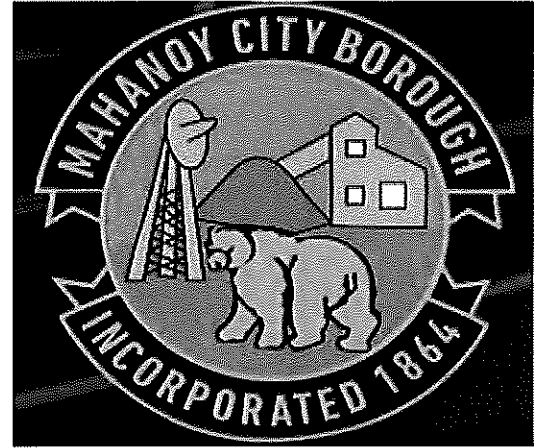


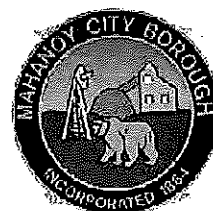
# **Mahanoy City Government Study Commission**



## **Home Rule Charter Presentation**

March 3, 2020

(Revised 04/22/2020)



# Commission Background

- At the May 21, 2019, primary election the Borough's voters approved a referendum question to form a government study commission
- The Borough's voters also elected 7 individuals to serve on the government study commission
- Borough of Mahanoy City Government Study Commission held its initial meeting on June 12, 2019



# Commission Background

- Commission held a total of 16 public meetings and 1 public hearing
- Commission examined the current form of Borough government
- Commission examined other forms of municipal government available
- Commission identified strengths and weaknesses of current Borough government



# Commission Background

- Commission unanimously decided to draft a home rule charter at its October 16, 2019, meeting to make the Borough government more efficient, economical and accountable
- Commission unanimously adopted the Report and Recommended Home Rule Charter for the Borough of Mahanoy City, Schuylkill County, Pennsylvania at its February 12, 2020, meeting



## Commission's Findings

- Borough's population has significantly decreased from 15,559 (1920) to 4,162 (2019)
- Many of the Borough's structures, roads and other infrastructure is in an aged condition
- Borough was declared an Act 47 financially distressed municipality in 2016 by the Commonwealth of Pennsylvania
- Borough is expected to exit Act 47 program in 2021



## Commission's Findings

- Borough increased its Resident Earned Income Tax (REIT) rate in 2016 from 1% to 2% under the Act 47 Recovery Plan
- The additional 1% REIT will generate **\$468,478 or 30%** of the Borough's projected \$1,538,679 operating revenues in 2020



## Commission's Findings

- The Borough will not be able to levy the additional 1% REIT when it exits the Act 47 program in 2021
- **Without the adoption of a home rule charter** the Borough Council will have to increase other revenue sources and reduce expenditures by **\$468,478** when it exits the Act 47 program



## Commission's Findings

- Borough Council will have to increase residents' property tax millage rate from the current operating 20.7 mills to 35 mills--a 70% property tax increase
- Borough's property tax millage rate is capped by Borough Code at 30 mills; additional 5 mills with court approval
- The additional 14.3 mills will produce \$270,330
- Borough Council will still have a remaining revenue shortfall of **\$198,148**





# Commission's Findings

Council can reduce \$198,148 of expenditures from the follow Borough services:

- Police Department--Largest Borough budget expenditure in 2020 at \$386,680 of which \$302,800 is for police salaries
- Public Works--Second largest budget expenditure in 2020 at \$145,778
- Council **can reduce** Borough financing for **blight demolition, fire company support and other Borough supported community programs**



## Commission's Findings

Commission members conclusion:

**The adoption of a home rule charter by the Borough's citizens will allow the Borough Council to maintain its current tax rates and public services upon exiting Act 47 in 2021 and avoid significant property tax increases and a reduction in public services.**



## Commission's Goals

Commission members drafted the Recommended Home Rule Charter to address its findings:

- 1) Right-size the Borough government to reflect the much smaller Borough population
- 2) Ensure that the Borough Council does not have to increase its citizens' tax rates to maintain current public services to Borough residents in 2021
- 3) Provide future Councils with revenue and expense flexibility

# Provisions of the Recommended Home Rule Charter



- Reduces the current Borough Council from 7 members to 5 members to be known as the Mahanoy City Council
- Abolishes the Mayor position along with the 2 Council seats above—the Mayor and the 2 Council members will remain in office until end of their terms in 2021.
- Mayor retains legal authority over the police department until end of term in 2021



## Provisions of the Recommended Home Rule Charter

- Limits Council's ability to increase taxes
- Council members will only be paid for attendance at Council meetings—only permitted 1 paid absence per year
- Council retains the corporate power to adopt ordinances, resolutions and motions and to set Borough policies

# Provisions of the Recommended Home Rule Charter



- Council members limited to participating in Council meetings by telephone to only 3 meetings per year
- Maintains office of elected Tax Collector
- Maintains appointed offices of Borough Manager, Borough Secretary and Borough Treasurer

# Provisions of the Recommended Home Rule Charter



- Borough Manager appointed and removed by a majority plus one vote (4 votes) of Council
- Permits Borough Secretary and Borough Treasurer positions to be held by one individual
- All Borough employees will maintain employment, salary, benefits, pensions and civil service protections (where applicable)
- All Borough budgets must be balanced

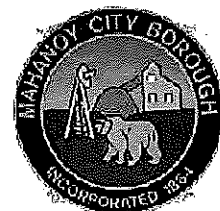
# Provisions of the Recommended Home Rule Charter



- Mandates adoption of an Administrative Code within 10 months of the Home Rule Charter's effective date
- All Borough property remains property of the Borough upon the Home Rule Charter's effective date
- All existing Borough commissions, boards and authorities continue in existence



# Provisions of the Recommended Home Rule Charter



- Includes a provision for direct citizen participation in governing through the initiative and referendum process
- A Transition Committee is created upon approval of Home Rule Charter by the Borough's voters to begin drafting an Administrative Code
- Charter effective date is January 1, 2021



## Public Forums

- The Commission's public forums scheduled for March 24, 2020, and April 23, 2020, have been cancelled due to the suspension of large gatherings of more than 10 people announced by Governor of Pennsylvania on March 17, 2020.
- The Commission will attempt to schedule additional public forums before the scheduled June 2, 2020, primary election should the suspension be removed by the Governor before this date.



## Next Steps

- June 2, 2020, Primary Election
  - Borough voters will approve or reject the Commission's Recommended Home Rule Charter
  - Independent voters are eligible to vote on the Home Rule Charter question
- If a majority of Borough voters approve the Recommended Home Rule Charter then the Charter will become effective on January 1, 2021



## Next Steps

- If a majority of Borough voters reject the Recommended Home Rule Charter then the same question cannot be presented to voters within 4 years after date of election
- If Borough voters reject the Recommended Home Rule Charter property tax increases and service expenditure reductions will begin with the Borough's 2021 operating budget
- The Government Study Commission is terminated on June 2, 2020



# Borough of Mahanoy City Government Study Commission

Copies of the Commission's Report and Recommended Home Rule Charter are available at Borough Hall and may be downloaded for printing on the Borough's webpage at [www.mahanoycity.us](http://www.mahanoycity.us)



# Comments, Questions & Discussion