



Assessment Report for the City of Monessen, Pennsylvania

U.S. Department of Housing and Urban Development
Distressed Cities and Persistent Poverty Technical Assistance Program

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Prepared by:
Gordon Mann, Managing Director
Danielle Scott, Director
Vieen Leung, Senior Managing Consultant
Lauren Sukovich, Senior Analyst

PFM Group Consulting LLC
1735 Market St, Floor 42
Philadelphia, PA 19103

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Introduction

On November 11, 2022, the City of Monessen ("City") applied to the U.S. Department of Housing and Urban Development (HUD) seeking technical assistance under the Distressed Cities and Persistent Poverty Technical Assistance (DCTA) program. The City applied for support to address blight and poverty within Monessen. Though not detailed in the narrative, the City also scored fiscal health and financial management as two of their most significant barriers to addressing their community's needs.

In its work plan, HUD assigned Public Financial Management (PFM) to provide Monessen with, "a rapid assessment and immediate technical assistance to improve the City's ability to revitalize the community, achieve financial sustainability, make strategic investments, and advance its mission." This report outlines our methodology, assessment findings, and recommended technical assistance.

HUD separately assigned the Local Initiatives Support Coalition (LISC) to advise the City on strategies to reduce blight and facilitate community and economic development in Monessen. There is a separate assessment report detailing LISC's methodology, findings, and recommended technical assistance.

Assessment Process

In developing this assessment, PFM undertook a series of steps to better understand the City's current financial conditions and challenges and identify the types of technical assistance that would provide the greatest level of support to the community.

PFM team members met with Mayor Ron Mozer to discuss the City's application for assistance, the City government and community's challenges, and the elected officials' vision to revitalize Monessen. PFM then reviewed public documents and data provided by the City including:

- Recent adopted annual operating budgets;
- Recent annual comprehensive financial reports (i.e., year-end audits);
- 2022 compliance audit completed by the Pennsylvania Auditor General related to the City's Police Pension Plan;
- 2021 Sewer Rehabilitation Project Plan prepared according to requirements in Pennsylvania's Sewage Facilities Act;
- 2020 Comprehensive Plan that describes Monessen's blight and recommends remediation strategies; and
- 2017 Five-Year Financial Management Plan prepared under the Commonwealth of Pennsylvania's Early Intervention Program.

The PFM team had a two-day site visit to Monessen in February 2023 during which it interviewed the Mayor; City Administrator Michael Korposh; Councilman and Chief Financial Officer Anthony Orzechowski; Councilman and Director of Parks and Public Property Donald Gregor; Councilwoman and Director of Streets and Public Improvements Lois Thomas; Police Chief Dave Yuhasz; Fire Chief Delmar Hepple and Public Works Foreman Rodney Freeman. During the visit, the PFM team accompanied the Mayor and City Administrator on a tour of Monessen and City government facilities, including the two fire stations and police station.

The assessment and our technical assistance recommendations are based upon the above research and discussions with City officials. **The City had the opportunity to comment on a draft of this assessment report and aided greatly in ensuring its factual accuracy.**

Community profile

The City of Monessen, Pennsylvania is located along the Monongahela River in Westmoreland County, approximately 30 miles south of Pittsburgh. Monessen was established as a borough in 1898 and its name references both the Monongahela River and “Essen,” an industrial city in Germany after which local leaders hoped to model the City¹.

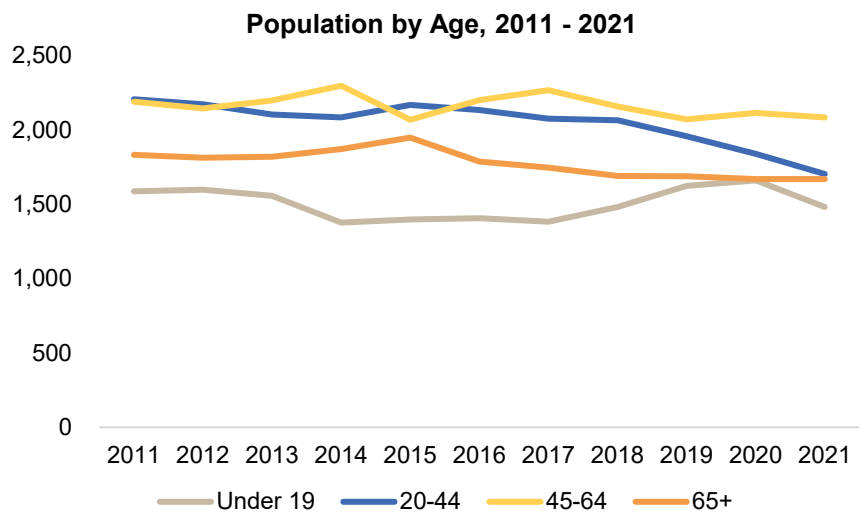
In the first half of the 20th century, Monessen experienced rapid population expansion as an industrial hub. At the peak of its growth in 1930, Monessen had more than 20,000 residents and was home to several industrial plants including steel mills. In the latter half of the century, the City’s population plummeted as the country’s industrial landscape shifted, and firms that had brought jobs to Monessen shuttered².

Monessen’s current population is about one third of the 1930 peak and dipped below 7,000 in 2021 according to the US Census Bureau’s most recent estimates. According to those estimates, Monessen’s population shrunk from 7,817 in 2011 to 6,941 in 2021, or an average annual loss of 1.2 percent³. The estimates show population falling every year since 2011 with the largest decline occurring in 2021 when there was a 4.7 percent drop relative to 2020 estimates.

Monessen’s population is also getting older. From 2011 to 2021, the median age in Monessen increased from 47.1 to 49.8 years, and the share of population most likely to be in the labor force (ages of 20 to 64) shrunk from 4,397 to 3,788, or an average annual decrease of 1.5 percent.

Again, the trend seems to be accelerating with the steepest decline in residents aged 20 to 44 occurring since 2018 (see chart to right). In 2021, more than half of Monessen’s population was older than 44 and about a quarter of the population was older than 65.

While Monessen does not fare well in comparison to Westmoreland County or Pennsylvania on most economic indicators, it fares better than comparable Western Pennsylvania municipalities. Monessen has higher mean and median incomes and a lower poverty rate than many of its peers as shown in the following table.



¹ City of Monessen website, *Past & Present*, <https://www.cityofmonessen.com/about/>

² 2020 Comprehensive Plan, p. 9

³ American Community Survey (ACS) 5-year estimates, 2021.

Economic Characteristics, 2021⁴

	Population	Unemployment Rate	Median Income	Mean Income	Poverty Rate	Median Age
Arnold	4,796	8.4%	35,688	48,125	25.9%	42.3
Clairton	6,245	9.7%	37,544	48,737	19.5%	41.7
Monessen	6,941	6.2%	45,298	59,050	17.9%	49.8
Latrobe	8,058	4.0%	56,014	74,153	10.3%	43.3
Jeannette	8,835	7.3%	43,948	58,220	20.7%	44.9
Aliquippa	9,237	7.4%	35,688	46,954	27.9%	46.3
New Kensington	12,222	5.5%	43,308	54,118	22.9%	46.8
Westmoreland Co.	355,107	5.0%	64,708	84,480	9.9%	47.1
Pennsylvania	12,970,650	5.5%	67,587	92,849	11.8%	40.8

Monessen has an older population than the comparable municipalities, and its median age of 49.8 is nine years higher than that of the Commonwealth. While Monessen has the second lowest unemployment rate of this group, this could be related to the older population because residents who are retired or not seeking employment are not considered unemployed.

Different federal data sets show a falling number of employed Monessen residents from 2017 through 2021⁵. The American Community Survey tracks where residents work by industry, and most residents work in one of the five industry groups shown below. The total number of employed Monessen residents dropped by 8.7 percent over this period and the number of residents employed in these top five industry groups dropped by 4.7 percent.

Civilian Employed Monessen Residents by Industry⁶

	2017	2018	2019	2020	2021
Education, health care & social assistance	942	1021	1034	1033	973
Retail trade	542	526	444	429	419
Manufacturing	345	328	306	294	317
Professional, science, management, administration	299	204	253	284	282
Transportation, warehousing & utilities	244	261	298	306	269
Subtotal	2,372	2,340	2,335	2,346	2,260
Total	3,393	3,279	3,202	3,234	3,098

⁴ American Community Survey (ACS) 5-year estimates, 2021.

⁵ The most recent ACS data set at time of analysis was 2021.

⁶ ACS 5-year estimates, S2405

More than a quarter of employed Monessen residents work in education, health care, and social assistance and the share of jobs in those industries grew because other industries, like retail and manufacturing, lost jobs. Most Monessen residents work outside Westmoreland County (51.6 percent in 2021), and the average commute time for Monessen residents was 27.7 minutes in 2021, up from 22.8 minutes in 2017. The pandemic did not have a significant impact on the number of people who work from home, which actually dropped a little after COVID (from 20.3 percent in 2019 to 19.7 percent in 2021).

The percentage of Monessen residents aged 25 and older with a bachelor's degree or higher increased from 20 percent in 2017 to 26 percent in 2021. This is partly because more Monessen residents in this age range have these degrees, and partly because there are fewer Monessen residents overall in this age range.

The most recently released federal data on who *works* in Monessen comes from 2019. While this data does not reflect any changes that occurred since the pandemic, the following table shows the five most common industry sectors for jobs in the zip code 15062. Most of the 1,714 jobs tracked in 2019 were held by non-residents who commuted into Monessen (80.9 percent). The number of jobs in these industries increased by 1.1 percent over this short period.

Job Counts in Monessen by Industry Sector⁷

	2017	2018	2019
Transportation and warehousing	215	307	333
Health care and social assistance	276	268	303
Manufacturing	281	258	270
Educational services	225	202	184
Wholesale trade	182	101	117
Subtotal	1,179	1,136	1,207
Total	1,696	1,624	1,714
% of total	70%	70%	70%

Most Monessen residents live in owner-occupied, single-unit detached homes. While the number of owner-occupied homes has been stable, the number of renter-occupied housing units dropped by 29.8 percent from 1,116 in 2017 to 783 in 2021. As the number of renters dropped, the vacancy rate increased from 26 percent in 2017 to 30 percent in 2021.

⁷ US Census Bureau OnTheMap Data retrieved March 2023

Monessen Housing – Select Characteristics⁸

	2017	2018	2019	2020	2021	% Change
Owner occupied	2,544	2,538	2,516	2,629	2,514	-1%
Renter occupied	1,116	936	919	801	783	-30%
% Owner occupied	70%	73%	73%	77%	76%	N/A
Occupied	3,660	3,474	3,435	3,430	3,297	-10%
Vacant	945	1,021	1,001	1,021	984	4%
Vacancy rate	26%	29%	29%	30%	30%	N/A

More than 70 percent of the vacant housing units in Monessen are not on the market for sale or rental⁹. They are vacant and dormant in terms of real estate activity. While some of these properties are well maintained, there may be a correlation between the decline in renter population (the increase in vacant, dormant residential properties) and the blight problem emphasized in the City's application for help.

Vacant Housing Units by Sale/Rental Status¹⁰

	2017	2018	2019	2020	2021
Vacant properties available to rent	46	39	48	100	127
Vacant properties rented but unoccupied	0	21	15	14	16
Vacant properties available for sale	104	87	72	43	30
Vacant properties sold but unoccupied	42	62	46	63	88
Vacant due to seasonal, recreational, or occasional use	41	46	52	18	29
Vacant and not on the market	712	766	768	783	694
% Vacant and not on the market	75%	75%	77%	77%	71%

In a comparative context, Monessen housing has a lower value; is more likely to be vacant; and is less likely to be owner-occupied than housing in the rest of the County. A much larger share of Monessen's vacant houses is not on the market for sale or rental. The City of Jeannette has a similarly high share of vacant houses not on the market (74.8 percent), but there is a much smaller inventory of vacant houses (8.2 percent versus Monessen's 23 percent).

⁸ American Community Survey 5-year estimates, DP04

⁹ American Community Survey 5-year estimates, B25004

¹⁰ American Community Survey 5-year estimates, B25004

Housing Characteristics, 2021¹¹

	Housing Units	Median Home Value	% Occupied	% Owner Occupied	Vacant Units	% Vacant Not on Market
Arnold	2,750	\$64,500	81.0%	42.4%	522	54.6%
Clairton	3,800	\$48,100	77.6%	44.9%	852	79.8%
Monessen	4,281	\$75,700	77.0%	58.7%	984	70.5%
Latrobe	4,004	\$121,200	91.4%	60.7%	346	46.2%
Jeannette	4,818	\$90,600	91.8%	60.6%	393	74.8%
Aliquippa	5,693	\$83,100	80.1%	44.1%	1,132	35.6%
New Kensington	6,810	\$106,500	83.9%	49.0%	1,096	65.1%
Westmoreland Co.	168,007	\$162,300	90.6%	70.6%	15,719	54.3%
Pennsylvania	5,728,788	\$197,300	89.9%	62.2%	581,005	42.1%

LISC's assessment will have a more thorough review of vacant and blighted property.

City government

The City of Monessen has a Commission-Form government with a Mayor and four Councilmembers each of whom oversees one of four departments: Accounts and Finance; Streets and Public Improvements; Public Safety; and Parks and Public Places departments. The Mayor has appointed a City Administrator who oversees the administration of all city government functions and serves as the deputy director to each department. The City also has a Treasurer, Controller, and Clerk¹².

Monessen provides public safety services through police, fire, and code enforcement (two part-time officers). The Monessen Police Department (MPD) has a Police Chief, 12 full-time officers, five part-time officers¹³ and a secretary. Police officers work 12-hour shifts with two full-time officers on duty at a time.

¹¹ 2021 American Community Survey (ACS) 5-year estimates, DP04 and B25004

¹² City of Monessen Website, *City Hall*, <https://www.cityofmonessen.com/city-hall/>

¹³ The part-time officers provide coverage at Westmoreland County Housing Authority properties under a contractual arrangement with the Authority.

Monessen has a volunteer fire department comprised of about 50 volunteers and a Fire Chief who is the department's only paid employee. The Department has two fire stations and a fleet of nine vehicles. The two fire stations have automatic mutual aid with three neighboring communities. The City pays for some equipment, hydrant rental (water for fire suppression), and a \$20,000 contribution to each of the fire stations. The volunteer fire companies cover the other expenditures.



Public works employees are responsible for maintaining Monessen's streets, parks, and facilities. Street maintenance includes patching potholes, street sweeping, and snow and ice removal. Employees also maintain eight public parks¹⁴ and the Civic Center. In recent years, public works personnel have decreased from 13 to 6 full-time employees, including the Public Works Foreman, through attrition.

Monessen City government owns and maintains the lines that carry stormwater and sewage to treatment facilities. The City collects line usage fees from residents to fund repair and maintenance. Recently, the City was awarded a grant and low-interest, 40-year loans from PENNVEST and the US Department of Agriculture (USDA).

City government finances

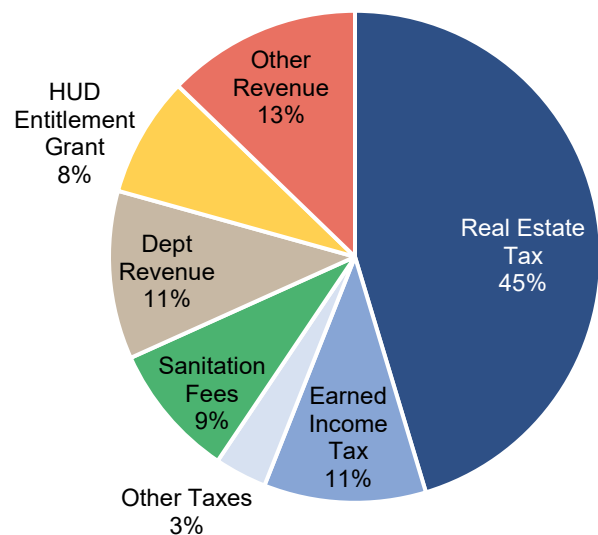
Like other Pennsylvania cities, Monessen relies on the real estate tax for a large part of its operating budget. In the 2023 budget, 45 percent of anticipated General Fund revenues come from current and prior year real estate taxes, the largest share of any revenue.

Real estate tax revenues are the product of the total assessed value of taxable property in the City; the millage rate levied; and the collection rate.

As is true for many municipalities in Pennsylvania, the taxable assessed value of properties does not change much absent Countywide reassessment, which happens very infrequently. Westmoreland County has not undergone a reassessment in 50 years, so 1973 is the base year to determine the taxable assessed value of properties across the County. In Monessen, the taxable assessed values have decreased in the last decade from \$62.3 million in 2011 to \$58.4 million in 2021, or an average annual loss of 0.6 percent.

To offset this slow tax base erosion, the City increased its real estate tax rate from 37.43 mills to 43.11 mills in 2019. In 2023, the City increased the General Fund portion of the real estate tax rate to 29.99, which is just 0.1 mills below the maximum rate allowed by Pennsylvania law for cities like Monessen. The City has additional mills for special purposes, like debt (8.63 mills), the library (0.42

2023 General Fund Revenue Budget



¹⁴ City of Monessen Website, *Parks and Public Facilities*, <https://www.cityofmonessen.com/parks-and-public-facilities/>

mills), and recreation (4.07 mills), and these special purpose mills are not capped by Pennsylvania¹⁵.

Real Estate Tax Base and Revenue, 2016 – 2020¹⁶

	2016	2017	2018	2019	2020	CAGR
Taxable Assessed Value	59,129,160	59,667,970	60,211,690	58,593,650	58,423,550	-0.3%
Total Tax Millage	37.43	37.43	37.43	43.11	43.11	3.6%
Total Levy	2,213,204	2,233,372	2,253,724	2,525,972	2,518,639	3.3%
Total RE Tax Revenue	2,083,979	2,043,451	2,054,928	2,130,086	2,397,737	3.6%

The earned income tax (EIT) is the second largest source of revenue at 11 percent of the 2023 budget. Monessen levies a 1.0 percent tax in resident earnings and splits the revenue with the Monessen City School District. The City also levies a 1.0 percent tax on the earnings for non-residents who commute to Monessen for work. Under Pennsylvania law, most of that tax revenue remits back to the commuter’s home municipality.

The most relevant factors in the EIT tax base are the number of employed Monessen residents and their earned income. While median household income in Monessen grew by 5.9 percent per year from \$36,319 in 2016 to \$45,658 in 2021, the number of employed Monessen residents fell during that period. According to results in the City’s annual financial reports to DCED, EIT revenue grew modestly from \$587,000 in 2016 to \$612,000 in 2020 or an annual average growth of 1.1 percent.

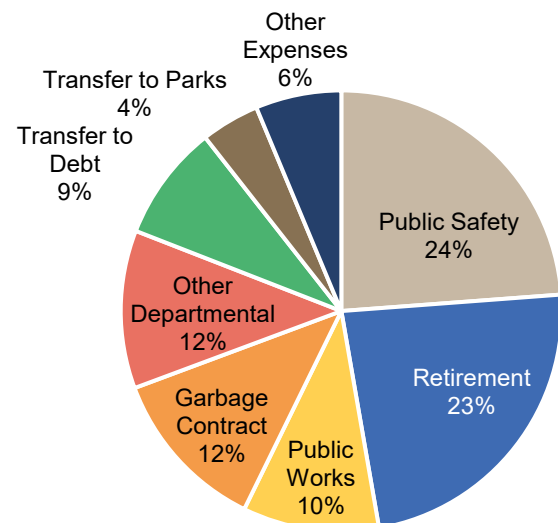
The only other two revenue sources that consistently generate more than \$300,000 per year are the federal entitlement funding the City receives from the US Department of Housing and Urban Development (HUD) and garbage fees. The City charges \$155 to \$195 per year¹⁷ to each residential housing unit for solid waste, recyclable material, and leaf waste.

Expenditures

Most of the City’s \$4.8 million budget for 2023 is allocated to public safety, meaning cash compensation and other operating costs for the Monessen Police Department (\$1.1 million in 2023). The second largest expenditure category in the City’s budget structure is fringe benefits, and that also is largely related to police. The City’s contribution to the police pension plan will be \$427,000 in 2023 and a portion of the \$400,000 in budgeted health insurance costs is for police officers’ coverage.

Other large expenditure categories are fees paid to the City contracted trash collector (\$0.6 million in 2023) and Public Works Department cash compensation and other operating costs (\$0.4 million in 2023).

2023 General Fund Expenditure Budget



¹⁵ Department of Community & Economic Development (DCED) Taxation Manual, Eleventh Edition, November 2022.

¹⁶ Taxable assessed value and total millage from DCED databases. Real estate tax revenue from the DCED Municipal Financial Reports for Monessen.

¹⁷ The amount varies depending on whether the bill is paid before the end of January, before the end of February, or after the last day of February.

Like many Pennsylvania cities, Monessen spends most of its operating budget on employee compensation, including the annual contributions to the employee pension plans and the cost of active and retired employee health insurance.

In recent years, the City has shifted its total headcount from public works to public safety. In 2017, the Commonwealth of Pennsylvania funded a multi-year financial plan that included a detailed assessment of all City government operations. That report notes 10 full-time police officers and nine public works employees. In comparison, the City now has 13 full-time police officer positions and six in public works. There has not been a significant change in the amount of property that the City's public works and parks staff maintain, so the reduction in manpower without an offsetting increase in contracted support means that the City workforce have to triage and react to immediate needs.

The City designates a portion of its real estate tax revenue to cover its debt payments through a General Fund transfer (\$0.4 million in 2023). A smaller portion (\$0.2 million) is reserved for parks related expenditures.

In prior years, the City has transferred money from the Line Usage Fund to the General Fund to cover operating costs. The City's external auditor cites three transfers totaling \$209,000 in 2021 (which the City has reportedly repaid) and another \$240,000 before 2020¹⁸. While the City is permitted by Pennsylvania law to make such transfers, they must be repaid in full by the end of the fiscal year or there must be a repayment plan in place.

To help reverse the trend of operating deficits, Councilman Orzechowski led Monessen through an austerity budgeting process for 2023. The 2023 allocations for some non-personnel expenditures are based on the actual spending through the end of October 2022. The practical effect is that the City will have to spend the same amount over 12 months in 2023 as it spent over 10 in 2022.

In other cases, the City reduced its allocation below historical spending levels. For example, the City reports spending \$659,000 on employee health insurance in 2020 and \$608,000 in 2021. The 2022 spending through October was \$384,000, which translates to \$461,000 for the full year¹⁹. The 2023 budget allocates \$400,000 for this line item.

Challenges and opportunities

Mayor Mozer emphasized blight reduction as his Administration's top priority and the primary reason for seeking assistance through DCTA.

He is not alone in focusing on this issue. In 2020, the City produced a Comprehensive Plan with input from focus groups and advisory committee. Residents who participated in the process identified blight reduction as their top priority, and the assessment conducted during that process found that blighted neighborhoods had more incidences of crime, structural fires, and tax delinquency.

The City is taking steps to tackle this issue, working with Westmoreland County to demolish blighted properties. The City's application to DCTA requested specific assistance with (1) repurposing vacant parcels and (2) rehabilitating blighted properties that are still occupied. The Mayor is also building a coalition among residents, religious institutions, and other community stakeholders through the Nehemiah Project.

¹⁸ City of Monessen 2021 Audit finding on PDF p. 9.

¹⁹ The City is fully insured, so spending should not be as volatile as it is for self-insured organizations that pay the actual cost of medical claims.

Assessment team members were able to see firsthand how widespread and pervasive blight is in Monessen during the site visit. They also heard about the serious health and safety problems posed by residential properties that are not structurally sound enough to inhabit. The Fire and Police Chiefs explained the challenges that blighted properties present to their jobs, particularly when it is unknown if these properties are occupied or structurally safe for them or their staff to enter. Blight reduces the incentive for other property owners to invest in or maintain their properties, which increases workload for the two part-time code officers. Blighted properties become magnets for illegal dumping and responding to illegal dumping on public property falls to the City's small public works and parks maintenance staff.



An important secondary consequence of extensive blight is that it erodes the local government tax base, especially under Pennsylvania's system where the two primary revenue sources are related to the assessed value of property (real estate tax) and resident earnings (earned income tax). Population loss concentrated in the age groups with employment earnings and declining property values cost City government money, which makes it harder to afford the operation costs and infrastructure investments needed to address blight, which perpetuates the downward cycle.



Blight usually refers to private property that is vacant, dirty, or structurally unsound, but public property can fall into a similar level of disrepair. All interview participants, even those who are focused on expenditure reductions, expressed concern about the condition of Monessen's roads. While there is consensus on the need to fix the roads, the City government's financial resources are so limited that its choice is often between using cold patch to temporarily fill potholes or doing nothing at all. More extensive repairs that would last years but cost more are harder to afford.

City government's finances can also become structurally unsound. Structural deficits occur when recurring revenues do not cover recurring costs, and Monessen has already reached that point. According to the most recent audit reports, the City's General Fund ended the past three years (2019, 2020, and 2021) with deficits ranging from \$225,000 to \$703,000.

Audited Financial Results, 2019 – 2021

	2019 Audit	2020 Audit	2021 Audit
Revenue	3,911,926	4,091,479	4,053,935
Expenditures	4,315,171	4,316,313	4,757,421
Surplus/(Deficit)	(403,245)	(224,834)	(703,486)

Because there is a practical need to pay employees, vendors, and creditors to sustain daily operations, governments with structural deficits often resort to short-term fixes for long-term problems. Again, Monessen has already reached this point. The City used temporary loans from the Line Usage Fund to the General Fund to keep operations running in 2022 and has only partially been able to repay those loans. The balance due prior to 2020 remains. After falling behind on its annual required contributions to the police pension plan, the City caught up on these obligations last year. The City was only able to do so because a one-time asset sale generated \$192,000.

Just as Monessen is making progress in fighting blight, the City has made some progress against its fiscal challenges.

The current elected officials ended the process of comingling refuse fees with tax revenues, and no longer use the influx of refuse fee revenue at the beginning of the collection cycle to cover expenses unrelated to that service. Monessen reportedly ended 2022 with \$160,000 in the bank and secured a Tax Revenue Anticipation Note (TRAN) to support operations at the beginning of 2023. That is a much better starting point to this fiscal year than in 2022 when the City was concerned whether it could meet payroll and borrowed money from the Line Usage Fund to avoid missing payments.

There is undoubtedly tension between the need to spend money on blight reduction and the need for the City to live within its financial means. City government should not increase the tax burden on residents to such a degree that it accelerates the population decline. Not addressing blight gives residents and businesses another reason to leave Monessen, as the population trend shows. We recognize the tension between these two objectives and there is no easy solution that will resolve it.

However, instead of framing blight and fiscal stability as an “either or” choice, we encourage the City to use a “both and” approach – Monessen needs to reduce blight so that it can grow its tax base **and** keep the cost of government at a level where its residents can afford to live there. As one Councilman succinctly stated, “If you don’t have people, you don’t have a city.” Putting it differently, a government that cannot balance its budget unless it does not make any investments in basic services like safe roads and clean parks is not balancing its budget.

In addition to the technical assistance recommended by LISC, we suggest the following next steps to apply this “both and” approach to stabilize City government’s finances and direct resources to addressing blight through more regular investment in public infrastructure. While the techniques recommended here will not make the tough decisions that Monessen’s leaders and residents face any easier, they will make those decisions more informed, more strategic, and more collaborative.

Proposed Technical Assistance

The City’s application requests assistance related to blight remediation, and the recommended approach for that issue will be in LISC’s assessment report. City leadership also recognizes the importance of strengthening financial performance and the opportunity to do so through DCTA technical assistance.

We recommend three initiatives.

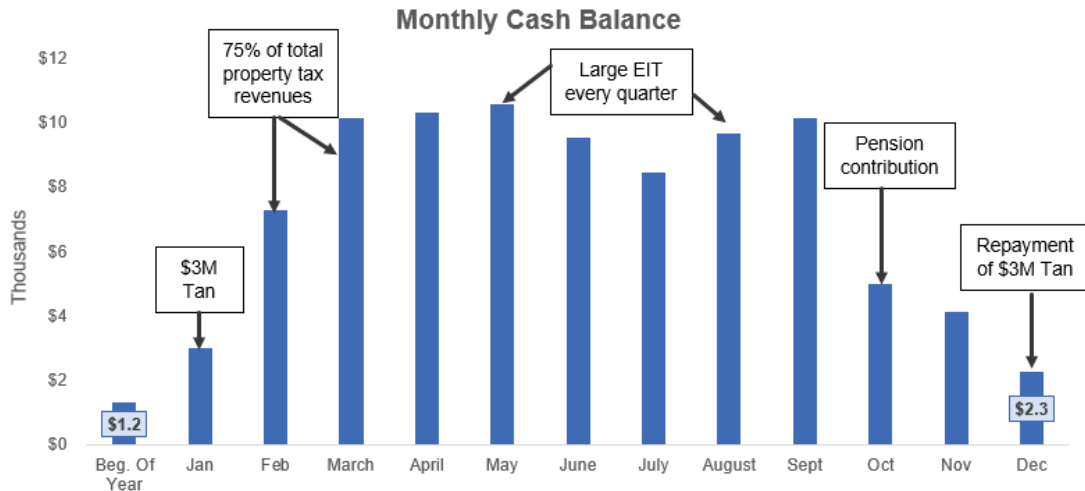
Initiative I: Cash flow projection and baseline three-year financial projection

Under Mayor Mozer and Councilman Orzechowski’s leadership, Monessen has been focused on improving the City’s cash position. The Councilman led the City through an austerity budget process for 2023 that is intended to keep total spending within the limits of the City’s anticipated revenue. The third dimension of financial performance is the City’s structural position – can City government balance recurring spending against recurring revenues over several years?

Councilman Orzechowski noted this as an important consideration when he explained that the City’s ability to make the full police pension contribution (including past due amounts) in 2022 depended on a one-time property sale. The City has the outstanding loan from the Line Usage Fund and a backlog of street paving needs. There may eventually be other needs in the police department that has previously used proceeds from the asset forfeiture process to replace technology and equipment. The City had an officer assigned to the Drug Enforcement Administration (DEA) local Task Force, but that is no longer the case, so the City will not receive the same financial support going forward.

PFM will first start with developing a cash flow projection for 2023 in Microsoft Excel. We will then meet with City officials to share our findings and help develop a plan to meet the City's obligations for the rest of this year.

Sample Screenshots of Cash Flow Projection and Analysis



	Jan 2017	March 2017	June 2017	Sept 2017	Dec 2017
Beginning Cash Balance	\$1,158	\$7,298	\$10,579	\$9,665	\$4,137
Total Revenues	\$5,586	\$6,509	\$2,444	\$3,047	\$3,542
Total Expenditures	\$3,757	\$3,652	\$3,495	\$2,556	\$5,413
Year-End Cash Balance	\$2,988	\$10,155	\$9,528	\$10,156	\$2,266

Key metrics	
Does the City end the year with projected positive cash balance?	Yes
Does the City have a projected cash shortfall at any point in year?	No
What's the net change in cash from beginning of the year?	\$1,108
When does the City repay the TAN?	December
How many days of cash will the City have at the end of the year?	18 Days

Building on the cash flow projection, PFM will then develop a three-year financial projection of the relevant revenues, expenditures, and potential capital projects to create a consolidated, organized statement of those needs. The baseline projection will likely show a structural deficit where recurring revenues are not sufficient to cover recurring expenditures, as is usually the case for Pennsylvania municipalities because of their statutory tax structure. But creating this baseline should make it clearer for the City's leaders how big the structural deficit is, how it changes over time, and how to prioritize limited resources to meet needs.

Initiative II: Goal prioritization

During our interviews, several participants cited goals that are either related to the City government's financial performance or would have a practical cost in terms of reduced revenue or increased expenditures including the following:

- Increasing cash reserves
- Reducing real estate tax rate
- Investing more in street paving and repairs

- Repaying the outstanding balance to Line Usage Fund
- Investing more in parks
- Restoring public works positions

It is not unusual or problematic for leaders to have different goals from each other. Monessen’s financial condition will not permit the City to go pursue all goals simultaneously and attempting to do so could either exacerbate the financial challenges or limit the effectiveness of any investments. Monessen’s form of government in which Councilmembers act as legislators and administrators (department heads) makes collaboration and prioritization even more important because there is otherwise a risk that multiple parties will pull in multiple directions without moving the organization forward.

As we develop the baseline projection, we will estimate the financial investment associated with each goal and then present the goals and costs to the elected officials, department heads and anyone else selected by the Mayor and Council. We will then facilitate a discussion about which goals are the highest priorities and why. This will provide a useful reference for making near term decisions and a structure to refine or change goals over time.

Initiative III: Road improvement plan

One goal with broad support is improving the condition of City-owned roads. Working with the City’s public works and finance staff, we will help the City develop a road improvement plan that includes the following:

- Determining the right mix between using City staff and using private companies to execute paving or repair projects, including reviewing whether the City could commit more its own staff to road repairs by changing how it delivers other services
- Describing the financial options for investing more money in road paving/repairs, including options such as Community Development Block Grants (CDBG), American Rescue Plan Act (APRA) allocated to the City, as well as other potential resources
- Work with Public Works staff to help develop a process to prioritize road projects and decide where and when to use the different types of repairs (e.g., cold patch, hot patch, milling/filling, reconstruction), in terms of the tradeoffs related to staff time, project costs and useful life of the project

Next Steps

PFM will provide the proposed technical assistance in accord with this timetable:

Deliverable	Task	Timetable
Cash flow and baseline three-year financial projection	Provide baseline revenue and expenditure forecast for the next three years	May – August 2023
Goal prioritization	Help Council develop a list of identified, prioritized financial goals for the next three years	July – September 2023
Road improvement plan	See description above	September – December 2023

These next steps are meant to provide the assistance the City needs to stabilize its finances as it works to develop and implement a blight remediation strategy. We look forward to our continued partnership with the City of Monessen as it embarks on a new chapter.