, the Borough should attempt to negotiate higher cost contributions from all employees toward health insurance expenses and increased deductibles. Per the Agency for Healthcare Research and Quality's Medical Expenditure Panel Survey ([MEPS-IC Data Tools – Medical Expenditure Panel Survey \(MEPS\) Insurance Component \(IC\)](#)), the 2023 average total employee contribution per employee enrolled in family coverage in local governments with less than 250 employees was \$4,612.00. The average annual deductible for single coverage is \$1,647 and \$3,159 for family coverage.

CONTROL PENSION COSTS

Each year Council sets employee pension contribution amounts. Historically, the Borough has not required employee pension contributions from non-uniform employees and 1.5 percent or less from police employees.

Police

Police Officers are eligible for normal retirement at the age of 50 and the completion of 25 years of service. A cost-of-living adjustment (COLA) is granted annually.

Public Works and Clerical Employees

Normal retirement benefits are available at 60 years of age with a short vesting requirement of only seven years of service. Employees are not currently required to make contributions to the pension fund and earn two percent of their average compensation for each year of service. A deferred compensation plan is also available to employees.

As a best practice, employee pension contribution rates should be designated in the CBA. In addition, a 1.5 percent contribution rate or lower is well below standards. Most public employees make 5 percent annual pension contributions. We recommend that the Borough gradually increase the employee pension contribution rate over time, starting in 2026. Consistent contribution rates help to offset the expense to the Borough in years when the MMO is greater due to increased expenses and/or reduced investment returns.

In addition, consideration should be made to increase both the years of service and minimum age required to qualify for normal retirement under both the Police and Public Works/Clerical Employees pension funds.

These provisions above all have the potential to be cost drivers for the Borough. As such, these provisions must be a focus for the Borough in the next round of contract negotiations.

Initiative	ADM08	Seek STMP Phase 2 Funding to Develop a Multi-Year Capital Improvement Plan			
Responsible Party	Borough Manager and Public Works Supervisor				
Budgetary Impact	2025	2026	2027	2028	2029
	-	(\$15,000)	-	-	-
Target Completion	Fourth Quarter 2026				

The Borough should utilize STMP Phase 2 to develop and execute an updated CIP to ensure that Penbrook possesses the necessary public infrastructure to deliver critical services. Infrastructure was a common concern, with residents citing the need for improvements to roads, sidewalks, and stormwater systems.

A CIP is a multi-year listing of capital projects planned for the community and the financing sources identified to pay for those projects. A Capital Budget authorizes funds for one year, while a CIP looks out five, ten, or even 20 years, though most plans cover five years. The CIP must consider the Borough's current assets, strategic vision, and economic and demographic changes as the plan is formulated.

Because capital needs and capital project requests often exceed funding capacity, the Borough should seek to evaluate and prioritize capital needs based on established criteria. Examples of possible criteria include:

- **Asset Protection/Preservation/Replacement-** protects or preserves municipal assets that are essential to providing basic services to the community. Also includes replacing assets that are at or nearing the end of their useful life.
- **Availability of Funding-** capital improvement needs may be funded by various internal sources including capital reserve funds and Borough general funds. Borough resources can be leveraged by strategically prioritizing capital projects that may be eligible for external funding through grants, reimbursements, and other external sources.
- **Public Health, Safety, and Quality of Life-** improves the overall health, safety, and quality of life of the community through investments in recreation assets, safe roadways and walkways, enhancements to public safety, storm water infrastructure, and other improvements that positively impact overall community wellbeing.
- **Regulatory Compliance-** complies with County, State, and Federal mandates such as the Americans with Disabilities Act and Pennsylvania Department of Environmental Protection directives.
- **Economic Development-** strengthens the local tax base through investments that attract and retain residents, encourage employment growth, support businesses, promote private investment, and generally facilitate economic activity.

The CIP is executed and monitored as part of an annual process in connection with the operating budget cycle. Because of the small size of the Borough's government and limited staff, we recommend that Penbrook seek Phase 2 funding for third-party support to develop a multi-year capital improvement plan.

Initiative	ADM09	Reassess the Capital Funding Strategy and Reduce the General Fund Transfer to the Capital Projects Fund			
Responsible Party	Borough Manager and Public Works Supervisor				
Budgetary Impact	2025	2026	2027	2028	2029
	-	\$52,000	\$52,000	\$52,000	\$52,000
Target Completion	First Quarter 2026				

Capital investments are reflected both as direct General Fund expenses and as transfers to capital reserve funds, with the General Fund contributing about \$175,000 annually on average, partially offset by grants. The Borough also allocated \$40,000 in ARPA funding for capital investments. The baseline forecast assumes historical levels of capital investment continue.

The Borough is considering various future capital improvements including a project to renovate or replace the existing municipal building and park enhancements. The process of creating the CIP will help the Borough establish clear priorities informed by fiscal constraints. For a small municipality, large capital projects like a new municipal building are generally only feasible by leveraging grant funding. The Borough should continue to pursue both Local Share Account ("LSA") and Pennsylvania Redevelopment Assistance Capital Program ("RACP") grants to help fund the project. As a planning benchmark, a \$1.5 million borrowing repaid over 30 years with an interest rate of 5 percent would result in about \$100,000 in annual debt service, which is roughly equivalent to the Borough's recent LSA awards. Several municipalities have received large RACP awards to help construct municipal buildings, including a \$1.0 million award to West Hanover Township in 2024. Strong fund balance levels will provide resources to help strategically contribute to the costs of large priority projects and ultimately execute a multi-year CIP.

We recommend moderating near-term General Fund transfers for capital investments while a comprehensive multi-year capital improvement plan is developed, and a formal fund balance policy is adopted. The Borough should continue the annual \$27,000 contribution to the Vehicle Capital Reserve Fund and pause other transfers until priorities and funding sources are set. This approach provides about \$52,000 in savings relative to the baseline.

Initiative	ADM10	Pursue STMP Phase 2 Funding for Information Technology Investments			
Responsible Party	Borough Manager				
Budgetary Impact	2025	2026	2027	2028	2029
	-	-	(\$20,000)	-	-
Target Completion	Fourth Quarter 2026				

As noted above, this five-year plan includes an initial information technology survey to identify the Borough priority IT needs. The self-assessment results include sensitive information, which will not be shared publicly in this report; however, several key areas of improvement were identified that warrant further exploration and remediation.

The Borough should pursue third-party support to develop a more detailed IT assessment and fund IT hardware, software, and security needs. The cost estimates associated with this recommendation represent the local share and assume a Phase 2 grant covers 50 percent of the total cost.

Initiative	ADM11	Pursue STMP Phase 2 Funding for Third-Party Support to Develop a Financial Policies and Procedures Manual				
Responsible Party	Borough Manager					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	(\$2,500)	-	-	-	
Target Completion	Second Quarter 2026					

The Borough should develop a comprehensive manual of policies and procedures for financial functions. A written policies and procedures manual should clearly delineate fiscal and financial duties and responsibilities for the Borough Manager and administrative and operational positions that handle cash (e.g., petty cash) or receipts or authorize work hours for payroll purposes. Such a manual would not only enforce internal controls and procedures in processing transactions but also facilitate the training and education of new employees.

The manual will cover cash management and control, general accounting, payroll accounting, budgeting and financial reporting, inventory and fixed-asset/capital accounting, the bidding process, travel and entertainment, and risk management. In addition, consistent with GFOA best practice, the Borough should obtain an annual independent audit by a qualified external auditor performed in accordance with generally accepted auditing standards and, when applicable, Government Auditing Standards. Independent audits enhance transparency, strengthen governance, and build public confidence.

As an essential step in establishing adequate financial controls, development of the manual is recommended for the first six months of the plan. The Borough should engage with third-party consultants and seek STMP Phase 2 funding to accomplish this initiative. If the Borough decides to conduct annual, independent audits, there will be a recurring cost to the General Fund.

Initiative	ADM12	Develop Job Descriptions				
Responsible Party	Borough Manager					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	Second Quarter 2026					

For substantial improvement in overall Borough performance, job descriptions that hold employees accountable need to be integrated with standard procedures, employee performance appraisal, and an unambiguous reporting structure. Development of job descriptions for the remainder of the Borough workforce is recommended for completion by June of 2026, to ensure that systems are integrated for adequate functionality of control and authority. The Borough should pursue STMP Phase 2 funding and hire a third-party consultant (possibly the same consultant as ADM11) to develop job descriptions.

Initiative	ADM13	Reassess the MOU with the Stormwater Authority Annually			
Responsible Party	Borough Council, Solicitor and Manager				
Budgetary Impact	2025	2026	2027	2028	2029
	-	-	-	-	-
Target Completion	Third Quarter 2026				

The April 2025 amended and restated memorandum of understanding between Penbrook Borough and the Penbrook Borough Authority formalizes joint operation of the Borough-owned stormwater system and compliance with state stormwater permits, with the Borough providing staff, office space, and equipment. The Authority reimburses hours worked plus prorated benefits and contributes three percent of the Borough Manager's salary for management services, while larger capital, insurance, and project costs are shared proportionately.

As a best practice, the parties should review and, if needed, update the memorandum each year and adopt a transparent, accurate cost-allocation and reimbursement method. The agreement should account for all costs, including time, benefits, equipment, and other indirect expenses.

It is important to note that the revenue sources for the General Fund and Stormwater Authority ultimately draw from the same tax base. Thus, any reallocation of costs across entities should be pursued to ensure transparency, accuracy, and efficiency rather than as a cost saving or cost shifting initiative.

Chapter Five

Police

Overview

The Penbrook Borough Police Department provides police service to the Borough of Penbrook with an estimated population of 3,274 persons⁸. The municipality is located in Dauphin County, Pennsylvania and is bounded by Susquehanna Township and the City of Harrisburg. Proximity to the City of Harrisburg is an influence on police operations as several main transit routes into and out of the city pass through the Borough. Both neighboring jurisdictions operate full-time police departments, as do Lower Paxton Township and Swatara Township, which are also in proximity to the Borough but do not share boundaries. All of those agencies are significantly larger in terms of staffing than the Penbrook Borough Police Department. The Borough covers an area of approximately .45 square miles.

The Police Department provides service with a sworn staff of 10, including the Chief of Police who also serves as the Borough Manager. Of these nine are full-time sworn, with one part-time officer. There is one non-sworn civilian support staff. By statute the mayor has civilian authority over the Police Department. The agency provides 24/7/365 service to the community. The Chief is an experienced leader who maintains membership in and is active in the PA Chiefs of Police Association (where he was recently appointed to the Executive Board), the Central PA Chiefs of Police Association (where he currently serves as President), and the Dauphin County Chief of Polices Association. He is a graduate of several police executive training programs including the FBI Mid-Atlantic Executive Development program and the FBI Executive Leadership Institute (FBI LEEDA).

The agency is regarded well by its peers at the command level with surrounding departments, as the Chief of Police is well known within police executive circles in the county and mid-state area. There has been a perception of occasional condescension at the street level by officers from “big” police departments who are called on to assist the “small town cops” in Penbrook. To be clear, this is not a policy set forth by surrounding agencies, but rather individualized interactions by officers and is not endemic.⁹

Crime in the community as reported via the Pennsylvania UCR system is not considered excessive with reported Part I offenses being down over 30 percent from 2023 to 2024. In a monthly breakdown of reported Part I offenses there are several months during that period when

⁸ <https://data.census.gov/all?q=Penbrook+borough,+Dauphin+County,+Pennsylvania>

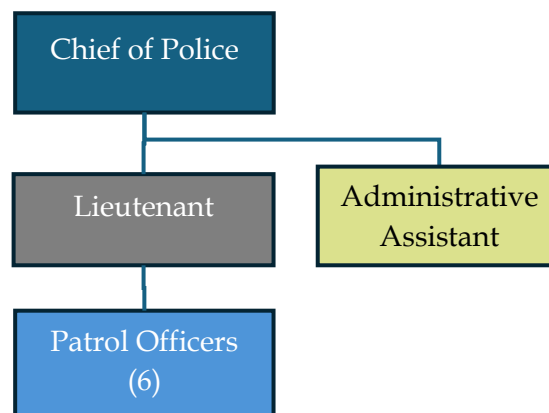
⁹ Professional rivalry between large and small department personnel is nothing new in policing!

only 4 offenses were reported.¹⁰ Crime mapping data for 2024 shows that crimes are reported throughout the Borough, but typically south of Herr Street and west of 31st Street.¹¹

Department Organization

The department is organized in a typical small agency hierarchical style. The Chief of Police is shown on the organization chart as head of the agency. He reports to the mayor. Next is the rank of Lieutenant, and then there are Patrol Officer positions. The civilian Administrative Assistant reports to the Chief. There is no listing on the Borough's website (<https://www.penbrook.org/#>) of the names of staff other than the Chief of Police and Lieutenant, but there is a "contact us" function on the department's Crimewatch social media page. (<https://dauphin.crimewatchpa.com/penbrookpd>). That page also features information on the department's accreditation status, mission, vision, and values statements, and Right-to-Know procedures and forms, all of which are valuable information to promote the agency and project an image of transparency.

Exhibit 5.1
Department Organizational Chart



Labor Relations

All members of the department, both full-time and part-time, except for the Chief of Police are included in the bargaining unit. These rank-and-file members are represented by the Teamsters Local Union 776 under the current collective bargaining agreement spanning from 2022-2026. The current head of the bargaining unit is Patrolman Anthony Aquiler.

¹⁰ It should be noted that although crimes rates on paper may not appear significant, but those victimized by a crime have a different viewpoint. This comment is not intended in any way to diminish the impact of crime on individual victims.

¹¹ <https://www.ucr.pa.gov/PAUCRSPUBLIC/CrimeAnalytics/index.html>. It should also be noted that this is the most populated area of the Borough, as north of Herr Street is taken up by extensive cemetery lands.

Chief Hogarth reports an excellent working relationship with the union on labor relations matters. He reports that there have not been any formal grievances filed during his tenure and that the last labor negotiations were concluded in two short meetings.

There is a formal performance evaluation process with evaluations being conducted by the officer's immediate supervisor on an annual basis.

Calls for Service and Relationship to Staffing

A Call for Service is generated any time an incident occurs for which an officer is dispatched, a report taken, or an event occurs on view. Calls for Service can include crimes, or a simple service rendered such as assisting a motorist or addressing a barking dog. Calls for Service are categorized by the nature of the call, with the largest number of said calls being service related as opposed to response to crime – these are calls that the public believe are within the scope of duties of the police department, but often are not criminal in nature, or deal with public safety or the maintenance of order. It is recognized that policing involves service to the community beyond “crime fighting”.

Calls for Service numbers are used to measure the activity of a police department and often to help determine staffing levels. The available staffing, along with the amount of time it takes to resolve a call, impacts the response time to a call for service and consequently the public's view of department efficiency. After all, when someone calls the police, they expect a quick response to their call. Increased calls for service along with decreasing staff result in longer response times which impact community confidence in their police.

An analysis of the Calls for Service received by the Penbrook Borough Police Department reveals a relatively steady level of calls generated, with an average of approximately 3,000 per year¹²:

Exhibit 5.2
Police Service Calls per Year

Year	Calls
2022	3,106
2023	3,048
2024	3,028
2025 (as of May 21)	1,158

This would average about 8.5 calls for service per day on an annual basis. The largest volume of calls in 2024 was “assist other police”¹³ followed by “assist ambulance”. In 2023 those were also the largest call generators, but in reverse order. Obviously, the nature of police work is that there may be days when there are a large volume of calls and days when perhaps there are little or no calls. This should not be equated to the individual workload of any one officer; rather multiple

¹² Data provided by PPD from their internal records management system.

¹³ The proximity to the City of Harrisburg and Susquehanna Township probably drives this statistic.

officers may be required to handle a single call for service depending on the nature of the call. Some calls require more officers than others. This is one of the unpredictable factors in policing. We learned that because the relationship with surrounding departments is good there is adequate backup when additional officers are needed, and the Penbrook Borough Police Department reciprocates this professional courtesy.

The determination of "proper," "recommended," or "adequate" staffing levels can be a complex process involving the analysis of various data¹⁴. One of the simplest guides is provided by the FBI review of police department staffing nationwide. In 2023, the FBI reported that the average number of officers statewide in Pennsylvania was 3.2 officers per 1,000 population¹⁵ among municipal police departments reporting to the FBI, and a calculation of the current staffing in Penbrook Borough shows a figure of approximately 2.9 officers¹⁶ per 1,000 population served which is nearly the number shown as an average by the FBI statewide. It should be noted that one officer is assigned full-time to the Violent Crimes Task Force. If that officer is removed from the complement the staffing level falls to approximately 2.5 officers per 1,000 population, or nearly (0.7) one officer below the average statewide as calculated by the FBI, if the Chief of Police is removed that calculation drops further.

"Crime Rate" is another factor often cited in studying staffing levels. Data from the Pennsylvania Uniform Crime Reporting System, which reflects crime reporting data by agency shows that the department reported 113 Part I Offenses¹⁷ in 2023 and 78 in 2024, for a 30 percent decrease. The most frequent Part I crime category in each year is Simple Assault with 38 in 2024 and 47 in 2023, the next most frequent is Larceny with 17 in 2024 and 22 in 2023.

There are also many ways to evaluate the effectiveness of the response to crime, including the "clearance rate" for reported crimes, i.e., was someone arrested for the reported crime, or was it otherwise "solved"? Part I offense clearance rates for the Penbrook Borough Police Department for the same UCR crime reporting period show that in 2024 the agency "cleared" 67.95 percent of all Part I crimes reported, and in 2023 52.21 percent of same. The statewide average for all Part I clearances is approximately 33 percent for those reporting periods. Using this as a yardstick we conclude that the agency has good performance "clearing" reported crimes. There are many factors which can influence clearance rates. For example, "solvability factors" are present in some cases, but not in others, and the existence of a detective function in the agency, or the experience and training of an individual officer who investigates a particular crime and the amount of time they have to do so can affect clearance rates. The fact that clearance rates are high compared to the average in an agency without a dedicated Detective function to follow up on crime reports reflects well on the leadership and the skills of the current staff. However, the fact is that citizens

¹⁴ See "Staffing the Small Department" Chief of Police's Desk Reference, 2nd Edition, IACP, May 2008, p. 133 et seq.

¹⁵ The calculation is "number of police officers" divided by "population" = "x". "x" is then multiplied by 1,000. The resulting number is the ratio of police officers per 1,000 persons in the population.

¹⁶ For purposes of this calculation a part-time officer is considered ½ of an officer, so the calculation is based on 9.5 officers.

¹⁷ The FBI categorizes criminal offenses into Part I and Part II crimes. Part I offenses are considered serious crimes and include murder, rape, robbery, assault, larceny, etc.

are generally not interested in the statistics of crime when judging the capability of "their" police department – their interest is on a personal level – what happened when I engaged with the police, how was I treated, and what was the outcome of my issue? The ability of the police to respond in a timely manner, to have the time to interact with that citizen and understand their issue and then have the resources to follow up and "solve" the problem is what drives "customer satisfaction" with the police department. Adequate staffing is essential to that perception and a positive outcome.

Challenges Identified by the Agency

We asked the leadership of the agency to identify any challenges to the delivery of services to the citizens of the community. This is based on our experience that those closest to the work are often best able to identify barriers AND solutions.

We were pleased to learn that the agency maintains written policy/procedures that are updated regularly, reviewed by legal advisors, and are available in paper form to members. Updates are distributed to the members. In addition, the policies have been formally adopted by the governing body and are reviewed regularly by the leadership of the agency. The agency is accredited by the Pennsylvania Law Enforcement Accreditation Commission, is on their 7th reaccreditation, and was granted "Premier Status" by PLEAC in June 2025. The agency was first accredited in 2004. This is especially notable in a small agency and displays a commitment to professionalism by not only adopting best practices in policing but showing proof of compliance to the standards promulgated by the Commission. This helps ensure "Quality Control" in the efforts of the agency and can aid in risk management. Elected officials should be commended for providing the resources and support needed for the agency to maintain accreditation. However, maintaining accreditation is a draw on staff resources. An agency usually has an Accreditation Manager who does all of the things needed to ensure continued compliance with standards and to prepare the agency for the next review (typically every three years). This is a continuous process which takes time. Unless there is a dedicated position for this task it requires the duties to be assigned to either a staff member, or in a small agency, the Chief of Police, which takes time away from general policing functions. This impacts staffing levels.

We were also pleased to learn that the Chief of Police has input during the annual budgeting process and submits recommendations for the agency budget. The fact that he also serves as Borough Manager probably assists in this process. The Chief indicates that he works directly with Borough Council on budgeting matters.

The agency budgets for training beyond that which is mandatory as required by the state, and for updating and maintenance of non-automotive equipment, and for new equipment. There is regular funding for new vehicles and a plan for regular replacement of vehicles.¹⁸ The budget apparently also does contain funding for agency branding/image efforts primarily through an

¹⁸ The agency currently operates 6 vehicles. One is assigned to the Chief, one is a spare and is 15 years old with only 35,000 miles on it, and the remaining four are marked patrol units with model years 2018, 2020, 2023, and 2025.

annual subscription to the Crimewatch¹⁹ program, which is the agency's primary social media outlet, along with a Facebook page. There is no dedicated funding for agency recruitment efforts, including financial incentives such as signing bonuses, or payment of academy costs.

Two salient issues were identified. The first is the fact that the agency pay is lower than many other agencies in the area, resulting in both recruitment and retention issues.²⁰ Given the culture of the agency it is an attractive place to work, but the Chief believes that the compensation offered causes candidates to look elsewhere for employment. The Chief reports that lack of staff impacts his ability to maintain police operations at a high level.

Additionally, as with many small agencies, state mandates in the area of Child Line referrals of alleged child abuse and compliance with Megan's Law regarding community notifications are a challenge given the staffing level of the agency. This challenge is further exacerbated by the double-duty function of the Chief of Police/Borough Manager, coupled with the fact that there is not a dedicated Detective position in the agency. A volume of these types of cases can take up a good portion of time and impact the availability of officers to carry out regular duties.

The agency has had success in obtaining outside funding in the form of grants over the past three years to cover costs of salary and benefits for two officers, one part-time support staff, new radios, and a new vehicle with upfitting. Specifically, the Borough has been awarded three grants through Pennsylvania Commission on Crime and Delinquency Programs totaling nearly \$650,000 since 2022, including a \$190,116 grant for gun violence investigation and prosecution in 2022, a \$210,238 grant for local enforcement support using COVID relief, and a \$249,049 through the Medical Marijuana Enforcement Act Enforcement Program. The Chief of Police is a driving force in seeking such funding. However, when grant funding expires the municipality is left with a decision as to how to continue funding positions or initiatives paid for by grants.

Finally, as with many agencies nationwide, the department has outgrown the physical space allotted to it. The agency is housed in the borough building, which was built in 1955 and has seen few changes in many years. The Chief of Police/Borough Manager has tried to convince elected officials that new space, with built in security features and functionality needed by a modern police agency²¹, should be considered.

Community Relations

As stated above the agency operates a Crimewatch page (<https://dauphin.crimewatchpa.com/penbrookpd>) which is accessible both directly and via the Borough's website (<https://www.penbrook.org/>) under "Services" and a Facebook page (<https://www.facebook.com/PenbrookPD/>) which is active with about 1100 followers. Both contain up-to-date information that might be relevant to the public. There is no finding of an "X"

¹⁹Information on Crimewatch can be found here: <https://www.crimewatchpa.com/>.

²⁰Information on challenges nationwide to recruitment can be found here: <https://www.theiacp.org/resources/document/best-practices-guide-recruitment-retention-and-turnover>

²¹Information on modern police facility considerations can be found here: <https://www.theiacp.org/planning-designing-and-constructing-police-facilities>

(formerly Twitter) account or a SnapChat account. The Borough website only contains cursory information about the department listing only the Chief of Police and Lieutenant under “Appointed Positions”.

The agency does engage in some community outreach including programs such as National Night Out, the Borough’s annual Fall Fest, various events at the local Catholic School, and many foot patrols in the Borough to engage with citizens.

A simple Google search revealed only one negative mention of the agency²². Mentions generally dealt with reports of crimes and requests by the department for citizen assistance in providing information on crimes that occurred.

Agency image can be a force multiplier in a community, and while it appears the agency does not have a negative image, it could do a better job promoting a positive image. This is probably due to time constraints and staffing issues.

There is a close working relationship with peers in surrounding agencies, and the Penbrook Police Department believes that it has support from the community and from elected officials. The relationship with the Mayor and Borough Council is described as good.

There are no significant complaints from the public regarding officer conduct, and there are not multiple lawsuits or external investigations (District Attorney, OAG, FBI) reflective of possible agency patterns of misconduct including use of force, bias, or civil rights issues.

Summary of Financial Results

The Police Department is a primary budget driver, historically representing about 45 percent of General Fund expenses. Police Department workforce costs are the main expense, comprising 87 percent of historical costs. Police healthcare costs are budgeted centrally in General Administration and not within the department. Departmental costs increased by 11 percent annually from 2020 to 2024, with a one-time spike in 2024 from a \$126,000 capital purchase. When that large capital purchase is removed, Police Department expenses have increased at an average annual rate of 7 percent, mirroring the annual growth in Police Department Salaries and Wages over the same period.

Salaries and Wage growth is largely due to increased staffing. Around 2020 the Borough employed 6 full-time and 5 part-time officers, and the department now operates with 9 full-time and 1 part-time officer. The collective bargaining agreement with the Teamsters Local Union 776 includes wage increases averaging 2.5 percent from 2022-2026. The financial projection assumes staffing remains stable and average wage increases of 3 percent per year moving forward.

²² See: <https://local21news.com/news/local/penbrook-police-officer-accused-of-excessive-use-of-force>

Departmental Financial Results

Exhibit 5.3
Expenditure Results, 2020-2024

	2020	2021	2022	2023	2024
Salaries, Wages & Overtime	\$600,792	\$554,399	\$620,126	\$685,497	\$774,491
Pension	\$54,155	\$39,528	\$40,697	\$50,009	\$69,883
Other Employee Benefits	\$12,024	\$16,164	\$11,061	\$18,280	\$24,173
Professional & Legal Services	\$1,050	\$780	\$1,725	\$1,700	\$6,720
Materials & Supplies	\$11,717	\$11,483	\$23,820	\$22,889	\$24,523
Utilities & Communication	\$27,904	\$29,585	\$28,989	\$27,803	\$28,771
Maintenance & Repairs	\$5,414	\$3,958	\$7,389	\$5,620	\$12,034
Capital Purchases & Equipment	\$0	\$31,663	\$2,620	\$11,191	\$125,999
Insurance	\$11,181	\$12,550	\$12,229	\$14,250	\$17,125
Other Expenses	\$5,121	\$4,613	\$9,942	\$4,431	\$3,908
Total	\$729,359	\$704,724	\$758,599	\$841,669	\$1,087,628

Exhibit 5.4
Baseline Expenditure Projections, 2025-2029

	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Salaries, Wages & Overtime	\$817,000	\$842,000	\$867,000	\$893,000	\$920,000
Pension	\$91,000	\$94,000	\$97,000	\$100,000	\$103,000
Other Employee Benefits	\$17,000	\$17,000	\$17,000	\$18,000	\$18,000
Professional & Legal Services	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Materials & Supplies	\$19,000	\$20,000	\$20,000	\$20,000	\$21,000
Utilities & Communication	\$28,000	\$29,000	\$29,000	\$30,000	\$31,000
Maintenance & Repairs	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Capital Purchases & Equipment	\$7,000	\$29,000	\$29,000	\$30,000	\$31,000
Insurance	\$18,000	\$18,000	\$19,000	\$19,000	\$20,000
Other Expenses	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Total	\$1,009,000	\$1,061,000	\$1,090,000	\$1,122,000	\$1,156,000

Recommendations

Initiative	PD01 Evaluate Police Restructuring Opportunities				
Responsible Party	Elected Officials and Chief of Police				
Budgetary Impact	2025	2026	2027	2028	2029
	-	-	-	\$200,000	\$205,000
Target Completion	Fourth Quarter 2026				

In recent years, the Borough has realized budget surpluses that have enabled it to fund capital projects and build cash reserves. The Borough has also been successful in securing grants that have helped bolster services for the citizenry. Indeed, the community survey conducted as part of the five-year planning process showed high satisfaction for Borough services generally and for public safety services, in particular.

However, the Borough faces clear future fiscal challenges. Baseline forecasts show formidable deficits before key capital needs such as a potential facility improvement project noted in recommendation PD03. Recently attained grants will be expiring and, unless replaced with new funding streams, will place pressure on the General Fund budget.

The Borough must reconcile the level of police service provided with the budget realities of funding the operation. The Police Department is easily the largest budget driver in the Borough's General Fund, representing 45 percent of expenses on average since 2020. In 2025, the Police Department budget is \$1 million of overall General Fund expenses of \$2.1 million. These expenses are projected to increase into the future as personnel benefit costs continue to grow.

The Borough should consider the following options to achieve General Fund cost savings.

- Explore Regional or Shared Service Delivery

The Borough should examine the possibility of engaging in a shared service agreement or regionalization effort with an adjacent municipality. The 2025 DCED Regional Police Guide outlines best practices and benefits of regionalized policing in Pennsylvania. DCED reports that regional departments typically achieve cost savings of around 25 percent and result in improved training, supervision, officer retention, and service delivery.²³

Regionalization can take several forms, such as creating a multi-municipality police department governed by a commission of elected officials or implementing shared service contracts with neighboring municipalities. Shared service agreements are more common and can range from supplemental coverage to full outsourcing of patrol and administrative functions. Some

²³https://dced.pa.gov/download/regional-police-guide-strengthening-police-services/?ind=1741957010764&filename=RegionalPoliceGuide_2025.pdf&wpdmdl=116741&refresh=68134a70a9a881746094704

municipalities consider a hybrid model that maintains a local presence while contracting for specific services or coverage.

Despite some clear advantages of shared service and regionalization, successful implementation requires strong political will, inter-municipal collaboration, and careful planning. Some municipalities express concern about the loss of local control. As documented above, there are mixed feelings among the Penbrook rank-and-file as to the desirability of regionalization efforts. Regionalization efforts also require the resolution of labor and employment related issues. Despite challenges, many municipalities find that the financial and operational advantages of regionalization outweigh the disadvantages.

Susquehanna Township would likely be an ideal police service partner due to proximity to Penbrook and the size and capacity of the Susquehanna Police Department. Because Penbrook Borough is adjacent to Susquehanna and it is relatively small in both population and land mass, it is our opinion that police coverage (patrol deployment/response times) would not suffer through a shared service arrangement, and in fact 24/7 coverage by a municipal police department would be insured. In addition, specialized services such as detectives and so on would become available

It should be noted that a previous discussion on police regionalization in Dauphin County in 2015²⁴ resulted in various options, none of which were adopted and there currently exists no regional police agencies in the county.

- Evaluate the Benefits of Separating the Chief of Police and Borough Manager Positions

As outlined in ADM06, Penbrook's strong fiscal and operational position reflects the effective combined Borough Manager and Chief of Police role, but with the incumbent likely nearing retirement the Borough should adopt a succession plan. The plan should recognize that manager and chief skill sets may not align, that dual roles can skew priorities, and that combining oversight and command creates conflicts in budgeting, discipline, grievances, contract negotiations, and investigations. We recommend separating the positions, which should expand Police Department capacity by creating a full-time Chief of Police.

- Assess Staffing Level

As outlined above, an analysis of Calls for Service shows a steady volume of about 3,000 per year, with "assist other police" and "assist ambulance" as the most frequent call types in 2024. This profile suggests an opportunity to reassess overall staffing needs.

Separating the Chief of Police function from the Borough Manager function will also add capacity to the department and may reduce the need to backfill anticipated vacancies. Once a full-time Chief of Police is in place, the Borough should consider leaving positions unfilled that open through retirements or attrition unfilled. The PCCD grants do not appear to restrict future

²⁴ See: <https://www.scribd.com/document/284856819/Dauphin-County-Police-Regionalization-Study>

organizational restructuring or staffing adjustments, but the Borough should review the grant award documents to confirm.

- Increase Use of Part-time Resources

The Borough should consider a possible increase in part-time staffing to account for the time used in a variety of tasks that impact officer availability to conduct police operations or respond to calls for service. There may be opportunities to hire a retired experienced and skilled investigator part-time to perform that function. Most departments generally avoid the use of part-time officers for a variety of reasons. Adding part-time officers may not be Penbrook's first option; however, given the Borough's fiscal realities it should be considered.

The revised projections set an overall savings target of \$200,000 from this initiative beginning in 2028. The impact of separating the Borough Manager and Chief of Police positions is reflected in ADM05. If these savings cannot be achieved or if the Borough simply elects to maintain its existing structure and current service levels, projected deficits must be closed with either other service reductions or Real Estate tax millage increases.

Initiative	PD02	Pursue DCED Police Department Peer Review				
Responsible Party	Elected Officials					
Budgetary Impact	2023	2024	2025	2026	2027	
	-	-	-	-	-	
Target Completion	Fourth Quarter 2026					

The Borough should pursue a peer review of the Police Department to help evaluate the initiatives outlined above. A peer review will help give the Borough's elected officials and the Chief of Police the information needed to evaluate and implement the best restructuring strategies considering public safety and fiscal capacity. DCED peer reviews are conducted at no cost to participating municipalities.

Initiative	PD03	Evaluate Agency Headquarters Relocation or Upgrade as a Part of the Borough-Wide Capital Improvement Plan				
Responsible Party	Borough Manager					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	TBD	TBD	TBD	TBD	
Target Completion	Fourth Quarter 2026 (initial assessment)					

The Borough should take steps to relocate the agency headquarters into more modern, secure, and professional workspace. The current space that is now 70 years old should be vacated. Helpful information on standards and considerations for modern police facilities can be found here: <https://www.theiacp.org/planning-designing-and-constructing-police-facilities>. Facility

needs may also be dependent on staffing levels and any future changes in organizational structure.

This effort should be completed under Recommendation ADM08 by seeking Phase 2 funding to update and implement the Capital Improvement Plan, ensuring the Borough has the infrastructure needed to deliver essential services.

Initiative	PD04	Expand Social Media Presence				
Responsible Party	Police Lieutenant					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	Second Quarter 2026					

Agency image is a force multiplier. Projecting an image and brand that reflects professionalism, and competency is extremely important in an era when many people get their information from social media instead of “traditional” news sources. The ability to be proactive in projecting the image of the agency, and to immediately react to negative social media mentions, is critical. Expansion of the agency’s social media footprint to a variety of platforms should be considered. This may mean the creation of additional social media accounts, such as X (formerly Twitter), and Snapchat. As important is having someone with the necessary skills to manage social media accounts and to ensure that content is constant, current, and accurate. The agency should conduct a search for someone with those skills – this could be a shared service with a position in the Borough overall, or a part-time contractual arrangement, or even an internship opportunity.

Chapter Six

Public Works and Facilities

Overview

The Department of Public Works improves and maintains critical infrastructure including roadways, the sanitary sewer system, stormwater assets, municipal buildings, and parks. Penbrook covers about 0.45 square miles with roughly 3,300 residents and approximately nine miles of roadway. The Borough receives about \$85,000 in State Liquid Fuels funds each year for eligible tasks such as pothole repair, road repaving, and snow removal. Road conditions are assessed as decent by the former Public Works Supervisor. The Borough uses the RoadBotics artificial intelligence pavement assessment tool to analyze road conditions and produce map-based reports that help prioritize repairs, similar in concept to sewer line televising for objective asset data.

The department maintains three neighborhood parks that support youth sports and family play. Penbrook Community Park, also known as Enders Memorial Park, includes ball fields, a play structure, basketball courts, a seasonal concession stand, and a covered pavilion. Little Valley Park has a ball field, a play structure, and basketball courts and hosts the summer recreation program. Elm Street Station Park is a smaller pocket park with play structures near the Borough offices.

Public Works also assists with sanitary sewer maintenance and collaborates with the Penbrook Stormwater Authority to help maintain stormwater assets. The Penbrook Stormwater Authority imposes a quarterly fee to fund the costs of maintaining the municipal storm sewer system and complying with Pennsylvania Department of Environmental Protection MS4 requirements. Core Stormwater Authority responsibilities include maintaining and repairing inlets, pipes, swales, and related structures, addressing sinkholes, completing small drainage upgrades, implementing green infrastructure to reduce pollutants, and conducting required mapping, inspections, and public education. Public Works staff assist with tasks such as inlet box replacements and operation of the street sweeper, while larger or specialized projects are handled by engineers and contractors. A portion of Public Works salaries are allocated to the Authority to fund these tasks.

The former Public Works Supervisor assessed Public Works assets as well-maintained and in good condition. The fleet includes two dump trucks, two utility vehicles, a plow, a woodchipper, a backhoe, and a hot box. The Borough received a \$196,000 Pennsylvania Act 101 Section 902 recycling grant to purchase the backhoe and woodchipper to support the proposed woody waste recycling program. Penbrook borrowed a hot box from the City of Harrisburg to demonstrate its value and later purchased its own \$60,000 hot box.

At the start of 2025 the Borough employed three total Public Works employees, with one employee acting as the Public Works Supervisor. Public Works and Clerical employees are

represented by AFSCME Local 2944. The Public Works Supervisor left the role in early 2025 and the position has remained vacant as the Borough assesses the ideal departmental structure moving forward. The department relies on professional services for major paving and stormwater or sewer line projects when internal capacity or equipment is insufficient.

The Borough has also leveraged partnerships with neighboring communities to expand the capacity and productivity of its small Public Works Department. Penbrook trained Steelton Borough staff to use a mill head and brush for their skid loader and, as mentioned above, borrowed a hot box from the City of Harrisburg to demonstrate its value. Penbrook also provides support to Paxtang Borough's two-employee Public Works Department, and Penbrook and Paxtang jointly purchased a skid steer. In addition, Steelton and Penbrook will share staff and equipment, including the hot box to make road repairs in both communities.

Departmental Financial Results

Public Works costs totaled about \$164,000 in 2024, or 8 percent of General Fund spending. Since 2020, the department has averaged about \$156,000 annually, peaking at \$206,000 in 2022 due to a capital purchase. Personnel is the primary cost driver at roughly 45 percent of the department budget. Public Works healthcare costs are budgeted in General Administration rather than within the department. Also, as mentioned above, a portion of public works salaries are allocated to the Stormwater Authority.

Salaries and Wages have grown about 3 percent per year, consistent with the AFSCME Local 2944 agreement that provides average wage increases of 3.25 percent from 2024 through 2027. The baseline projection assumes that Borough maintains a staffing level with three full-time employees including a Public Works Supervisor, while Salaries and Wages continue to rise by 3 percent annually.

Exhibit 6.1
Expenditure Results, 2020-2024

	2020	2021	2022	2023	2024
Salaries, Wages & Overtime	\$64,925	\$69,211	\$61,477	\$63,679	\$72,758
Other Employee Benefits	\$1,374	\$604	\$1,106	\$2,005	\$2,603
Professional & Legal Services	\$21,495	\$21,188	\$24,689	\$30,019	\$30,408
Materials & Supplies	\$4,111	\$3,695	\$7,595	\$6,587	\$6,679
Utilities & Communication	\$16,712	\$11,527	\$17,423	\$20,814	\$23,510
Maintenance & Repairs	\$14,018	\$13,040	\$17,091	\$33,737	\$21,563
Capital Purchases & Equipment	\$0	\$931	\$73,785	\$2,442	\$5,546
Insurance	\$1,978	\$2,255	\$2,795	\$1,675	\$1,469
Total	\$124,612	\$122,452	\$205,961	\$160,958	\$164,536

Exhibit 6.2
Expenditure Projections, 2025-2029

	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Salaries, Wages & Overtime	\$81,000	\$83,000	\$86,000	\$88,000	\$91,000
Other Employee Benefits	\$2,000	\$2,000	\$2,000	\$2,000	\$3,000
Professional & Legal Services	\$29,000	\$29,000	\$30,000	\$31,000	\$31,000
Materials & Supplies	\$8,000	\$8,000	\$9,000	\$9,000	\$9,000
Utilities & Communication	\$24,000	\$25,000	\$25,000	\$26,000	\$26,000
Maintenance & Repairs	\$13,000	\$13,000	\$14,000	\$14,000	\$14,000
Capital Purchases & Equipment	\$11,000	\$13,000	\$14,000	\$14,000	\$14,000
Insurance	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Total	\$170,000	\$175,000	\$182,000	\$186,000	\$190,000

Recommendations

Initiative	PW01	Align Public Works Staff Size and Structure with Department Responsibilities			
Responsible Party	Borough Council and Borough Manager				
Budgetary Impact	2025	2026	2027	2028	2029
	-	-	-	-	-
Target Completion	First Quarter 2026				

The Public Works team operates as a capable department with a broad range of responsibilities, including maintaining roadways, sanitary sewer lines, municipal buildings, and three neighborhood parks. Collaboration between the Stormwater Authority and Public Works staff has likely promoted efficiency and helped limit increases in both the real estate tax millage rate and Stormwater Authority fees.

The Borough has made significant capital investments to support operations, including adoption of the RoadBotics AI pavement assessment tool, securing a \$196,000 Act 101 Section 902 recycling grant to support a proposed internally managed woody waste program, and purchasing a \$60,000 hot box for durable street repairs.

The Borough is currently reassessing the responsibilities and staffing structure of the Public Works Department. Specifically, the Borough is assessing the feasibility of designating an administrative employee such as the Borough Manager or an Assistant Borough Manager to manage the Public Works Department rather than a Public Works Supervisor.

There are advantages to designating an administrative employee to lead the Public Works Department. Hiring both an Assistant Borough Manager and a Public Works Supervisor is costly, thus a role with dual responsibilities may be more fiscally responsible. An Assistant Borough Manager can help support current administrative functions, including many of the

recommendations outlined in this report. Finally, an Assistant Borough Manager may help advance succession planning for the dual Borough Manager and Chief of Police positions.

There are also challenges to designating an administrative employee as the leader of the Public Works Department. The department's responsibilities would likely need to be reassessed and possibly reduced, and equipment that requires more than two employees to operate may become unsafe to use. In addition, many public works leadership tasks require specialized experience, such as capital improvement planning, asset preservation and replacement strategies, writing technical bid specifications, managing work zone safety, forecasting and ordering materials and supplies to specification. Without a leader with public works experience, field staff may begin acting as de facto supervisors, which creates problems for role clarity, pay scales, and adherence to CBA provisions. Shifting duties can also increase reliance on outside contractors and drive additional costs. Finally, as outlined in ADM05, dual roles can create conflicts of interest. While combining the Assistant Borough Manager and Public Works Supervisor roles is a less pronounced conflict than having the Borough Manager directly supervise Public Works, it still presents potential conflicts because the same person may help shape budgets, specifications, or personnel terms and then direct those decisions in operations.

Borough Council and the Borough Manager should continue to collaborate to clearly and formally identify departmental responsibilities and expectations. The staffing structure should then be informed by this analysis.

If the current Public Works Department responsibilities remain unchanged, a three-person staffing structure is ideal based on our experience with departments of similar size and scope. Small, effective departments are typically led by a working supervisor who manages administrative tasks while actively participating in field work. Thus, shifting day-to-day management to an administrative role such as the Borough Manager or Assistant Borough Manager reduces field capacity. The Borough must also ensure sufficient staffing to operate equipment safely. For example, a hot box operation generally requires three qualified employees: one for traffic control and two to unload materials, prepare the patch area, and compact the asphalt. In addition, the Borough is required to stripe and paint the roadways per PennDOT specifications, which is difficult with only two employees.

However, if the Borough prefers to shift management responsibility to an administrative position and realign department responsibilities, the Borough should seek an Assistant Borough Manager with some Public Works experience or provide professional development and training opportunities to build the necessary expertise.

The baseline projection assumes that the Borough either continues to employ three total Public Works employees or hires an Assistant Borough Manager, thus there is no financial impact of this recommendation.

Initiative	PW02	Develop Performance Measures for Public Works				
Responsible Party	Borough Manager and Public Works Supervisor					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	First Quarter 2026					

When ongoing conversations to establish the ideal structure of Public Works Department are resolved, the Borough should clearly and formally identify departmental responsibilities and expectations before the start of 2026. As a best practice, these responsibilities should then inform department goals and key performance indicators that can be tracked to evaluate operational strengths, weaknesses, and continually assess ideal staffing levels. Potential performance indicators may include:

- Response time for service requests
- Time and resources spent on reactive maintenance
- Miles of road repaved or potholes repaired
- Number of stormwater inlets repaired or rebuilt
- Response time to weather events
- Number of recreational assets upgraded or completed

Initiative	PW03	Formalize Shared Service Opportunities and Assess the Feasibility of Regionalizing Public Works Operations				
Responsible Party	Solicitor, Borough Council, and Borough Manager					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	First Quarter 2026					

Penbrook extends Public Works capacity and productivity through regional partnerships. The Borough trained Steelton staff, borrowed a hot box from Harrisburg before purchasing one, supports Paxtang's two-employee department and jointly purchased a skid steer with Paxtang, and will share staff and equipment with Steelton, including the hot box, to complete road repairs in both communities.

Shared service agreements are a best practice because such agreements improve efficiency, reduce costs, and enhance service levels. While Penbrook's informal arrangements have worked well, informal sharing presents risks for both parties, including unclear insurance and liability after a crash or injury, conflicting workers' compensation and safety practices, disputes over damage or warranties, potential violations of grant or Liquid Fuels rules, weak documentation that can trigger audit findings or labor grievances, and the possibility that borrowed equipment is unavailable during storms or emergencies.

These Borough should seek to manage these risks by establishing straightforward intermunicipal agreements. These agreements should define eligible uses, establish home-jurisdiction priority with policies for emergencies, determine where items will be stored, and require proof of insurance with mutual indemnification if necessary. If there is a fee established for equipment use, rates should be transparent and seek to cover all costs including fuel, maintenance, and depreciation. The agreement should also specify operator qualifications. Some agreements also require before- and after-use inspections with logs. Finally, an agreement should address labor terms where needed, and include clear provisions for term, termination, and dispute resolution.

Penbrook's successful public works partnerships suggest that broader regionalization may be feasible. DCED supports regionalized public works functions because shared operations lower costs, improve reliability, and strengthen compliance. Pooling staff, equipment, and facilities avoids duplicative purchases, enables joint bidding, and expands access to specialized skills and machinery that single departments may lack.

If the Borough pursues a broader regionalization strategy, outside resources are available to facilitate shared service arrangements including the DCED Municipal Assistance Program (MAP). MAP funding can be used for various initiatives, including shared services like consolidation, regionalization, intermunicipal service agreements, and boundary or functional mergers. MAP can pay for feasibility analyses, cost-benefit modeling, legal assistance on intergovernmental agreements, organizational design, transition plans, and public engagement. Grant awards typically require a local match and are administered by DCED's Governor's Center for Local Government Services.

Initiative	PW04	Integrate Public Works Needs in Borough-Wide Capital Planning			
Responsible Party	Borough Manager and Public Works Supervisor				
Budgetary Impact	2025	2026	2027	2028	2029
	-	-	-	-	-
Target Completion	Fourth Quarter 2026				

As outlined in recommendation ADM09, the Borough should use Phase 2 STMP funding to develop a comprehensive, multiyear capital improvement plan. If the Public Works Supervisor position remains, the Supervisor should participate in this process. The department should help build a schedule for replacing and purchasing major machinery and apparatus and set a strategy for using limited Liquid Fuels funds. This approach will allow Council and the Administrative and Financial Management Teams to plan and budget for fleet replacement proactively.

Chapter Seven

Code, Planning, and Zoning

Overview

The Penbrook Borough Code, Planning, and Zoning function is responsible for ensuring that all zoning and code items are adhered to throughout the Borough for the health, safety, and well-being of all residents. The Borough currently employs one full-time Zoning Officer who supervises a part-time property maintenance officer. The Zoning Officer reports to the Borough Manager and is charged with enforcing the Borough's code ordinance. While the Zoning Officer can do property maintenance enforcement, his focus is mainly on zoning and planning related activities. The Borough has experienced attrition with the property maintenance position with three different individuals filling this role in the last three years.

The most recent US Census data estimates roughly 435 renter occupied housing units in the Borough. Internal records suggest significantly more with around 700 rental units. During the COVID pandemic, Council suspended both rental inspections and property purchase inspections. The Borough has since resumed limited inspections, but the future of the program is uncertain.

The code official is Building Code Official (BCO) certified only, meaning all commercial inspections require that the Borough retain a third-party inspection firm. An ordinance exists that addresses quality-of-life issues however it is not complete. A Code Committee made up of three Borough Council members provides guidance on code-related matters.

Summary of Financial Results

Building, Planning, and Zoning costs of about \$115,000 in 2024 represented 5 percent of the Borough's General Fund expenses. Departmental costs have more than doubled since 2020 because of increased part-time property maintenance salary expenses. The department did not have any property maintenance salary expenses in 2020 or 2021 but has steadily increased these costs since 2022. As noted above, the department has had three different property maintenance code enforcers in the last three years. Property maintenance salary expense was almost \$53,000 in 2023 and 2024, which was almost the same as the department director position which were approximately \$54,000 and \$56,000, respectively in those years. Non-salary related expenses are less than \$10,000 annually.

Departmental Financial Results

Exhibit 7.1
Expenditure Results, 2020-2024

	2020	2021	2022	2023	2024
Salaries, Wages & Overtime	\$48,589	\$48,337	\$62,622	\$82,040	\$106,778
Other Employee Benefits	\$752	\$735	\$1,579	\$972	\$812
Professional & Legal Services	\$2,567	\$1,478	\$1,363	\$3,617	\$5,254
Materials & Supplies	\$378	\$546	\$1,871	\$932	\$783
Utilities & Communication	\$579	\$568	\$615	\$938	\$1,139
Maintenance & Repairs	\$209	\$75	\$523	\$0	\$66
Insurance	\$385	\$404	\$350	\$335	\$294
Total	\$53,459	\$52,142	\$68,923	\$88,833	\$115,127

Exhibit 7.2
Expenditure Projections, 2025-2029

	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Salaries, Wages & Overtime	\$110,000	\$113,000	\$116,000	\$120,000	\$123,000
Other Employee Benefits	\$1,000	\$1,000	\$1,000	\$2,000	\$2,000
Professional & Legal Services	\$5,000	\$5,000	\$6,000	\$6,000	\$6,000
Materials & Supplies	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Utilities & Communication	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Maintenance & Repairs	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Insurance	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Total	\$120,000	\$123,000	\$127,000	\$132,000	\$135,000

Recommendations

Initiative	CD01	Seek STMP Phase 2 Funding to Hire a Third-Party to Assist in Updating Codes and Ordinances			
Responsible Party	Borough Manager				
Budgetary Impact	2025	2026	2027	2028	2029
	-	(\$15,000)	-	-	-
Target Completion	Second Quarter 2027				

The Borough's existing ordinances related to zoning and code enforcement activities have not been updated recently and should be reviewed to better serve the residents and property owners. The Borough should engage a third-party consultant to help with the update.

The updating of existing ordinances and codes should be guided by the community's comprehensive plan. The comprehensive plan should be updated on a regular basis - at least

every 10 years. With that in mind, the recommended next step for this initiative is to review/update the comprehensive plan, and then the ordinances and codes should be updated based on the latest comprehensive plan.

During the review of the code and zoning ordinances, zoning issues should be separated from code whenever possible since zoning sets the standard for what can be constructed and where, and codes determine proper construction. Zoning and code are separate and distinct issues.

The ordinance upgrades should be addressed by the Borough Manager with legal guidance from the solicitor to ensure any ordinance changes are written properly. While this is an ongoing initiative, staff should set the goal to complete this current review by the end of the second quarter of 2027. We estimate the cost of hiring a third-party to be between \$25,000 and \$30,000. The revised forecast assumes \$30,000 in the interest of conservatism. The Borough would be required to contribute \$15,000 as an STMP Phase 2 grant match.

Initiative	CD02	Ensure Consistency in Code Enforcement				
Responsible Party	Zoning Officer					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	First Quarter 2026					

The department should revisit code standards on an annual basis to ensure that the code is being enforced consistently and fairly. The Borough should minimize the practice of waiving or reducing fines and track enforcement activities to reduce inconsistencies. To support these efforts, the Borough should establish a formal appeals process to further enable the department to enforce stricter measures. The Borough should work with its legal counsel to ensure they are providing timely responses to assist with effective enforcement of ordinances.

Initiative	CD03	Increase Focus on Rental Inspections with the Goal of Completing Inspections Every Other Year				
Responsible Party	Zoning Officer					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	First Quarter 2027					

By statute, property owners are legally responsible for maintaining their properties in compliance with applicable codes and laws. Periodic inspection programs help to ensure that all property owners are keeping up with those responsibilities. Municipal rental inspections are important because they ensure that rental housing is safe, maintained to local standards, and improves public safety. The Borough should increase its focus on annual rental inspections, setting the goal of completing inspections every other year. In addition, inspections should be completed when a lease begins. The Borough has a higher volume of rental units, which makes it challenging to

enforce its rental inspection program. The Borough should set the goal of offsetting revenue losses from the reduced building fees with new revenues from the rental inspection program.

Initiative	CD04	Implement a Blight Remediation Strategy				
Responsible Party	Borough Manager and Zoning Officer					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	Fourth Quarter 2026					

Residents cited blight as a serious concern. On a scale of one to ten, with ten representing a serious problem, residents consistently rated blight toward the higher end. High grass, abandoned vehicles, dilapidated structures, and poorly maintained rental properties were all identified as issues that reduce property values and neighborhood appeal.

The Borough should adopt and implement a formal blight remediation strategy. Pennsylvania municipalities can build a practical blight plan by using resources developed by the Housing Alliance of Pennsylvania and supported by DCED. Housing Alliance of Pennsylvania's *We Can Do This: A Five-Step, Fast-Track Blight Plan* (2016) is a playbook for municipal leaders to target blight remediation. The plan outlines a sequenced approach, including (1) recognize and catalog blight, (2) target strategic areas and pursue early wins, (3) form an anti-blight team and action plan, (4) push the worst property through Sheriff's sale, and (5) stand up long-term programs and funding. The plan also includes templates, sample ordinances, and "quick-impact" actions to move from planning to results.²⁵

Initiative	CD05	Increase iWorqs Utilization				
Responsible Party	Zoning Officer					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	First Quarter 2026					

The Borough currently has a cloud-based property and code enforcement tracking software called iWorqs. The benefits of the software include the elimination of manual processes, reduced, fewer errors, more automated record keeping, and more efficient activity tracking. However, according to an information technology self-assessment performed as part of this report, the software is not being used to its full capability.

The department should focus on integrating the iWorqs software into regular code enforcement activities. The software could also potentially be a valuable tool if the Borough moves forward with a more robust rental inspections program. Improved automation would allow code

²⁵ <https://housingalliancepa.org/resources/we-can-do-this-a-five-step-fast-track-blight-plan-2016/>

enforcers to take a proactive approach to a rental inspection program, rather than the current reactive, complaint-driven approach.

Initiative	CD06	Increase Code Enforcement Capacity through an Informed Comparison of In-House vs. Outsourced Support			
Responsible Party	Borough Manager				
Budgetary Impact	2025	2026	2027	2028	2029
	-	(\$5,000)	(\$10,000)	(\$10,000)	(\$10,000)
Target Completion	First Quarter 2026				

To implement the initiatives above, the Borough should expand code enforcement capacity and conduct a structured comparison of in-house and outsourced models to identify the approach that meets service goals at the lowest total cost. Contracted services can reduce costs, add specialized credentials, scale quickly, and avoid hiring and supervision burdens, while in-house staffing offers deeper local knowledge, closer coordination and supervision by the Borough Manager and code enforcement staff, and tighter control of priorities and service levels. A hybrid model may also be ideal. For example, a part-time employee for general code enforcement paired with a third party for rental inspections.

We recommend the following 60-to-90-day process to identify the ideal structure:

1. Identify the greatest needs. Based on our review, establishing a robust rental inspection program should be a priority; with an estimated 700 rental units and a population of about 3,300, a zoning officer plus a part-time property-maintenance officer is insufficient.
2. Issue a Request for Proposals to qualified third-party providers aligned to those needs. The document should state background and goals; scope and service standards; proposer qualifications and staffing; technology, data, and reporting expectations; implementation and transition plan; itemized pricing; evaluation criteria; and standard legal and insurance terms.
3. In parallel, draft a job description for a qualified part-time code officer and advertise and interview candidates.
4. Build a comparative scorecard centered on service level and total cost. First, set the target service level, such as inspections per week, to enable a direct comparison. Then estimate direct and indirect costs for each option, including wages or vendor fees, vehicles, equipment and technology, and added administrative workload. Both models require oversight from the Borough Manager and code staff; in-house operations typically leave mailing and notice tracking with Borough staff, while some vendors handle these tasks independently.

5. Pilot the top option for 3 to 6 months with clear key performance indicators, such as inspections per month, backlog reduction, days to compliance, fee recovery, and complaint response time.

Regardless of the delivery model, increased productivity should generate fee revenue that offsets much of the expense. The current forecast assumes a net annual cost of about \$10,000 beginning in 2026.

Initiative	CD07	Develop and Track Key Performance Indicators for Code Enforcement				
Responsible Party	Borough Manager and Zoning Officer					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	Ongoing					

The initiatives above support stronger productivity and performance in code enforcement functions. To objectively assess strengths and weaknesses, the Borough should identify and track key performance indicators, starting with basic outputs such as inspections completed per day and then expanding to efficiency and effectiveness measures as capacity grows. Over time, the program should evolve with the scope of services to include timeliness from complaint to first inspection, time from notice to compliance, the share of unsafe properties brought into compliance, fee collection rates, and rental inspection cadence and first-pass success.

- Complaint to first inspection time
- Notice to compliance time
- Inspections completed per inspector per day
- Percentage of unsafe structures brought into compliance
- Rental program cadence and first pass inspection rate
- Percentage of fees paid on time

Chapter Eight

Fire and Emergency Medical Services

Overview

Fire Service

The Borough's Fire Service is provided by Citizen's Fire Company ("Citizen's"), which is an all-volunteer fire company. Surrounding fire companies may provide service to Penbrook through mutual aid, but Citizen's is the primary service provider. The fire company responds to between 200 to 400 calls per year, handling a wide range of emergencies, including fire suppression, rescue operations, and other critical incidents. Like other departments across the state and the country, Citizen's faces challenges in recruitment and in raising funds to finance the increasing costs of operating the department and purchasing apparatus. The department relies on direct contributions from the Borough and fundraising activities to fund its operations but also pursues grants and other contributions to supplement these efforts.

To support fire protection services, the Borough has a special real estate millage dedicated to fire service which contributes to operating costs and apparatus purchases.

The Borough, in coordination with Citizen's, is actively exploring strategies to address these challenges, ensuring that residents continue to receive reliable and effective fire protection services.

Emergency Medical Services

The Borough contracts with Susquehanna Township EMS, Inc. ("Susquehanna") for Basic and Advanced Life Support ambulance services. Susquehanna is a combined career and volunteer staff operation and also provides service to the residents of Susquehanna Township and Paxtang Borough. Penbrook makes a \$5,000 annual contribution to Susquehanna for these services.

Summary of Financial Results

The Borough accounts for its fire protection-related financial activity in the Fire Services Fund. The Fire Services Fund is separate and distinct from the Citizen's Fire Company operating budget. The Fire Services Fund only reflects Borough-related revenues generated and contributions to fire protection.

The primary funding source for the Fire Services fund is real estate millage which was increased from 1.00 to 1.25 mills in 2024. The higher rate resulted in a revenue increase from about \$83,000 to \$101,000. Combined with delinquent real estate tax collections and interest earnings, annual Fire Service Fund revenue is about \$115,000.

The Fire Service Fund supports a wide range of operating costs including workers compensation, materials and supplies, communications, insurance, repairs and maintenance, and vehicle maintenance purchases. The Borough has also hired a grants writer to advise the department. Excluding vehicle purchases, Fire Service Fund operating costs averaged about \$70,000 from 2020-2024.

The Fire Company most recently purchased fire apparatus in 2020, which was financed with a combination of \$200,000 in existing Fire Service Fund monies and a long-term borrowing. Debt service on the 20-year loan is about \$13,000 per year. Citizen's is pursuing grant funds in attempt to pay off the loan before final maturity.

The Fire Service Fund projection assumes the special fire service millage remains the same, which results in flat revenues across the five-year projection period. Operating costs (not including vehicle purchases) are projected to increase 3 percent annually on average through 2029.

The projection does not account for the future purchase of additional fire apparatus. The fire company reports that it expects to need a new fire vehicle within the next two years or so; however, the preference is to avoid reliance on Borough support for possible annual debt service payments. An upfront contribution from existing Fire Service Funds will likely be needed; however, a plan of finance is not yet determined.

Departmental Financial Results

Exhibit 8.1
Fire Services Fund Results, 2020-2024

	2020	2021	2022	2023	2024
<u>Revenues</u>					
Fire Protection Millage	\$98,373	\$97,648	\$92,540	\$87,967	\$106,989
Other Revenue	\$1,804	\$11,122	\$2,660	\$8,139	\$9,868
Total	\$100,177	\$108,770	\$95,199	\$96,106	\$116,856
<u>Expenses</u>					
Other Employee Benefits	\$18,115	\$9,640	\$13,937	\$11,759	\$11,549
Materials and Supplies	\$494	\$11,130	\$468	\$294	\$104
Utilities and Communications	\$4,864	\$4,470	\$0	\$7,187	\$320
Insurances	\$10,321	\$9,546	\$0	\$0	\$0
Repairs and Maintenance	\$10,031	\$0	\$24,090	\$6,243	\$10,000
Professional Services	\$0	\$0	\$0	\$0	\$3,298
Fire Vehicle Purchase	\$200,000	\$0	\$11,835	\$9,106	\$13,380
Fire Co Contribution	\$30,500	\$30,500	\$39,303	\$31,535	\$35,212
Response Incentives	\$0	\$0	\$0	\$0	\$0
Other Expenses	\$6,524	\$6,102	\$6,499	\$6,175	\$6,327
Total	\$280,850	\$71,388	\$96,132	\$72,300	\$80,189
Surplus (Deficit)	(\$180,672)	\$37,382	(\$933)	\$23,807	\$36,667
Ending Balance	\$61,752	\$99,133	\$98,201	\$122,008	\$158,675

Exhibit 8.2
Fire Services Fund Results, 2025-2029

	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
<u>Revenues</u>					
Fire Protection Millage	\$108,000	\$108,000	\$108,000	\$108,000	\$108,000
Other Revenue	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Total	\$116,000	\$116,000	\$116,000	\$116,000	\$116,000
<u>Expenses</u>					
Other Employee Benefits	\$10,000	\$10,000	\$11,000	\$11,000	\$11,000
Materials and Supplies	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Utilities and Communications	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Insurances	\$12,000	\$12,000	\$12,000	\$12,000	\$13,000
Repairs and Maintenance	\$10,000	\$11,000	\$11,000	\$12,000	\$12,000
Professional Services	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Fire Vehicle Purchase	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
Fire Co Contribution	\$31,000	\$32,000	\$33,000	\$34,000	\$36,000
Response Incentives	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Other Expenses	\$7,000	\$7,000	\$7,000	\$7,000	\$8,000
Total	\$99,000	\$101,000	\$103,000	\$105,000	\$109,000
Surplus (Deficit)	\$17,000	\$15,000	\$13,000	\$11,000	\$7,000
Ending Balance	\$176,000	\$192,000	\$204,000	\$214,000	\$221,000

Recommendations

Initiative	FR01	Coordinate Fire Service Capital Needs with the Borough-wide Capital Improvement Plan				
Responsible Party	Borough Manager and Fire Chief					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	Fourth Quarter 2026					

The Borough Manager and Fire Chief both have a good idea of the future capital needs of the fire company. The two officials should document these needs and incorporate them into the Borough-wide Capital Improvement Plan that matches funding sources with planned projects over a multi-year period.

As noted above, Citizen's anticipates purchasing a new fire apparatus within the next two years or so. While the fire company reports success in fundraising, these sources alone will cover a relatively small portion of a very expensive piece of equipment. Grants and some level of Fire

Service Funds will be needed to finance the purchase. The Fire Chief estimates the net cost of the new apparatus to be \$50,000 after grants and other funding sources. The Borough should review financing alternatives prepared by fire company that include a combination of fundraising, grant, existing fund balance, and debt sources. The financing alternatives should be compared to the multi-year projection in Exhibit 8.2 and evaluated for feasibility.

The capital improvement needs assessment and integration into the Borough-wide plan should go beyond fire apparatus and also include facilities and other vehicle needs.

Initiative	FR02	Expand Regular Reporting to Include Volunteerism Rates				
Responsible Party	Borough Manager and Fire Chief					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	Fourth Quarter 2025					

In 2025, Citizen's initiated a new program to improve volunteerism. Fire departments nationwide are coping with a trend of declining volunteerism. This trend is particularly relevant in Pennsylvania. Since the Borough relies on volunteers and will rely on them in the future, the Borough is supporting the fire company's proactive steps to improve recruitment and retention of volunteer firefighters.

The 2025 Fire Services Fund budget includes \$10,000 for volunteer incentives, which are payments to volunteers for showing up at calls. The fire company should expand its existing monthly report to Borough Council, which includes the number of and nature of calls in the previous month, training updates, and other basic information, to include volunteerism participation and trends. The projection in Exhibit 8.2 assumes \$10,000 for annual volunteerism incentives into the future for the existing program or new programs. Incentive programs used in other communities include free local parking, free family participation in Borough recreational activities, subsidized membership at local organizations, and other amenities.

The Borough may also choose to recognize volunteers for outstanding achievements such as completing fire training programs or achieving certification and completing years of fire service.

Initiative	FR03	Consider the Adoption of a Volunteer Firefighter Tax Credit				
Responsible Party	Borough Council and Borough Manager					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	(\$1,000)	(\$1,000)	(\$1,000)	
Target Completion	First Quarter 2027					

In 2016, the Governor signed Act 172 into law, which provides municipalities the option to offer real estate or earned income tax credits to active members of a volunteer fire company or nonprofit emergency medical service agency through a volunteer service credit program. Active

volunteers who meet the service credit criteria established by the municipality in consultation with the Fire Chief would be eligible for the tax credit. Only volunteers that are Borough residents would be eligible for the credit. The Borough should prioritize the earned income tax credit over the real estate tax credit because volunteers that are not homeowners would not benefit from a real estate tax credit.

The revised recommendations assume this recommendation is implemented beginning in 2027 with an average annual budget impact of \$2,000.

Initiative	FR04	Seek DCED Assistance to Conduct a Multi-Municipal Fire Study to Assess Regionalization Opportunities				
Responsible Party	Borough Council and Borough Manager					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	Second Quarter 2026					

As noted above, declining volunteerism is a challenge for Penbrook and every other fire company in the region. As fire companies become less viable, there will be more pressure on remaining companies to provide service to adjacent jurisdictions further thinning resources. This presents an opportunity for other municipalities to participate in a regional department, which would result in efficiencies for all participating municipalities. Municipalities across the region, not just Penbrook, must respond to these challenges proactively and identify synergies between separate units.

The approach to regionalization will require thought and planning. Restructurings of any kind are sensitive and must be approached carefully. The primary goal must be public safety and adequate response times must be considered. The Borough should seek to partner with other jurisdictions to pursue a regionalization feasibility study. The municipalities should seek DCED assistance to conduct a multi-municipal fire services study.

Recently, nearby Lower Paxton Township made a bold move to transition from full volunteer fire service to a mixed operation that includes full-time paid staff. It is likely that other municipalities will move in this direction in the future. Currently, this alternative is simply not fiscally feasible for Penbrook (and likely also fiscally infeasible for Penbrook's neighboring communities). The Borough should take steps towards a regionalization solution to fire staffing issue before making a commitment to paid staff.

Chapter Nine

Sewer Fund

Overview

Penbrook owns and maintains a local sanitary collection system that carries wastewater to Capital Region Water's (CRW) regional conveyance and treatment system in the City of Harrisburg. CRW operates the downstream regional network and treatment facilities that serve the Harrisburg area. According to Capital Region Water's recent hydraulics and system characterization reports, the Asylum Interceptor carries separate sanitary flow from Penbrook, Lower Paxton Township, and Susquehanna Township to the Paxton Creek Relief and Paxton Creek Interceptors, which then convey the flow to CRW's treatment works.²⁶

Penbrook is responsible for maintenance and improvements of the borough owned conveyance system and connectors that tie into CRW's interceptors. Penbrook has had to make costly repairs to aging assets, including replacement of the Asylum Run interceptor. A deteriorated 12-inch clay interceptor from the 1930s along Asylum Run caused repeated overflows, leading to a Consent Order Agreement with PA DEP in 2018. The Borough replaced about 4,400 feet of pipe with PVC, installed 14 new manholes, and added an access road with trail restoration to stop overflows and protect Asylum Run.

The Borough has been successful in securing grants to help fund sewer capital investments and offset debt service costs connected with the Asylum Run sewer improvement project, including \$85,000 and \$96,000 LSA grants that were transferred from the General Fund to the Asylum Run Debt Fund. In addition, Penbrook Borough was awarded \$271,107 in 2023 in LSA funds for a Sewer Cleaning and Televising project.

Sewer operations are managed by Public Works staff and administrative tasks are handled by the Borough Manager and financial management resources. The 2025 budget allocates portions of the Borough Manager and Public Works salaries and benefits to the Sewer Fund. Major paving and sewer maintenance and improvement projects are completed by engineers and third-party contractors.

Departmental Financial Results

At the start of 2025, combined Sewer Fund and Sewer Capital Fund balance totaled roughly \$2.3 million after several years of operating surpluses. The one-time spike in Capital Purchases and Equipment in 2020 reflects the 2019 borrowing used to finance the Asylum Run interceptor

²⁶ https://capitalregionwater.com/wp-content/uploads/2025/07/Appendix_10_CSS-Characterization-Report_v.2.0.pdf?utm_source=chatgpt.com

improvements. Strong fund balances have also generated meaningful interest income. The fiscal strength of the Sewer Fund ultimately reflects a fee structure that has covered both Authority Rental costs for treatment and capital needs through both debt issuance and direct payments.

Authority Rental charges assessed by Capital Region Water are the largest Sewer Fund operating expense. These costs have fluctuated historically, creating uncertainty regarding future fees. On average, costs have increased at 4 percent per year, with a significant spike experienced in 2022. The projection assumes costs continue to outpace the rate of inflation at 4 percent per year, but as recommended below, the Borough will need to reassess fee levels annually due to uncertainty regarding Authority Rental charges.

Looking ahead, operating costs are rising faster than revenues, creating structural pressure on sewer rates. As outlined above, Authority Rental charges are the largest expense and are expected to continue increasing by about 4 percent annually, while sewer fees are assumed to remain flat. The Sewer Fund is also expected to assume the full Asylum Run debt service of about \$133,000 annually from 2026 through 2029. In addition to the debt service expenses, the projection assumes roughly \$67,000 in annual capital investment expenses, which is aligned with the historical average when removing the spike in expenses experienced in 2020 due to the Asylum Run interceptor improvements. Sewer Fund workforce costs are expected to track the General Fund, with Salaries and Wages increasing by about 3 percent per year. All other expenses are expected to mirror inflation.

As a result of this structural budgetary imbalance, combined Sewer Fund and Sewer Capital Fund reserves are projected to decline but remain solid at roughly \$1.5 million by 2029. Declining cash reserves also results in declining interest income.

Exhibit 9.1
Sewer Fund Historical Operating Activity, 2020-2024

	2020	2021	2022	2023	2024
Revenue					
Sewer Fees	\$647,392	\$659,581	\$667,631	\$690,993	\$676,667
Municipal Payments for Services	\$326,062	\$114,226	\$0	\$0	\$0
Intergovernmental Revenue	\$0	\$0	\$0	\$0	\$254,607
Interest	\$13,195	\$785	\$26,959	\$93,540	\$100,153
Other Revenue	\$0	\$0	\$64	\$179	\$1,470
Total Revenue	\$986,648	\$774,592	\$694,654	\$784,713	\$1,032,897
Expenses					
Authority Rental	\$266,700	\$200,418	\$353,326	\$297,420	\$309,013
Capital Purchases & Equipment	\$1,128,945	\$98,426	\$0	\$1,966	\$17,803
Salaries & Wages	\$103,588	\$101,400	\$94,395	\$95,999	\$108,922
Other Employee Benefits	\$19,825	\$23,196	\$12,147	\$12,276	\$14,513
FICA	\$7,925	\$7,757	\$7,221	\$7,344	\$8,333
Healthcare	\$46,633	\$65,472	\$55,950	\$72,612	\$66,045
Materials & Supplies	\$2,090	\$2,008	\$2,551	\$1,952	\$2,997
Utilities & Communication	\$6,766	\$7,500	\$8,571	\$9,585	\$13,421
Professional & Legal Services	\$31,201	\$7,191	\$16,693	\$8,176	\$31,403
Insurance	\$15,045	\$15,804	\$17,463	\$19,046	\$16,662
Maintenance & Repairs	\$1,325	\$2,482	\$73,532	\$27,411	\$211,890
Other Expenses	\$1,261	\$0	\$2,633	\$157,669	\$1,168
Total Expenses	\$1,631,303	\$531,653	\$644,482	\$711,455	\$802,170
Debt Service and Capital Transfers	(\$178,000)	(\$210,000)	(\$110,000)	(\$145,095)	(\$106,736)
Net Operating Surplus (Deficit)	(\$644,655)	\$242,938	\$50,173	\$73,258	\$230,727

Exhibit 9.2
Sewer Fund Baseline Expenditure Projections, 2025-2029

	2025 Budget	2026 Projection	2027 Projection	2028 Projection	2029 Projection	CAGR 2026-2029
<u>Revenue</u>						
Sewer Fees	\$681,000	\$681,000	\$681,000	\$681,000	\$681,000	0.0%
Interest	\$90,000	\$44,000	\$41,000	\$36,000	\$31,000	-11.0%
Total Revenue	\$771,000	\$725,000	\$722,000	\$717,000	\$712,000	-0.6%
<u>Expenses</u>						
Authority Rental	\$321,000	\$333,000	\$346,000	\$359,000	\$372,000	3.8%
Capital Purchases & Equipment	\$0	\$65,000	\$66,000	\$68,000	\$70,000	2.5%
Salaries & Wages	\$124,000	\$128,000	\$132,000	\$136,000	\$140,000	3.0%
Other Employee Benefits	\$14,000	\$14,000	\$14,000	\$15,000	\$15,000	2.3%
FICA	\$9,000	\$9,000	\$10,000	\$10,000	\$10,000	3.6%
Healthcare	\$72,000	\$76,000	\$80,000	\$85,000	\$89,000	5.4%
Materials & Supplies	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	0.0%
Utilities & Communication	\$14,000	\$15,000	\$15,000	\$16,000	\$17,000	4.3%
Professional & Legal Services	\$25,000	\$26,000	\$26,000	\$27,000	\$27,000	1.3%
Insurance	\$17,000	\$17,000	\$18,000	\$18,000	\$19,000	3.8%
Maintenance & Repairs	\$56,000	\$58,000	\$61,000	\$64,000	\$67,000	4.9%
Total Operating Expenses	\$655,000	\$744,000	\$771,000	\$801,000	\$829,000	3.7%
Asylum Run Debt Service Fund	(\$98,871)	(\$133,964)	(\$133,293)	(\$132,579)	(\$132,822)	
Net Operating Surplus (Deficit)	\$17,129	(\$152,964)	(\$182,293)	(\$216,579)	(\$249,822)	
Sewer Operating and Capital Fund Balance	\$2,254,000	\$2,101,000	\$1,919,000	\$1,702,000	\$1,452,000	

Recommendations

Initiative	SWR01	Coordinate with the Multi-Year Capital Improvement Plan				
Responsible Party	Borough Manager and Public Works Supervisor					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	Fourth Quarter 2026					

As outlined in ADM09, the Borough should develop and execute an updated Capital Improvement Plan to ensure that Penbrook possesses the necessary public infrastructure to support a strong tax base. The Plan should include both General Fund and Sewer Fund Assets. The grant funded sewer cleaning and televising project will help inform the development of the CIP.

Initiative	SWR02	Establish a Fund Balance Policy for the Sewer Fund				
Responsible Party	Borough Council and Borough Manager					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	Ongoing					

The Borough should adopt a Sewer Fund Policy. At the start of 2025, combined Sewer Fund and Sewer Capital Fund balance totaled roughly \$2.3 million after several years of operating surpluses.

While the Government Finance Officers Association (GFOA) specifically addresses the General Fund in its best practices, its guidance can be applied more broadly. The GFOA recommends that general-purpose governments maintain an unreserved fund balance equal to at least 5–15 percent of annual operating revenues, or one to two months of regular operating expenditures, depending on their unique circumstances.

Although these recommendations pertain directly to the General Fund, they offer a useful benchmark for evaluating other operating funds, such as the Sewer Fund. Historically, the Borough has maintained a fiscally sound Sewer Fund, enabling the accumulation of strong fund balance. This plan also recommends ongoing, incremental increases in sewer fees to address rising costs, along with the development of a multi-year Capital Improvement Plan (CIP). These steps will help ensure the long-term financial stability and resiliency of both operating and capital components of the Sewer Fund.

Accordingly, we recommend the Borough adopt a policy to maintain a Sewer Fund balance of no less than 15 percent of annual operating expenses. This target should be revisited and adjusted as necessary to reflect capital needs identified in the CIP.

Initiative	SWR03	Align Sewer Fees with the Increasing Costs of Service				
Responsible Party	Borough Council and Borough Manager					
Budgetary Impact	2025	2026	2027	2028	2029	
	-	-	-	-	-	
Target Completion	Ongoing					

The Sewer Fund's strength reflects a sewer fee structure that covers Authority Rental charges for treatment and funds capital needs through a mix of debt and direct payments. However, as operating costs rise faster than revenues, there will be upward pressure on sewer rates. Maintenance of aging sewer assets will also contribute to rising costs. The Borough should consider both the adopted fund balance policy recommended above as well as the multi-year CIP when assessing the sewer fee. The strong fund balance level gives the Borough flexibility to strategically set rates and manage sewer fee increases.

Chapter Ten

Fiscal Strategy and Revised Financial Projections

This plan first establishes a baseline forecast that assumes current operating practices continue without significant tax base growth or corrective action. Although Penbrook is currently in a strong fiscal position, the baseline is not sustainable. Exhibit 10.1 shows the baseline projection in comparison to the revised projection that accounts for the recommendations and deficit closing measures included in this report. Baseline operating deficits begin in 2026 and widen through 2029 as recurring revenues grow more slowly than expenses.

Exhibit 10.1
Revised Financial Projections, 2025-2029

	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Baseline Revenues	\$2,293,000	\$2,182,000	\$2,060,000	\$2,079,000	\$2,104,000
Baseline Expenses and Transfers	\$2,187,000	\$2,209,000	\$2,279,000	\$2,354,000	\$2,429,000
Baseline Surplus (Deficit)	\$106,000	(\$27,000)	(\$219,000)	(\$275,000)	(\$325,000)
Initiatives	\$0	\$47,000	\$76,000	\$224,000	\$253,000
Revised Surplus (Deficit)	\$106,000	\$20,000	(\$143,000)	(\$51,000)	(\$72,000)
Starting Fund Balance	\$2,694,000	\$2,800,000	\$2,820,000	\$2,677,000	\$2,626,000
Ending Fund Balance	\$2,800,000	\$2,820,000	\$2,677,000	\$2,626,000	\$2,554,000
Fund Balance Target (25%)	\$546,750	\$552,250	\$569,750	\$588,500	\$607,250
Difference	\$2,253,250	\$2,267,750	\$2,107,250	\$2,037,500	\$1,946,750

The Plan improves the Borough's financial position through a balanced mix of expenditure reductions, productivity gains, and targeted revenue measures. Initiatives with direct fiscal impact are captured in Exhibit 10.1, while other recommendations strengthen day-to-day management and service delivery without a direct financial impact. Taken together, these initiatives achieve fiscal stability by increasing average annual revenue growth to slightly above one percent while holding expenses roughly flat from 2027 to 2029. The plan also preserves very strong unrestricted fund balance levels and continues proactive capital investment.

The strategy avoids millage rate increases because the analysis presented in this plan suggests that there are opportunities to reassess service levels and reduce costs while maintaining service quality. Instead, the plan recommends revenue enhancement through a PILOT program and a

series of initiatives to control workforce expenses, which are the key cost driver. Notably, the plan recommends that the Borough evaluate opportunities to restructure the police department and limit overall workforce expenses to the rate of inflation.

The Plan ultimately charts a path that is achievable and realistic by prioritizing the recommendations summarized above. However, if these recommendations are infeasible or cannot be fully implemented, there are alternative strategies for achieving structural budgetary balance, including regionalization and real estate tax millage rate increases.

Regionalization

This report also strongly recommends the Borough assess police, public works, and fire service shared service and regionalization opportunities. The potential advantages of regionalization are clear. Regionalization and shared service agreements can increase efficiency and capacity, resulting in cost savings and enhanced service levels. Partnering with other jurisdictions can reduce overhead by sharing staff, equipment, and facilities; eliminate redundant services; and leverage economies of scale for purchasing, IT systems, and administrative functions. In fact, the Borough has already realized success with shared services through contracting with the City of Harrisburg for trash collection and disposal, effective police mutual aid agreements, and public works equipment sharing. The Borough should build on these accomplishments.

Despite some clear advantages of shared service and regionalization, successful implementation requires strong political will, inter-municipal collaboration, and careful planning. Shared service agreements may involve the loss of full autonomy for the participating municipalities. There is often a fear of uneven influence and one partner having more control than another. In addition, intergovernmental cooperation arrangements may involve legal complexities that must be overcome.

Police shared service agreements are likely the most complex, but also the most fiscally consequential initiatives to implement. While the Community Survey in the Appendix indicates residents are very satisfied with current department performance, the 2025 DCED Regional Police Guide notes that regional departments typically realize about 25 percent cost savings and improvements in training, supervision, officer retention, and overall service delivery. The Borough can evaluate a range of structures, including entering shared service contracts with neighboring municipalities that span from supplemental coverage to full outsourcing of patrol and administrative functions, or adopting a hybrid model that preserves a local presence while contracting for specific services or coverage.

We recommend that the Borough utilize DCED resources such as a Police Department Peer Review program, a Multi-Municipal Fire Services Study, and the Municipal Assistance Program.

Real Estate Tax Millage Rate

The deficits projected by the baseline forecast can also be closed with real estate tax millage rate increases. As noted in Chapter 2, Penbrook's municipal millage rate is the fourth-highest among Dauphin County communities; however, cross-community comparisons must consider assessed property values, land use, collection performance, and whether a community relies on free state

police coverage. Structural pressures including stagnant assessed values, inflationary cost growth, and the Borough's commitment to a well-staffed Police Department continue to push the rate upward.

Before accounting for transfers from the General Fund for capital investments, the projected operating deficit in 2029 is about \$270,000. Closing the gap with the General-Purpose real estate tax millage rate alone would require an increase of roughly 30 percent.

Conclusion

Before final implementation, Penbrook Borough Council should review and discuss the projections and their underlying assumptions. The model is intended to set clear fiscal parameters for the Borough. Within those parameters, elected officials may choose a different mix of rate adjustments, service changes, contributions to capital, and pacing of recommendations that best align with community priorities.

The Borough's performance relative to the Plan should be revisited annually as part of the budget process, with quarterly monitoring to track savings, revenues, and service levels. If the anticipated incremental revenue or expense reductions do not materialize, the Borough should identify additional corrective actions or consider other adjustments to tax or fee levels. Conversely, if the General Fund outperforms projections, the Borough can slow the pace of any contemplated rate increases, strengthen reserves, or accelerate priority capital projects.

Penbrook is well-positioned to implement the recommendations outlined in the plan. Strong Borough leadership and healthy cash reserves provide the capacity and flexibility to reassess service levels, pursue a phased strategy for controlling workforce costs, and invest in priority capital projects.

Summary of Recommendations

Initiative		Responsible Party	Budgetary Impact					Target Completion
			2025	2026	2027	2028	2029	
ADM01	Establish a Fund Balance Strategy	Borough Council and Borough Manager	-	-	-	-	-	Ongoing
ADM02	Institute a Payment-in-Lieu-of-Taxes Program	Borough Council and Borough Manager	-	\$10,000	\$20,000	\$35,000	\$35,000	Ongoing
ADM03	Replace the Occupation Tax with Real Estate Tax	Borough Council and Borough Manager	-	-	-	-	-	First Quarter 2026
ADM04	Increase Trash Fees to Match Cost of Service	Borough Council and Borough Manager	-	-	-	-	-	Ongoing
ADM05	Develop a Succession Plan for the Dual Borough Manager and Chief of Police Positions	Borough Council and Borough Manager	-	-	-	(\$130,000)	(\$135,000)	Fourth Quarter 2026
ADM06	Formalize a Post-Retirement Medical Fund Funding Policy	Borough Manager	-	\$0	\$0	\$0	\$0	Fourth Quarter 2025
ADM07	Control Workforce Spending	Borough Council and Borough Manager	-	\$7,500	\$50,000	\$78,000	\$107,000	First Quarter 2026, Ongoing
ADM08	Seek STMP Phase 2 Funding to Develop a Multi-Year Capital Improvement Plan	Borough Manager	-	(\$15,000)	-	-	-	Fourth Quarter 2026
ADM09	Reassess the Capital Funding Strategy and Reduce the General Fund Transfer to the Capital Projects Fund	Borough Manager and Public Works Supervisor	-	\$52,000	\$52,000	\$52,000	\$52,000	First Quarter 2026
ADM10	Pursue STMP Phase 2 Funding for Information Technology Investments	Borough Manager	-	-	(\$20,000)	-	-	First Quarter 2027
ADM11	Pursue STMP Phase 2 Funding for Third-Party Support to Develop a Financial Policies and Procedures Manual	Borough Manager	-	(\$2,500)	-	-	-	Second Quarter 2026
ADM12	Develop Job Descriptions	Borough Manager	-	-	-	-	-	Second Quarter 2026

PENBROOK BOROUGH FIVE-YEAR FINANCIAL PLAN

Initiative		Responsible Party	Budgetary Impact					Target Completion
			2025	2026	2027	2028	2029	
ADM13	Reassess the MOU with the Stormwater Authority Annually	Borough Council, Solicitor and Manager	-	-	-	-	-	Third Quarter 2026
PD01	Evaluate Restructuring Opportunities to Manage Workforce Expenses	Elected Officials and Chief of Police	-	-	-	\$200,000	\$205,000	Fourth Quarter 2026
PD02	Pursue DCED Police Department Peer Review	Elected Officials	-	-	-	-	-	Fourth Quarter 2026
PD03	Evaluate Agency Headquarters Relocation or Upgrade as a Part of the Borough-Wide Capital Improvement Plan	Borough Manager	-	TBD	TBD	TBD	TBD	Fourth Quarter (initial assessment)
PD04	Expand Social Media Presence	Police Lieutenant	-	-	-	-	-	Second Quarter 2026
PW01	Align Public Works Staff Size and Structure with Department Responsibilities	Borough Council and Borough Manager	-	-	-	-	-	First Quarter 2026
PW02	Develop Performance Measures for Public Works	Borough Manager and Public Works Supervisor	-	-	-	-	-	First Quarter 2026
PW03	Formalize Shared Service Opportunities and Assess the Feasibility of Regionalizing Public Works Operations	Solicitor, Borough Council, and Borough Manager	-	-	-	-	-	First Quarter 2026
PW04	Integrate Public Works Needs in Borough-Wide Capital Planning	Borough Manager and Public Works Supervisor	-	-	-	-	-	Fourth Quarter 2026
CD01	Seek STMP Phase 2 Funding to Hire a Third-Party to Assist in Updating Codes and Ordinances	Borough Manager	-	-	(\$15,000)	-	-	Second Quarter 2027
CD02	Ensure Consistency in Code Enforcement	Zoning Officer	-	-	-	-	-	First Quarter 2026
CD03	Increase Focus on Rental Inspections with the Goal of Completing Inspections Every Other Year	Zoning Officer	-	-	-	-	-	First Quarter 2027

PENBROOK BOROUGH FIVE-YEAR FINANCIAL PLAN

Initiative		Responsible Party	Budgetary Impact					Target Completion
			2025	2026	2027	2028	2029	
CD04	Hire One Part-Time Code Enforcer and Regularly Assess Need for Additional Part-Time Support to Support Rental Inspections Program	Borough Manager	-	(\$5,000)	(\$10,000)	(\$10,000)	(\$10,000)	First Quarter 2026
CD05	Increase iWorqs Utilization	Zoning Officer	-	-	-	-	-	First Quarter 2026
CD06	Implement a Blight Remediation Strategy	Borough Manager and Zoning Officer	-	-	-	-	-	Fourth Quarter 2026
CD07	Develop and Track Key Performance Indicators for Code Enforcement	Borough Manager and Zoning Officer	-	-	-	-	-	Ongoing
FR01	Coordinate Fire Service Capital Needs with the Borough-wide Capital Improvement Plan	Borough Manager and Fire Chief	-	-	-	-	-	Fourth Quarter 2026
FR02	Expand Regular Reporting to Include Volunteerism Rates	Borough Manager and Fire Chief	-	-	-	-	-	Fourth Quarter 2025
FR03	Consider the Adoption of a Volunteer Firefighter Tax Credit	Borough Council and Borough Manager	-	-	(\$1,000)	(\$1,000)	(\$1,000)	First Quarter 2027
FR04	Seek DCED Assistance to Conduct a Multi-Municipal Fire Study to Assess Regionalization Opportunities	Borough Council and Borough Manager	-	-	-	-	-	First Quarter 2027
SWR01	Coordinate with the Multi-Year Capital Improvement Plan	Borough Manager and Public Works Supervisor	-	-	-	-	-	Fourth Quarter 2026
SWR02	Establish a Fund Balance Policy for the Sewer Fund	Borough Council and Borough Manager	-	-	-	-	-	Ongoing
SWR03	Align Sewer Fees with the Increasing Costs of Service	Borough Council and Borough Manager	-	-	-	-	-	Ongoing
Total General Fund			\$0	\$47,000	\$76,000	\$224,000	\$253,000	

Appendix A

Grant Opportunities

This report identified several areas that warrant strong consideration for DCED grant support. Though the recommendations are listed individually, several are linked and may be implemented simultaneously under the same grant project. The financial implications included in the table below are preliminary estimates and reflect a 50 percent grant match scenario.

Initiative		Responsible Party	Budgetary Impact					Target Completion
			2025	2026	2027	2028	2029	
ADM08	Seek STMP Phase 2 Funding to Develop a Multi-Year Capital Improvement Plan	Borough Manager	-	(\$15,000)	-	-	-	Fourth Quarter 2026
ADM10	Pursue STMP Phase 2 Funding for Information Technology Investments	Borough Manager	-	-	(\$20,000)	-	-	First Quarter 2027
ADM11	Pursue STMP Phase 2 Funding for Third-Party Support to Develop a Financial Policies and Procedures Manual	Borough Manager	-	(\$2,500)	-	-	-	Second Quarter 2026
PD02	Pursue DCED Police Department Peer Review	Elected Officials	-	-	-	-	-	Fourth Quarter 2026
CD01	Seek STMP Phase 2 Funding to Hire a Third-Party to Assist in Updating Codes and Ordinances	Borough Manager	-	-	(\$15,000)	-	-	Second Quarter 2027
FR04	Seek DCED Assistance to Conduct a Multi-Municipal Fire Study to Assess Regionalization Opportunities	Borough Council and Borough Manager	-	-	-	-	-	First Quarter 2027

Appendix B

Community Survey

Respondent Profile

The Penbrook Borough Community Survey, conducted between June and September 2025, received 101 responses. Nearly all respondents confirmed they live in the Borough, with a mix of long-term homeowners and newer renters. While most residents own their homes, renters also represent a significant portion of the community. Few survey participants own a business in Penbrook or work primarily within the Borough, as many commute to jobs outside of the community.

Demographic data showed that respondents represented a broad range of age groups, though middle-aged and senior residents made up the largest share. Educational attainment levels were generally high, with most respondents holding at least a high school diploma and many reporting some college or a degree. Employment status was diverse, with a mix of full-time workers, retirees, and part-time employees. Household income levels varied, but many respondents reported earnings in the lower to middle ranges.

Borough Service Opinion

Survey participants were also asked to rate Borough services and amenities. Police services were viewed favorably overall, with most residents expressing satisfaction with safety and responsiveness. Parks and recreational spaces were seen as community assets, though many noted that facilities could benefit from updates. Public works services, such as trash collection, snow removal, and street maintenance, received mixed reviews. Administrative services were generally considered adequate, and those who contacted the Borough in the past year—42 residents—reported mostly positive experiences with staff.

Improvement Priority

At the same time, residents voiced significant concerns about challenges facing Penbrook. Property maintenance and blight emerged as the most pressing issue. On a scale of one to ten, with ten representing a serious problem, residents consistently rated blight toward the higher end. High grass, abandoned vehicles, dilapidated structures, and poorly maintained rental properties were all identified as issues that reduce property values and neighborhood appeal. Infrastructure was also a common concern, with residents citing the need for improvements to roads, sidewalks, and stormwater systems. Additionally, respondents expressed uncertainty about the Borough's financial health, with many rating its condition cautiously and questioning long-term sustainability.

When asked to identify priorities for the Borough, respondents most frequently selected property maintenance and code enforcement, infrastructure upgrades, and support for public safety

services. Parks, recreation, and community programs were considered secondary priorities, though many residents supported additional programming and facility improvements.

Overall Perceptions

Residents were asked what they like most about living in Penbrook, and three themes stood out. Many highlighted the neighborliness that contributes to the Borough's small-town character. Others emphasized Penbrook's location and accessibility, noting its close proximity to Harrisburg and regional amenities. Affordability was also cited as a benefit, with residents pointing out that housing is relatively more affordable than in neighboring municipalities.

In summary, Penbrook residents value the Borough's strong sense of community, convenient location, and affordability, but they are deeply concerned about property maintenance, neighborhood blight, and the condition of local infrastructure. Residents were divided on the Borough's direction. A slight majority felt that Penbrook is heading in the right direction, while others were uncertain or concerned about future challenges. While public safety and administrative services are generally trusted, residents want Borough leadership to focus on code enforcement, financial stability, and targeted infrastructure improvements to ensure a positive future for the community.