

# Supreme Court of Pennsylvania

## Court of Common Pleas Civil Cover Sheet

CLEARFIELD COUNTY

County

For Prothonotary Use Only:

Docket No:

TIME STAMP

*The information collected on this form is used solely for court administration purposes. This form does not supplement or replace the filing and service of pleadings or other papers as required by law or rules of court.*

SECTION A

### Commencement of Action:

- ☒ Complaint ☐ Writ of Summons ☐ Petition  
☐ Transfer from Another Jurisdiction ☐ Declaration of Taking

Lead Plaintiff's Name:  
SANDY TOWNSHIP

Lead Defendant's Name:  
CITY OF DUBOIS

Are money damages requested? ☐ Yes ☒ No  
Dollar Amount Requested: ☐ within arbitration limits  
(check one) ☐ outside arbitration limits

Is this a *Class Action Suit*? ☐ Yes ☒ No  
Is this an *MDJ Appeal*? ☐ Yes ☒ No

Name of Plaintiff/Appellant's Attorney: Scott T. Wyland

☐ Check here if you have no attorney (are a Self-Represented [Pro Se] Litigant)

SECTION B

**Nature of the Case:** Place an "X" to the left of the **ONE** case category that most accurately describes your **PRIMARY CASE**. If you are making more than one type of claim, check the one that you consider most important.

### TORT (do not include Mass Tort)

- ☐ Intentional  
☐ Malicious Prosecution  
☐ Motor Vehicle  
☐ Nuisance  
☐ Premises Liability  
☐ Product Liability (does not include mass tort)  
☐ Slander/Libel/ Defamation  
☐ Other:  
\_\_\_\_\_  
\_\_\_\_\_

### MASS TORT

- ☐ Asbestos  
☐ Tobacco  
☐ Toxic Tort - DES  
☐ Toxic Tort - Implant  
☐ Toxic Waste  
☐ Other:  
\_\_\_\_\_  
\_\_\_\_\_

### PROFESSIONAL LIABILITY

- ☐ Dental  
☐ Legal  
☐ Medical  
☐ Other Professional:  
\_\_\_\_\_  
\_\_\_\_\_

### CONTRACT (do not include Judgments)

- ☐ Buyer Plaintiff  
☐ Debt Collection: Credit Card  
☐ Debt Collection: Other  
\_\_\_\_\_  
\_\_\_\_\_  
☐ Employment Dispute:  
Discrimination  
☐ Employment Dispute: Other  
\_\_\_\_\_  
\_\_\_\_\_  
☐ Other:  
\_\_\_\_\_  
\_\_\_\_\_

### REAL PROPERTY

- ☐ Ejectment  
☐ Eminent Domain/Condemnation  
☐ Ground Rent  
☐ Landlord/Tenant Dispute  
☐ Mortgage Foreclosure: Residential  
☐ Mortgage Foreclosure: Commercial  
☐ Partition  
☐ Quiet Title  
☐ Other:  
\_\_\_\_\_  
\_\_\_\_\_

### CIVIL APPEALS

- Administrative Agencies  
☐ Board of Assessment  
☐ Board of Elections  
☐ Dept. of Transportation  
☐ Statutory Appeal: Other  
\_\_\_\_\_  
\_\_\_\_\_

- ☐ Zoning Board  
☐ Other:  
\_\_\_\_\_  
\_\_\_\_\_

### MISCELLANEOUS

- ☐ Common Law/Statutory Arbitration  
☒ Declaratory Judgment  
☐ Mandamus  
☐ Non-Domestic Relations  
Restraining Order  
☐ Quo Warranto  
☐ Replevin  
☐ Other:  
\_\_\_\_\_  
\_\_\_\_\_

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*Solicitor to Sandy Township*

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SANDY TOWNSHIP,	:	IN THE COURT OF COMMON PLEAS
Plaintiff	:	CLEARFIELD COUNTY,
	:	PENNSYLVANIA
v.	:	
	:	DOCKET NO.
CITY OF DUBOIS,	:	
Defendant	:	CIVIL ACTION – LAW
	:	

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### **NOTICE TO DEFEND**

YOU HAVE BEEN SUED IN COURT. IF YOU WISH TO DEFEND AGAINST THE CLAIMS SET FORTH IN THE FOLLOWING PAGES, YOU MUST TAKE ACTION WITHIN TWENTY (20) DAYS AFTER THIS COMPLAINT AND NOTICE ARE SERVED, BY ENTERING A WRITTEN APPEARANCE PERSONALLY OR BY AN ATTORNEY AND FILLING IN WRITING WITH THE COURT YOUR DEFENSES OR OBJECTIONS TO THE CLAIMS SET FORTH AGAINST YOU. YOU ARE WARNED THAT IF YOU FAIL TO DO SO THE CASE MAY PROCEED WITHOUT YOU AND A JUDGEMENT MAY BE ENTERED AGAINST YOU BY THE COURT WITHOUT FURTHER NOTICE FOR ANY MONEY CLAIMED IN THE COMPLAINT OR FOR ANY OTHER CLAIM OR RELIEF REQUESTED BY THE PLAINTIFF. YOU MAY LOSE MONEY OR PEOPERTY OR OTHER RIGHTS IMPORTANT TO YOU.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO THE TELEPHONE OR THE OFFICE SET FORTH BELOW TO FIND WHERE YOU CAN GET LEGAL HELP.

**COURT ADMINISTRATOR**  
**Clearfield County Courthouse**  
**230 East Market Street**  
**Clearfield, PA 16830**  
**(814) 765-2641 ext. 5010**



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---

SANDY TOWNSHIP,	:	IN THE COURT OF COMMON PLEAS
Plaintiff	:	CLEARFIELD COUNTY,
	:	PENNSYLVANIA
v.	:	
	:	DOCKET NO.
CITY OF DUBOIS,	:	
Defendant	:	CIVIL ACTION – LAW
	:	

---

## **COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF**

Plaintiff the Township of Sandy (the “Township), by and through its Solicitor, Salzmann Hughes, P.C., files this Complaint for Declaratory and Injunctive Relief, and in support therefore states as follows:

### **INTRODUCTION**

1. Pennsylvania’s Municipal Consolidation or Merger Act, codified at 53 Pa.C.S. §§ 731–41 (the “Consolidation Act”), sets forth a statutory scheme authorizing and establishing procedures for the consolidation or merger of two or more contiguous municipalities into a single municipal government.

2. After consolidation becomes effective, the “[d]ebts, liabilities and duties of each of the municipalities shall be attached to the consolidated or merged municipality and may be enforced against it.” 53 Pa.C.S.A. § 740(c).

3. In the November 6, 2021, general municipal election, a referendum on the question of the Consolidation of the Township and the City of Dubois (the “City”) pursuant to the Consolidation Act was placed on the ballot and approved by the electors (the “Consolidation Referendum”).

4. Prior to the electors voting on the Consolidation Referendum, the electors were provided with multiple studies and related materials on the issue of the Consolidation that all recommended consolidation of the Township and the City based largely on the financial advantages that the Consolidation would provide to the residents of the Township and the City.

5. After the Consolidation Referendum, a consolidation plan and consolidation agreement were created.

6. Subsequently, the City’s Manager was involved in fraud, theft, and other issues concerning the City’s public accounts and finances. And it was discovered that the City’s financial information upon which the recommendation for consolidation, the consolidation plan, and the consolidation agreement were based was inaccurate and incomplete.

7. A criminal investigation by the Pennsylvania Attorney General and a forensic audit are being conducted to answer the many uncertainties as to the City’s finances.

8. The Township still intends to move forward with the consolidation and not subvert the will of the voters. However, successful consolidation that complies with both the letter and spirit of the Consolidation Act is impossible until the criminal investigation and forensic audit to resolve the uncertainties of the City’s finances are completed.

9. The Township therefore respectfully requests that this Court exercise its equitable power to issue a declaration and injunction requiring that the consolidation (the “Consolidation”)

proceedings of the Township and the City be stayed until further Order of Court, or at least until the completion of the criminal investigation and forensic audit regarding the City's finances.

### **PARTIES**

10. Plaintiff the Township of Sandy is a township of the second class, organized and existing by virtue of the laws of the Commonwealth of Pennsylvania, with its principal office at 1094 Chestnut Avenue, DuBois, Clearfield County, Pennsylvania (the "Township").

11. Defendant the City of DuBois is a city of the third class, organized and existing by virtue of the laws of the Commonwealth of Pennsylvania, with its principal office at 16 W. Scribner Avenue, DuBois, Clearfield County, Pennsylvania (the "City").

### **JURISDICTION AND VENUE**

12. This Court has original jurisdiction over this matter pursuant to Article 5, Section 5(b) of the Pennsylvania Constitution and 42 Pa. Cons. Stat. Ann. § 931(a). *See* Pa. Const. Art. V, § 5(b) (vesting the courts of common pleas with "unlimited original jurisdiction of all actions, except where otherwise provided by law"); 42 Pa. Cons. Stat. Ann. § 931(a) (stating "[e]xcept where exclusive original jurisdiction of an action or proceeding is by statute or by general rule . . . vested in another court of this Commonwealth, the courts of common pleas shall have unlimited jurisdiction of all actions and proceedings, including all actions and proceedings heretofore cognizable by law or usage in the courts of common pleas").

13. In addition, this Court has equitable power over this action concerning a referendum question. *See Gunnett v. Trout*, 112 A.2d 333 (Pa. 1955) (stating that "Equity will of course intervene to declare null and void a referendum election where some positive and material requirement of the law has been disregarded or ignored"); *Reese v. County Bd. of Elections of Lancaster County*, 308 A.2d 154, 454-455 (Pa. Cmwlth. 1973) (holding that equity has jurisdiction

in questions concerning referendums conducted pursuant to the Home Rule Charter and Optional Plans Law and finding that the *Gunnnett* case, *supra* is “. . . ample authority to afford jurisdiction to the lower court in the equity action to entertain issues raised by plaintiff in that proceeding asserting the mandatory nature of the instructions required to be given to voters . . .”); *Koter v. Cosgrove*, 844 A.2d 29, 32 (Pa. Cmwlth. 2004) (holding that voter’s challenge to the results of a ballot referendum was properly brought in equity, rather than under the Election Code, and, thus, is not subject to the time limit for Election Code challenges).

14. Further, this Court can exercise its equitable powers to stay the Consolidation proceedings because the City Manager’s fraud has made it impossible to effectuate a complete and successful consolidation and financial merger of the Township and City under the Consolidation Act until some future date and not until after the time prescribed by the Consolidation Act and consolidation agreement. *See Wise v. Borough of Cambridge Springs*, 104 A. 863 (Pa. 1918) (finding that the court has the power to extend the statutorily fixed time for filing an appeal where the party was prevented from appealing by fraud); *Commonwealth ex rel. Att’y Gen. v. Griest*, 416, 46 A. 505 (Pa. 1900) (holding that where the performance of a public duty within the time required by legislation becomes impossible, the court has the power to allow the act to be performed when possible after the fixed legislative time period; *In re Ryan Twp. Sch. Dist. Amusement Tax of Three (3%) Percent on Sales of Admission*, 7 Pa. D. & C.2d 199 (Pa. Com. Pl. 1957) (holding the same).

15. Venue is proper before this Court pursuant to Pa.R.C.P. 2179 because the cause of action arose in Clearfield County.

## **FACTUAL BACKGROUND**

### **A. BACKGROUND OF THE CONSOLIDATION ACT**

16. Pursuant to the Consolidation Act, a referendum on the question of consolidation may be placed on the ballot by voter initiative petitions and consolidation is effective if the referendum is approved by a majority of the electors voting in each of the municipalities involved in the proposed consolidation. 53 Pa.C.S. §§ 733(a)(2), 736.

17. Under Section 733(c), “[a]t the same time that voters approve or disapprove the consolidation or merger of two or more municipalities, voters may approve or disapprove a new home rule charter or an optional plan under Subpart E of Part III [pursuant to 53 Pa.C.S.A. § 2901 *et seq.*] (relating to home rule and optional plan government) that will govern the newly formed municipality resulting from the merger or consolidation. The same ballot may contain a question to consolidate or merge two or more municipalities and a question to adopt a home rule charter or an optional plan.” 53 Pa.C.S.A. § 733(c).

18. The Consolidation Act prohibits the procedure provided for in Section 733(c) to “be utilized unless the same home rule charter or optional plan has been recommended by a government study commission elected in accordance with Ch. 29 Subch. B2 (relating to procedure for adoption of home rule charter or optional plan of government) in each of the municipalities to be merged or consolidated.” 53 Pa.C.S.A. § 733(d).

19. Further, studies regarding the issue of consolidation of the municipalities can be conducted concurrently with the study regarding a home rule charter or optional plan that would be adopted by the consolidated municipalities. 53 Pa.C.S.A. § 733(d).

20. Where a voter-initiated consolidation question has been approved in a referendum, the governing bodies must adopt a consolidation agreement. 53 Pa.C.S.A. § 737.

21. The consolidation agreement must set forth terms for the following:

(i) The disposition of the existing assets of each municipality.

(ii) The liquidation of the existing indebtedness of each municipality.

(iii) The assumption, assignment and disposition of the existing liabilities of each municipality, either jointly, separately or in certain defined proportions, by separate rates of taxation within each of the constituent municipalities until consolidation or merger becomes effective pursuant to section 738 (relating to effectuation of consolidation or merger).

53 Pa.C.S.A. § 737(a)(2).

22. Additionally, the consolidation agreement “shall mandate full implementation of the consolidation or merger plan within four years following the date of certification.” 53 Pa.C.S.A. § 737(a)(6).

23. After the consolidation becomes effective, “[a]ll rights, privileges and franchises of each component municipality and all property belonging to each component municipality shall be vested in the consolidated or merged municipality. The title to real estate vested in any of those municipalities shall not revert or be in any way impaired by reason of the consolidation or merger. All liens and rights of creditors shall be preserved. Agreements and contracts shall remain in force. Debts, liabilities and duties of each of the municipalities shall be attached to the consolidated or merged municipality and may be enforced against it.” 53 Pa.C.S.A. § 740(c).

**B. THE CONSOLIDATION REFERENDUM**

24. Pursuant to Sections 733(a)(2), 735, and 736 of the Consolidation Act, the Consolidation of the Township and the City was placed on the ballot and approved by electors in a referendum in the November 2021 municipal elections.

25. Pursuant to Section 733(c) of the Consolidation Act, the voters also approved an optional plan to govern the Consolidated Municipality.

26. The result of the Consolidation Referendum was certified on November 18, 2021.

27. Importantly, the Consolidation Referendum narrowly passed in the Township by a margin of 1%, or 33 votes, after three failed attempts in previous decades.

28. Prior to the Consolidation Referendum being placed on the ballot, in or around April of 2020, the Township and the City engaged in a joint effort to hire the Pennsylvania Economy League Central Division (“PEL”) as a consultant to study the financial and operational impacts of consolidating the Township and City into a single municipality (the “Consolidation Study”).

29. The Consolidation Study included the collection and examination of a vast amount of financial data, including budget and utility funds data, from the Township and the City.

30. On or about March 16, 2021, PEL presented its Consolidation Study Report and PowerPoint Presentation summarizing the same to the public during a public meeting. True and correct copies of the Consolidation Study Report and March 16, 2021, PowerPoint presentation are attached hereto as Exhibit “A” and “B,” respectively.

31. The Consolidation Report and PowerPoint presentation were published and made available to the public on both the Township and City’s websites and in the Township and City’s offices.

32. The Consolidation Report and public presentation recommended that the Township and City move forward with Consolidation to ensure regional local government sustainability largely based on the financial conditions of the Township and the City and focusing on the financial advantages and cost savings of Consolidation. *See* Exhibit A at p. 11, 22; Exhibit B at p. 4-15.

33. PEL was hired by a private group to present an additional public presentation on October 12, 2021. A true and correct copy of the October 12, 2021, PowerPoint presentation is attached hereto as Exhibit “C.”

34. The October 12, 2021, presentation again recommended Consolidation based on the financial conditions of the City and Township and financial advantages of Consolidation.

35. The October 12, 2021, presentation was made available to the public on both the Township and City’s websites and information from this presentation was provided in a flyer format to Township and City voters.

36. Following the Consolidation Referendum, to ensure that the Consolidation process was being done correctly and in the best interests of all electors, the Township and the City obtained a grant under the Strategic Management Planning Program, hired consultants, and formed various committees to develop a Strategic Management Plan for the fiscal management and consolidation process and ultimately a consolidation agreement as required under Section 737 of the Consolidation Act, 53 Pa.C.S.A. § 737.

37. On November 7, 2022, the City and Township entered into a consolidation agreement pursuant to Section 737 of the Consolidation Act. A true and correct copy of the Consolidation Agreement is attached hereto as Exhibit “D.”

38. The Strategic Management Plan and Consolidation Agreement were both based on information, including financial information, provided by the Township and City. Such information was assumed to be complete and accurate.

39. The Consolidation Agreement establishes aggressive deadlines for actions to meet the milestones necessary for Consolidation, including budgeting operations, completing detailed inventories of all assets, liabilities, and property, facilitating the consolidation of all financial,



accounting, and budgeting operations, and merging staff and municipal water and wastewater services.

40. Pursuant to the Consolidation Agreement, the current effective date of Consolidation is January 5, 2026. Exhibit D at p. 3.

**C. ONGOING CRIMINAL AND FINANCIAL ISSUES AND INVESTIGATION REGARDING THE CITY**

41. As detailed below, multiple criminal and other financial issues of the City have demonstrated the inaccuracy of the financial data and assumptions upon which the Consolidation Study, the strategic plan for consolidation, and the Consolidation Agreement were based and as such cannot be relied upon.

42. On March 20, 2023, the Pennsylvania Attorney General filed a criminal complaint against the City Manager for theft and fraud charges related to stealing hundreds of thousands of dollars from public accounts, including more than \$620,000 in fraudulent transactions from public accounts associated with the City, DuBois Area United Way, and Dubois Volunteer Fire Department, theft totaling \$264,645.24 from five public accounts, and tax fraud totaling \$356,170.56 associated with the City General Fund. A true and correct copy of the Pennsylvania Attorney General March 20, 2023, Press Release, Complaint, and Affidavit of Probable Cause are attached hereto collectively as Exhibit “E.”

43. The City Manager’s alleged overall scheme was sufficiently elaborate that the investigation required investigators with extensive backgrounds in organized and financial crimes to untangle what the General Attorney’s office described as a web of money moving in and out of accounts, with little oversight or accountability.

44. Importantly, the accusations against the City Manager included selling City water to oil and gas companies at rates beyond the rates prescribed by the City’s Public Utility

Commission approved tariff. Millions of dollars received from these unlawful water sales remain missing and unaccounted for in the City's funds.

45. In light of the criminal complaint, the City started the process of a full forensic audit of City accounts, funds, and other financial documents in consultation with the Pennsylvania Department of Community and Economic Development. See the news articles dated March 24, 2023, and March 31, 2024, attached hereto as Exhibit "F" and "Exhibit "G," respectively.

46. On April 3, 2023, the City and Township entered into a resolution for a portion of the Strategic Management Planning Program grant to be used to complete the forensic audit of the City. A true a correct copy of the Resolution is attached hereto as Exhibit "H."

47. Additional financial mismanagement by other City officials and the concerning financial practices and payments of the City have also been discovered.

48. For example, on May 2, 2023, the City's solicitor delivered approximately \$92,000 in cash in a bag to the City Office, the source of which money is unknown and is believed to have been unaccounted for in the City's finances. See the May 9, 2023, and May 12, 2023, news articles attached hereto as Exhibit "I" and Exhibit "J," respectively.

49. It was also discovered from repeated Right-to-Know Law requests from news outlets and citizens that, *inter alia*, the City Council approved payment in the amount of \$274,409.85 from the City's General Fund for legal fees associated with the private defense of the City Manager; the City Manager was paid in excess of \$170,000 per year in salary and additionally received stipends for mileage and cell phone; the City Manager was placed on paid administrative leave and is still being paid a full salary; Advanced Disposal was paying the City an administrative fee of \$5,000 per month into a "community fund" that the City believed it could use for any purpose it wanted. See the May 1, 2023, news articles attached hereto as Exhibit "K."

50. Although the City has a blanket fidelity bond that covers the losses resulting from the City Manager's alleged crimes, the City has decided not to file a claim to recover such losses. *See* the May 11, 2023, news articles attached hereto as Exhibit "L."

51. Recently, in the May 16, 2023, primary election City voters overwhelmingly elected three write-in challengers to replace the incumbent mayor and city council members up for reelection, demonstrating the electors' rejection and lack of faith in the City's long-time leaders and the desire for new leadership going forward in the consolidation process.

52. Additional and ongoing uncertainties in City leadership and operations is further demonstrated by City Councilwoman Shannon Gabriel's resignation from the City Council on May 25, 2023.

53. The City's internal accounting system and controls do not meet applicable standards. The City's financial statements are prepared on the cash basis of accounting, which likely does not satisfy Generally Accepted Accounting Principles. The pending forensic analysis must be completed. *See* the May 30, 2023, news article attached hereto as Exhibit "M."

**D. CONSOLIDATION CANNOT OCCUR UNTIL COMPLETION OF INVESTIGATIONS OF THE CITY'S FINANCES**

54. The criminal investigation of the City Manager and the comprehensive forensic audit of the City remain ongoing.

55. Based on the information currently available, there is no doubt that the financial data upon which the Consolidation Study, consolidation plan, the Consolidation Referendum, and Consolidation Agreement were premised are materially incorrect, inaccurate, and incomplete.

56. There is also no doubt that vast uncertainties and questions regarding the City's finances remain. The amounts involved are substantial and material.

57. Such outstanding uncertainties and questions make it highly imprudent and irresponsible for the Township to purposely merge its finances with the City's disastrous finances and for Consolidation to occur based on the deadlines established by the Consolidation Agreement.

58. Indeed, the Consolidation Agreement specifically requires the City Manager to take certain actions necessary to effectuate the Consolidation. *See* Exhibit D at p. 7 Section 12.(c); p. 8 Section 13.(c).

59. Both the criminal investigation and forensic audit must be completed so the City's full and accurate financial data is known, and an appropriate consolidation plan, revised schedule, and Consolidation Agreement can be created and implemented.

60. Upon Consolidation and financial merger, the Township's residents may arguably be responsible for liabilities resulting from the City's criminal conduct and any other improper financial practices.

61. For more than a year, the Township's electors were repeatedly presented with written and oral materials based on the City's inaccurate financial data that recommended Consolidation because of the financial need for and advantages to Consolidation.

62. The Township has an independent duty to its residents to ensure that the consolidation plan and process is successful. Successful consolidation and its associated financial merger absolutely should not occur until after the completion of the criminal investigation and forensic audit.

#### **COUNT I- REQUEST FOR DECLARATORY JUDGMENT**

63. The allegations set forth above are incorporated herein as if set forth in full.

64. Under Pennsylvania's Declaratory Judgments Act, "[a]ny person interested under a deed, will, written contract, or other writings constituting a contract, or whose rights, status, or

other legal relations are affected by a statute, municipal ordinance, contract, or franchise, may have determined any question of construction or validity arising under the instrument, statute, ordinance, contract, or franchise, and obtain a declaration of rights, status, or other legal relations thereunder.” 42 Pa.C.S.A. § 7533.

65. The purpose of the Declaratory Judgments Act “is to settle and to afford relief from uncertainty and insecurity with respect to rights, status, and other legal relations, and is to be liberally construed and administered.” 42 Pa.C.S.A. § 7541(a).

66. Vast financial uncertainties regarding the City’s finances will remain at least until the criminal investigation and forensic analysis are completed. Neither the criminal investigation nor the forensic analysis will be completed in time to meet the deadlines for consolidation actions set forth in the Consolidation Agreement.

67. The City’s financial uncertainties not only make it impractical for the deadlines in the Consolidation Agreement to be met, but also make it impossible to effectuate a complete and successful consolidation and financial merger of the Township and City under the Consolidation Act.

68. The Township therefore respectfully seeks a declaration from this Court that the Consolidation Act process shall be stayed until further Order of Court, and at least until completion of the criminal investigation and forensic analysis.

**WHEREFORE**, Plaintiff, the Township of Sandy, respectfully requests this Honorable Court issue an order declaring that the Consolidation process of the Township of Sandy and City of DuBois is stayed until further Order of Court, and at least until the criminal investigation and forensic audit are completed.

## **COUNT II- REQUEST FOR INJUNCTIVE RELIEF**

69. The allegations set forth above are incorporated herein as if set forth in full.

70. “[I]n order to establish a claim for a permanent injunction, the party must establish his or her clear right to relief. However, unlike a claim for a preliminary injunction, the party need not establish either irreparable harm or the need for immediate relief and a court ‘may issue a final injunction if such relief is necessary to prevent a legal wrong for which there is no adequate redress at law.’” *Buffalo Twp. v. Jones*, 813 A.2d 659, 663 (Pa. 2002) (internal citations omitted).

71. Proceeding with the Consolidation is impossible without the completion of the criminal investigation and financial audit necessary to resolve the City’s vast financial uncertainties.

72. Given the unique and extraordinary circumstances presented here, including serious criminal malfeasance, absent a permanent injunction the Township will suffer substantial financial losses and harm and other significant adverse impacts resulting from proceeding with the Consolidation process and deadlines based on the City’s inaccurate financial data.

73. An injunction is necessary to prevent this legal wrong for which there is no adequate redress at law.


**WHEREFORE**, Plaintiff, the Township of Sandy, respectfully requests this Honorable Court issue an Order staying the Consolidation process of the Township of Sandy and City of DuBois until further Order of Court, and at least until the criminal investigation and forensic audit are completed.

Respectfully submitted,

**SALZMANN HUGHES, P.C.**

Date: June 1, 2023

By:



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Isaac P. Wakefield  
Attorney I.D. No. 311909  
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*Solicitor to Sandy Township*

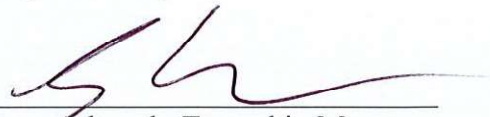
### VERIFICATION

I have read the statements made in this Complaint and they are true and correct to the best of my knowledge, information, and belief. I understand that false statements herein made are subject to the penalties of 18 Pa.C.S.A. § 4904, relating to unsworn falsification to authorities.

Sandy Township

Date: 1 Jun 2023

By:

  
Shawn Arbaugh, Township Manager



**EXHIBIT A**

# **CITY OF DUBOIS AND SANDY TOWNSHIP**

## **CONSOLIDATION STUDY**



**PENNSYLVANIA**  
**ECONOMY LEAGUE**  
Information, Insight, Integrity.



## **PREPARED BY**

**Pennsylvania Economy League**  
**88 North Franklin Street**  
**Wilkes-Barre, PA 18701**

**CGR**  
**1 South Washington Street**  
**Rochester, NY 14614**

Executive Summary .....	5
Financial Analysis .....	5
Implications of Consolidation.....	9
Summary of Key Recommendations .....	11
Chapter 1 Government Structure and Demographics .....	12
Government Overview.....	13
Demographic Patterns.....	14
Chapter 2 Financial Analysis .....	22
Introduction .....	22
Methodology .....	23
Historical Trends.....	23
Projections 2020 to 2025.....	24
Revenue Projection Assumptions.....	24
Expenditure Projection Assumptions.....	24
Budget for a Consolidated Municipality.....	25
Real Estate Tax Rates of a Consolidated Municipality .....	27
Special Service District Millage .....	29
Post-Consolidation Millage.....	29
Water and Wastewater Services .....	30
Changes for Treasure Lake .....	32
Impact of Consolidation on Total Taxes and Utility Payments.....	37
Comparison of Municipal Budget Revenues and Expenditures .....	39
2020 General Fund Expenditures .....	40
Debt Service .....	42
Chapter 3 Operations, Facilities and Related Considerations .....	44

Introduction .....	44
Buildings and Facilities .....	44
Fleet Comparison .....	45
Sandy Township .....	46
Plowing.....	50
City of DuBois .....	51
Manager.....	56
Administration .....	56
Information Technology .....	57
Building, Codes, Zoning and Inspection.....	58
Fire Service .....	59
Police Department .....	60
Public Works .....	68
DuBois Redevelopment Authority.....	72
Comparing the Size of Government.....	72
Chapter 4 Employee Benefits, Health Care and Pension .....	76
Introduction .....	76
Health Care.....	76
Pensions .....	79
Current Actuarial Valuations of Pension Plans.....	81
Summary of Plan Benefits: .....	81
City of DuBois Non-Uniformed Pension.....	85
Sandy Township Non-Uniformed Pension .....	86
Consolidation Implications.....	87
Plan Funding.....	87

<b>DuBois City and Sandy Township Consolidation</b>	<b>4</b>
Chapter 5 Implications of Consolidation.....	89
Introduction .....	89
Analysis of Impacts .....	89
Personnel .....	93
Building Options .....	96
Grant Implications .....	96
CDBG Entitlement Funding.....	97
Fire Departments.....	98
Issues of No Impact or Assumed by New Municipality .....	98
Chapter 6 Consolidation Process and Recommended Form of Government.....	100
Introduction .....	100
Formation of Municipal Governments .....	100
Consolidation Process .....	100
Public Service Level Review .....	104
Chapter 7 Municipal Consolidation Comparisons .....	121
Introduction .....	121
Terms.....	121
Background.....	121
Boundary Change Considerations .....	122
Case Studies.....	123
Princeton Borough and Princeton Township, New Jersey.....	123
Clearfield Borough and Lawrence Township, Pennsylvania .....	124
St. Marys Borough and Benzinger Township.....	126
APPENDICES.....	127

## Executive Summary

In April 2020, the Pennsylvania Economy League Central Division (PEL) entered into an agreement with the city of DuBois and Sandy Township to study the financial and operational impacts of consolidating the city and township into a single municipality. The Center for Government Research (CGR) served as the subconsultant for the operational and management evaluation portion of this study.

The study examines potential positive and negative outcomes for the municipalities and their residents, including tax and utility fee implications, service levels, staffing, facilities, collective bargaining, pension plans, and impact on the federal community development block grant and state road drainage programs, among other items.

The fire departments of the two municipalities are undergoing a separate consolidation study funded by the state Department of Community and Economic Development.

This executive summary presents a synopsis of the financial analysis and the impact of a consolidation on taxes and utility rates. Additionally, the executive summary provides some of the positive and negative implications of a consolidation and PEL's recommendations for the municipalities based upon the completed study's findings.

## Financial Analysis

An analysis of the 2020 budgets of DuBois and Sandy Township shows that a combined municipality would experience a balanced General Fund budget by establishing a uniform property tax rate of 16.06 mills with no special purpose districts for hydrant and streetlight services and up to 17.6 mills for those with both special districts. This rate assumes the elimination of over \$500,000 in duplicate position costs through a combination of attrition and buyout packages. It also assumes no new positions are created.

Current property tax millage is 23.5 mills in DuBois and 18.25 mills in Sandy Township.

The property tax rate for the combined municipality could also be adjusted through other means, such as potential increases to the earned income tax assuming the combined municipality was organized under home rule as recommended.

Table E-1 shows the potential impact on a median assessed value owner-occupied property using the combined municipal budget that eliminates duplicate position costs.

**Table E-1**

*Post Consolidation Estimated Millage Rates and Financial Impact for a Median Assessed Value  
Owner-Occupied Home*

	<b>DuBois</b>	<b>Sandy</b>	<b>Sandy</b>	<b>Sandy</b>	<b>Sandy</b>
	<b>GF, Hydrants + Streetlights</b>	<b>GF</b>	<b>GF + Hydrants</b>	<b>GF + Streetlights</b>	<b>GF, Hydrants + Streetlights</b>
<b>General Fund (GF) Mills</b>	16.06	16.06	16.06	16.06	16.06
<b>Special District Mills:</b>					
<b>Hydrants</b>	0.72	—	0.72	—	0.72
<b>Streetlights</b>	0.82	—	—	0.82	0.82
<b>Total Millage</b>	<b>17.60</b>	<b>16.06</b>	<b>16.78</b>	<b>16.88</b>	<b>17.60</b>
<b>Median Assessed Value</b>	\$14,442	\$23,537	\$23,537	\$23,537	\$23,537
<b>Median Property Tax Consolidated Muni</b>	\$254	\$378	\$395	\$397	\$414
<b>Difference from Current Taxes</b>	<b>-\$85.00</b>	<b>-\$52.00</b>	<b>-\$35.00</b>	<b>-\$32.00</b>	<b>-\$15.00</b>

## Utility Funds

Sewer and water utility funds have a considerable impact on the finances of both current municipalities, particularly in DuBois.

DuBois sells water and wastewater treatment directly to both the township and to township residents at lower rates than city customers. The township in turn also sells water and wastewater treatment to a group of township customers at rates currently higher than the DuBois rates.

The tables below show the average amount that residential customers pay now for utilities compared to the projected rate for residents under a consolidated municipality. The projected rates are the current city resident utility rate adjusted to ensure that both utility funds net to zero.

The annual savings for Sandy Township customers billed by the township ranges from \$223 to \$411. Sandy Township customers billed by DuBois and current DuBois customers would see annual increases of \$106 and \$25, respectively.

**Table E-2**

*Sandy Township average usage of 3,000 gals/month water service only as of January 1, 2021  
including inactive accounts*

	<b>Number of Households Water Only</b>	<b>Meter Surcharge</b>	<b>Per 3,000 Gal.</b>	<b>Total Monthly Charge</b>	<b>Annual Expense</b>
<b>Billed by Sandy Township</b>	226	\$12.25	\$48.00	\$60.25	\$723.00
<b>Billed by DuBois</b>	709	\$7.00	\$16.50	\$23.50	\$282.00
<b>Consolidated Municipality:</b>					
<b>Prior Sandy Billing</b>	226	\$10.00	\$22.32	\$32.32	\$387.84
<b>Prior DuBois Billing</b>	709	\$10.00	\$22.32	\$32.32	\$387.84
<b>Water Only Savings/Increase:</b>					
<b>Prior Sandy Township Billing</b>	226				<b>-\$335.16</b>
<b>Prior DuBois Billing</b>	709				<b>\$105.84</b>

**Table E-3**

*Sandy Township average usage of 3,000 gals/month sewer service only including inactive accounts*

	<b>Number of Households Sewer Only</b>	<b>Meter Surcharge</b>	<b>Per 3,000 Gal.</b>	<b>Total Monthly Charge</b>	<b>Annual Expense</b>
<b>Current Sandy Township Rate</b>	813	\$12.25	\$55.50	\$67.75	\$813.00
<b>Consolidated Municipality Rate</b>		\$5.00	\$44.22	\$49.22	\$590.64
<b>Sewer (Savings)/Increase:</b>	813				<b>-\$222.36</b>

**Table E-4**

*Sandy Township average usage of 3,000 gals/month both water and sewer including inactive accounts*

	<b>Number of Households Water/Sewer</b>	<b>Meter Surcharge</b>	<b>Per 3,000 Gal.</b>	<b>Total Monthly Charge</b>	<b>Annual Expense</b>
<b>Current Sandy Township Rate</b>	716	\$12.25	\$103.50	\$115.75	\$1,389.00
<b>Consolidated Municipality Rate</b>		\$15.00	\$66.54	\$81.54	\$978.48
<b>Water and Sewer Savings/Increase:</b>	716				<b>-\$410.52</b>

**Table E-5**

*DuBois residents with adjusted water and sewer rates at 3,000 gals/month*

	<b>Meter Surcharge</b>	<b>Per 3,000 Gal.</b>	<b>Total Monthly Charge</b>	<b>Annual Expense</b>
<b>Current DuBois Water and Sewer Rates</b>	\$15.00	\$64.50	\$79.50	\$954.00
<b>Consolidated Municipality Rates</b>	\$15.00	\$66.54	\$81.54	\$978.48
<b>Total annual increase</b>				<b>\$24.48</b>



**NOTE:** Tables E-2 through E-5 were developed using an average consumption of 3,000 gallons/month. Facilities and residences using in excess of 3,000 gallons/month will realize a larger annual utility savings.

These sewer and water figures are baseline and do not consider any other adjustments that would result from a new municipality, as will be outlined in later chapters of this report.

## Total Tax and Rate Impact

The tables below analyze the estimated total tax and utility impact of a consolidated municipality on a median assessed value owner-occupied property in DuBois and Sandy Township using the combined budget and projected utility rates. Currently, Sandy Township property owners with a median assessed value home pay \$430 in annual property taxes compared to \$339 for DuBois residents with a median assessed value home.

**Table E-6**

*Post consolidation estimated total financial impact Sandy Township<sup>1</sup>*

	<b>No Special District Millage</b>	<b>Hydrant Millage</b>	<b>Street Lights Millage</b>	<b>Hydrants and Street Lights</b>
<b>Sandy Twp Tax Savings</b>	-\$52	-\$35	-\$32	-\$15
<b>Water Only Difference:</b>				
<b>Billed by Sandy Township</b>	-\$335	-\$335	-\$335	-\$335
<b>Billed by DuBois</b>	\$106	\$106	\$106	\$106
<b>Net Utility and Tax Difference:</b>				
<b>Billed by Sandy Township</b>	-\$387	-\$370	-\$367	-\$350
<b>Billed by DuBois</b>	\$54	\$71	\$74	\$91
<b>Sewer Only Difference</b>	-\$222	-\$222	-\$222	-\$222
<b>Net Utility and Tax Difference</b>	-\$274	-\$257	-\$255	-\$238
<b>Water and Sewer Difference</b>	-\$411	-\$411	-\$411	-\$411
<b>Net Utility and Tax Difference</b>	-\$462	-\$445	-\$443	-\$426

**Table E-7**

*Post consolidation estimated total financial impact DuBois<sup>2</sup>*

<b>DuBois Tax Savings from Table 2-16</b>	<b>-\$85</b>
<b>Adjusted Water and Sewer Rates</b>	<b>\$24</b>
<b>Net Utility and Tax Difference</b>	<b>-\$61</b>

<sup>1</sup> Totals might not add due to rounding

<sup>2</sup> Total might not add due to rounding

## Implications of Consolidation

The immediate potential impact is lower net property tax payments and utility fees for most residents as outlined above. Treasure Lake residents in Sandy Township receive their water and sewer services from Aqua America and so would see no difference in their utility rates. However, they would see a reduction in their property tax rates based on the assumptions that were used.

Improved long term regional financial health is another main benefit of consolidation for all municipal constituents in the city of DuBois and Sandy Township. Fiscally healthy municipalities are able to provide for the health, safety and welfare of their citizens; pay principal and interest on their debt obligations when due; meet financial obligations to their employees, vendors and suppliers; and provide for proper financial accounting procedures, budgeting and taxing practices.

Both municipalities are exhibiting signs of fiscal challenges. For example, DuBois and Sandy Township each experienced deficits three out of five years from 2015 to 2019. Sandy Township is just one mill away from its general purpose cap on property taxes, which is an indication of distress. Projections show both municipalities will experience deficits in the next five years.

Current city property owners most likely would see a property tax decrease, which is obviously a benefit and could be used to help market the new municipality to businesses, residents and developers interested in a more urban environment, particularly when it comes to downtown. Many cities are seeing a renaissance in downtown apartment living from empty nesters and younger adults who are attracted to the walkability, lack of yard work and similar perks. Lower property taxes on downtown buildings could spark interest in local developers, particularly if combined with other incentives. Consolidation will also provide the vehicle for establishing consistent zoning, land use and development regulations.

In fact, the new municipality would be at an advantage in terms of economic and community development in that it would have different environments (urban, suburban, rural), pricing levels and housing stock variety and age to satisfy different needs and desires of potential residents and businesses. There also might be additional capacity in a larger, combined municipality to focus more resources on community and economic development in terms of a dedicated position and more clout for grants that can come with a larger municipality.

Other benefits were identified on savings and services. The goal of all sustainable communities is to provide the services required to meet the health, safety and welfare needs of the community at the lowest cost. This report identifies areas where a combined municipality could save money, from the elimination of duplicate positions (estimated \$558,127 savings) to potential movement to the township's lower cost health insurance (estimated \$371,000 savings). Other potential savings are dependent on decisions made by the new municipality.

These savings would help to maintain or improve, as oppose to reduce, the current service level. Meanwhile, employees in the new municipality would benefit from larger departments that have increased opportunities for advancement and specialization.

Each current municipality will contribute its own unique benefits and resources to the consolidated community that will result in a more cohesive, flexible, marketable and efficient local government entity. An example of some of those unique benefits and resources include:

- The city of DuBois has an expansive park system that includes state-of-the-art baseball and softball fields, a community swimming pool, playground, an amphitheater and many walking trails/parks.
- Sandy Township contains large residential, commercial, and industrial areas available for attracting new business to the community.
- The city of DuBois owns a vast amount of property, timber, natural resources and other facilities valued at \$45 million.
- Sandy Township owns a large underutilized 12-acre park with a potential for additional development and contains numerous areas for future walking/biking trails for enhanced recreational opportunities.

Consolidating under home rule, as recommended by this report, gives the communities the ability to form a government structure that truly reflects community needs and the way a modern municipality functions. The community will be able to decide the size of the governing body, how the municipality runs day to day, the number and type of elected officials and more.

Tax structure could also be determined based on local needs as opposed to state municipal code mandates. For example, a slightly higher earned income tax only available under home rule would grow more naturally as people's wages increase, potentially lessening or eliminating the need for property tax increases.

Different constituency groups could also be considered in the tax mix. Retired individuals on fixed income, for instance, would not pay a higher earned income tax but could benefit from a property tax decrease. Businesses also would benefit since they do not pay earned income tax. Right now, increases on property taxes are the only way to obtain a higher amount of tax revenue since all other taxes are at their maximum levels under state codes.

In addition to personnel, consolidation will have an impact on some areas of concern, such as a probable reduction in Community Development Block Grant funds, and little to no impact on other areas, like hunting and maintenance by the state of certain portions of the stormwater management system.

In terms of cons, the major issues are the loss of Sandy Township's annual CDBG appropriation and costs the two municipalities could incur through the consolidation process. There is little in the way of dedicated state grant funds to pay for these costs. The most prudent course for the municipalities is to reach out to their state representatives about potential funding and possible "hold harmless" legislation concerning CDBG funding. Impact on municipal employees through reductions in overlap and duplication could be kept to a minimum using attrition and buyouts.

## Summary of Key Recommendations

The Pennsylvania Economy League team explored multiple aspects of consolidation in depth in the following report. Below is a summary of key recommendations. For a complete discussion of these and other issues, please see the individual chapters and appendices of this report.

- 1. Given the financial and demographic situation of the city and the township, the DuBois City Council and the Sandy Township Board of Supervisors should move forward with the consolidation process to ensure regional local government sustainability.**
  - a. Follow the provisions of the state Municipal Consolidation or Merger Act.
  - b. Appoint a Joint Committee made up of citizens from both communities to lead the process rather than having it driven only by elected officials or outside consultants.
  - c. Develop a Joint Agreement under the Joint Committee that will provide a framework for the two municipalities to combine.
- 2. Consolidate as a city under a home rule charter in the Joint Agreement**
  - a. Home rule provides the most flexibility to determine a government that meets local needs and allows development of a tax structure that fits the local tax base.
  - b. Maintain city classification in order to take full advantage of state Community Development Block Grant funding.
- 3. Use efficiencies, eliminate duplications to reduce costs**
  - a. Several staffing positions are clear duplications that can be eliminated while others will require more internal review to sort out redundancies; set new salaries appropriate to market conditions.
  - b. Make use of attrition and/or buyouts where feasible and appropriate so that the savings from eliminating a position is clearly higher than any related buyout costs.
  - c. Place all employees on the lowest cost health care plan as possible (this might require collective bargaining negotiations)
- 4. Consider tax options for the combined municipality that are both appropriate for the community and maximize the tax base**
  - a. Home rule permits the municipality to tap into the earned income tax at a higher rate than is permitted under municipal codes rather than be limited to general purpose property tax increases. Currently, Sandy Township is almost at its general purpose property tax limit, which could eventually force it to seek court approval for a higher millage rate if more revenue is needed.
  - b. The new municipality should also consider enacting special purpose service districts as it reviews the total tax mix. This has residents pay fairly for services that only they use.
  - c. Water and sewer assets would be combined with the new municipality. Rates should be set that consider both operations and future capital costs.
- 5. Involve citizens in the process**
  - a. The literature is clear that consolidations fail more often than not, and that successful ones are driven by local leadership giving voice to the community at large as part of the process.
  - b. Consider options such as including wards as part of governing body representation, developing advisory planning districts for resident input and maintaining current zoning to preserve rural and urban neighborhood character.

## **Chapter 1**

### **Government Structure and Demographics**

In April 2020, the Pennsylvania Economy League Central Division (PEL) entered into an agreement with the City of DuBois and Sandy Township to study the financial and operational impacts of consolidating the city and township into a single municipality. This study examines potential positive and negative outcomes for the municipalities and their residents, including tax and utility fee implications, service levels, staffing, facilities, collective bargaining, pension plans, impact on the federal community development block grant and state road drainage programs, among other items. The Center for Government Research (CGR) served as the subconsultant for the operational and management evaluation portion of this study.

In addition, PEL staff participated in discussions with city and township officials. PEL acknowledges and appreciates the full cooperation of all who contributed to the preparation of this study including the DuBois City Council, mayor, manager and staff, and the Sandy Township Board of Supervisors, manager and staff. The analysis could not have been successfully completed without their assistance.

During this study, the project team:

- Examined the demographics of the municipalities and performed a financial analysis examining the impact of consolidation on the general, sewer and water funds as well as implications for citizen tax rates and fees.
- Conducted an operational/management evaluation, which involved a comprehensive review of municipal departments.
- Analyzed the implications of consolidation on factors such as personnel, health care, buildings and facilities, pensions, grants and various other areas of concern.
- Evaluated options for a recommended governmental structure of a new municipality as result of consolidation, as well as advantages and disadvantages of the various municipal classes in Pennsylvania and the option of home rule and provided an outline of the consolidation process.
- Reviewed the outcomes of attempted and successful merger/consolidations to determine impediments to the process and how they were or were not overcome, what financial and other factors caused municipalities to move forward or halt the process.
- Interviewed municipal representatives on their concerns, challenges, priorities and goals of a potential consolidation.
- Conducted a comparison of the collective bargaining agreements for both municipalities.

## Government Overview

### ***Government Structure, Staffing, Services and Taxes***

**City of DuBois.** The City of DuBois is in the northwest corner of Clearfield County, just south of Interstate 80, in the west-central part of Pennsylvania. It encompasses 3.2 square miles. Settled in 1812 and platted in 1872, DuBois was incorporated as a borough in 1881 and as a city in 1914. While DuBois was founded as a lumber town, the mining of bituminous coal quickly became the chief industry. The town bears the name for local lumber magnate, John DuBois, who came from a longstanding American family of French Huguenot descent.<sup>3</sup>

DuBois has been governed by the Third-Class City Code, although in 1980, city residents elected to adopt an optional plan form of government, specifically the council-manager plan, under the Home Rule Charter and Optional Plans Law. Since 1980, the city has been governed by that plan and by the provisions of Third-Class City Code, except where the code is superseded by the structural provisions of the council-manager plan.

The city has seven elected officers and 55 full-time and two part-time staff, as well as contracted services. Elected officers are the five elected members of city council, the treasurer/tax collector and the controller. On the first Monday in January following a municipal election, council elects one of its member to become mayor and president of council.

Departments are those for police, public works, and zoning and codes enforcement. Key appointed staff include the city manager, financial officer, engineer and public works director, IT director, and zoning and codes enforcement officer. The city also contracts with an outside solicitor and independent auditor/certified public accountant whose firms have offices in DuBois. The city has a paid police department with 13 full-time officers, an all-volunteer fire department operating out of five fire stations, and a water department. The City of DuBois water system provides water for its citizens as well as portions of Sandy and Union townships and Sykesville borough. The city's sewage treatment plant provides treatment for the residents of DuBois, Falls Creek borough and portions of Sandy Township. Advanced Disposal provides a variety of waste and recycling services for residential and commercial customers in the city.

Several authorities, boards and committees also support municipal operations. Authorities include those for housing, redevelopment and hospital. The four boards are the Building Code Board of Appeals, the Property Maintenance Board of Appeals, the Zoning Hearing Board and the Library Board. The city also has a planning commission, park committee and watershed committee.

**Sandy Township.** Established in 1878, Sandy Township, Clearfield County, covers 52 square miles, straddling Interstate 80 and surrounding the City of DuBois. Although lumbering supported the economy the mid-1800s, in 1874 large coal deposits were discovered and mining began. Into the early twentieth century, the coal industry was the major contributor to the economy. Simultaneous with development of the coal industry came the expansion of railroads, including the Baltimore and Ohio Railroad freight yards. Other industries, encouraged by this activity, established plants in the area. Development of Interstate 80 further enhanced commerce. Today, the basis for the area economy is

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<sup>3</sup> City of DuBois, <https://duboispa.gov/>.

multifaceted, including traditional manufacturing and related support services, health services, transportation, tourism and recreation, retail, and extractive industries and timbering. In a continuing effort to grow the area economy, Sandy Township partnered with the City of DuBois and Falls Creek Borough to form the SDF Enterprise Zones, which afford the ability to apply for competitive loans for economic development. A somewhat unique feature in Sandy Township is Treasure Lake, a large private planned residential development in the northcentral area of the township.

Sandy Township is governed by the Second-Class Township Code. The township has nine elected officials – five supervisors, three auditors and a tax collector – and 31 full-time and one part-time employees, as well as contracted services. Key positions include those of township manager, secretary/treasurer, public works director, municipal engineer, and zoning/codes enforcement officer and planning commission director. The township also contracts with an outside solicitor and independent auditor/certified public accountant whose firms have offices in Chambersburg and Clearfield, respectively.

Departments are those for administration, public works (including departments for sewer, water and roads), building/inspection (including municipal engineer and zoning and codes enforcement officer/planning), and police. The police department has 12 full-time and one part-time officers. The fire department is all volunteer with four fire stations, providing mutual aid to surrounding communities.

A municipal authority for water and sewer, a planning commission and a zoning hearing board also serve the township. The board of supervisors serve as the municipal authority board. The township purchases its water from the City of DuBois. Though operated by the township, the water system is owned by the Sandy Township Water and Sewer Authority.

Sandy Township has four separate sewer systems. One abuts the City of DuBois and flows to their sewage treatment plant. The township operates the Slab Run plant, and the West Liberty service area flows into Sykesville Borough. Aqua, a public utility, provides water and sanitary sewer service for Treasure Lake. The township has a contract with Advanced Disposal to manage garbage and recycling collection.

## **Demographic Patterns**

### ***Introduction***

The 2010 population composition of the city and township is somewhat similar, with the age 18 to 65 cohort making up about 60 percent of the population and the remaining 40 percent or so being divided between the under 18 and 65 and over age groups, which is indicative of an aging population. From 1990 to 2018, the city experienced an outmigration of 786 persons, where the township realized an in-migration of 2,310 persons, which were the primary contributors to population change.

From 1990 to 2010, the city realized a 0.9 percent loss in housing units, where the township had a 28.2 percent gain in housing units, with the greatest factor being a respective reduction and increase in the number of owner-occupied homes.

Wealth measurements for the city were below the township, below or comparable to the county, and below the state, while those for the township were above the city and county and varied in

comparison to the state. Measurements were somewhat similar for the city and county, except for percentage of families below poverty where the city gained a higher percentage. All data was derived from the U.S. Census Bureau.

## Population

DuBois' population declined from 1970 to 2010, falling by 2,318 residents or 22.9 percent. The largest decrease was from 1980 to 1990 when the city's population fell by 1,004 residents or 10.8 percent. In contrast, Sandy Township's population grew substantially, increasing by 5,265 residents or 98.2 percent; although from 2000 to 2010, the township experienced a loss of 931 persons or an 8.1 percent decline, likely attributed to the Great Recession. Clearfield County realized more modest population growth from 1970 to 2010, increasing by 7,023 persons or 9.4 percent. However, similar to DuBois, the county had a 5,481 person or 6.6 percent decrease from 1980 to 1990, and, to a lesser degree than the city and township, a 2.1 percent decline from 2000 to 2010.

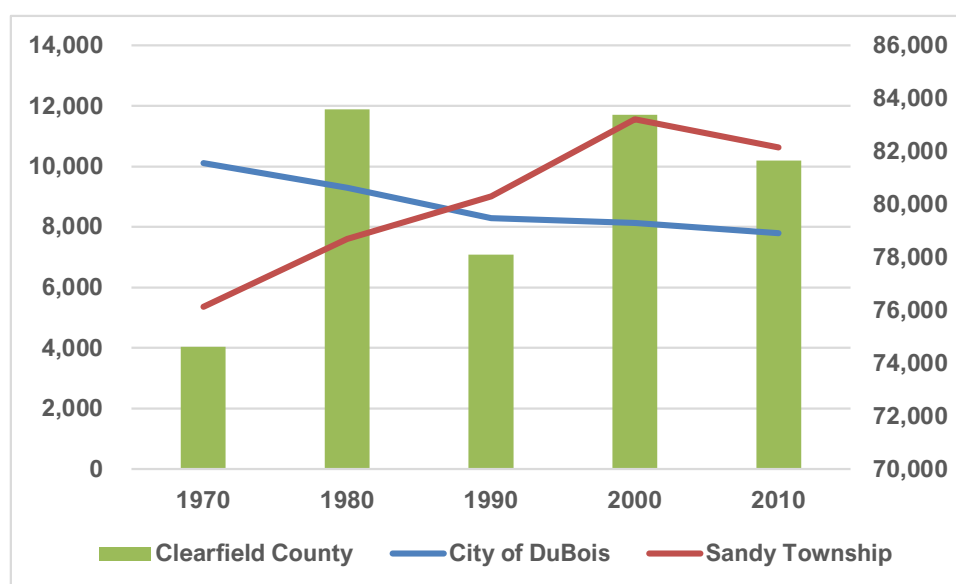
**Table 1-1**

*Population trends*

	1970	1980	1990	2000	2010
<b>City of DuBois</b>	10,112	9,290	8,286	8,123	7,794
<b>Sandy Township</b>	5,360	7,600	9,005	11,556	10,625
<b>Clearfield County</b>	74,619	83,578	78,097	83,382	81,642

**Figure 1-1**

*Population trends*



## Population by Age Group

The 2010 population composition of DuBois and Sandy Township is somewhat similar, with the age 18 to 65 cohort making up about 60 percent of the population and the remaining 40 percent or so being divided between the under 18 and 65 and over age groups. Both are indicative of aging



populations. DuBois, with a 5.9 percent population loss, had a 11.3 percent decline in those under 18 and only a 1.8 percent increase in the age 18 to 64 age group, which does not bode well for the future working age population. Sandy Township, with an 18.0 percent population gain, had 15.9 percent increase in residents ages 18 to 64, but only a 0.3 percent increase in those under age 18, not expanding the working age group in the future. Notably, the township also realized a substantial 52.5 percent increase in those age 65 and over.

**Table 1-2**  
*Population by age*

	1990		2000		2010		Change 1990 -2010	
	#	%	#	%	#	%	#	%
<b>City of DuBois</b>								
<b>Under 18</b>	1,966	23.7	1,875	23.1	1,744	22.4	-222	-11.3
<b>18-64</b>	4,683	56.5	4,652	57.3	4,769	61.2	86	1.8
<b>65 &amp; over</b>	1,637	19.8	1,596	19.6	1,281	16.4	-356	-21.7
<b>Total Population</b>	8,286	100.0	8,123	100.0	7,794	100.0	-492	-5.9
<b>Sandy Township</b>								
<b>Under 18</b>	2,185	24.3	2,629	22.8	2,192	20.6	7	0.3
<b>18-64</b>	5,371	59.6	6,679	57.8	6,223	58.6	852	15.9
<b>65 &amp; over</b>	1,449	16.1	2,248	19.5	2,210	20.8	761	52.5
<b>Total Population</b>	9,005	100.0	11,556	100.0	10,625	100.0	1620	18.0

### ***Births, Deaths, and Population Change 1990 through 2017***

From 1990 to 2018, DuBois experienced an outmigration of 786 persons, where Sandy Township realized an in-migration of 2,310 persons; although from 2000 to 2009, they had an outmigration of 235 persons and 586 persons, respectively, possibly due to the 2008 recession. Overall, natural change was not the primary contributing factor to the net migration, except from 2010 to 2018, when the number of deaths in Sandy Township exceeded the number of births by 640 persons, which is consistent with the large increase in persons age 65 and older as shown in the previous table.

Table 1-3

*City of DuBois and Sandy Township resident births, deaths and population trends*

	1990 to 1999		2000 to 2009		2010 to 2018		1990 to 2018	
	DuBois	Sandy	DuBois	Sandy	DuBois	Sandy	DuBois	Sandy
<b>Births</b>	1,016	1,167	981	1,010	1,054	605	3,051	2,782
<b>Deaths</b>	1,078	1,055	1,075	1,355	1,034	1,245	3,187	3,655
<b>Natural Pop. Change</b>	-62	112	-94	-345	20	-640	-136	-873
<b>Total Population (start)</b>	8,286	9,005	8,123	11,556	7,794	10,625	8,286	9,005
<b>Total Population (end)</b>	8,123	11,556	7,794	10,625	7,364	10,442	7,364	10,442
<b>Total Population Change</b>	-163	2,551	-329	-931	-430	-183	-922	1,437
<b>Less Natural Change</b>	-62	112	-94	-345	20	-640	-136	-873
<b>Net Migration</b>	<b>-101</b>	<b>2,439</b>	<b>-235</b>	<b>-586</b>	<b>-450</b>	<b>457</b>	<b>-786</b>	<b>2,310</b>

## Housing Units

From 1990 to 2010, the DuBois realized a 0.9 percent loss in housing units, with the greatest change being a 7.2 percent reduction in the number of owner-occupied homes. During the same period, Sandy Township had a 28.2 percent gain in housing units, primarily attributed to a 30.1 percent increase in the number of owner-occupied homes. A notable difference between the city and township is the number of owner-occupied versus renter-occupied units. At the peak in 2000, the number of owner-occupied units was 49 percent and 492 percent greater than the number of renter-occupied units in DuBois and Sandy Township, respectively. When the number of owner-occupied units slightly decreased from 2000 to 2010, the number of renter-occupied units similarly increased in both municipalities. Interestingly, the number of vacant units was consistently greater in the township than the city for all three years, increasing by 25.5 percent over the 20-year period in the township versus 5.5 percent in the city.

Table 1-4

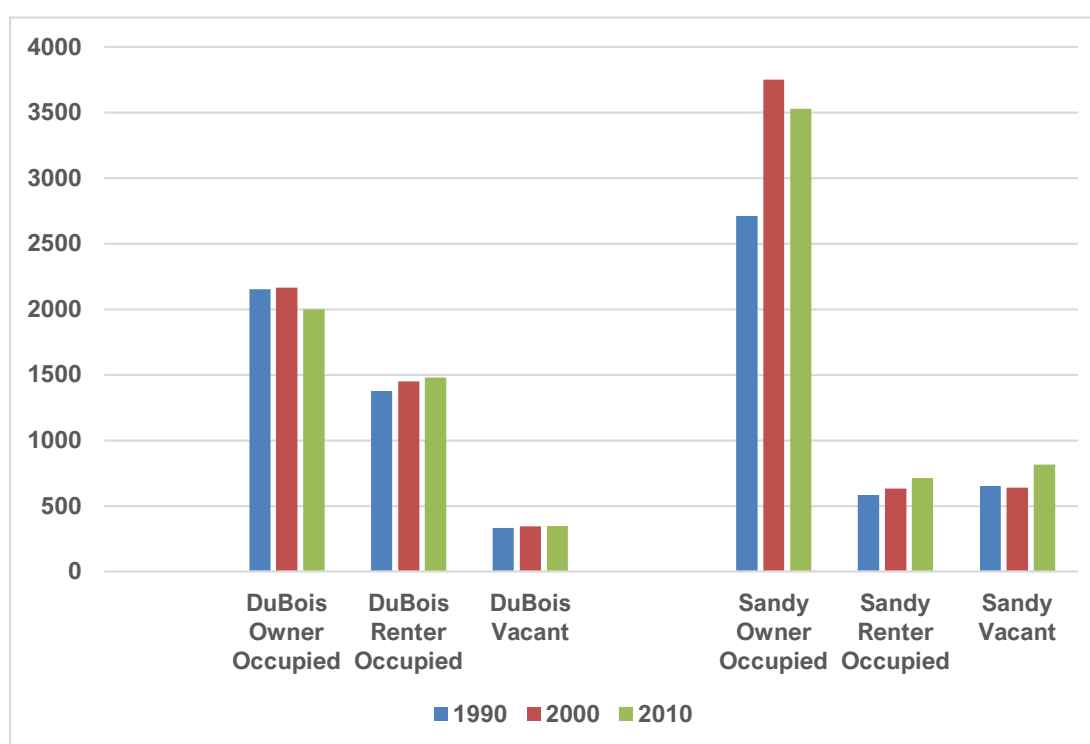
*Owner-occupied, renter-occupied and vacant housing units*

	1990		2000		2010		Change 1990-2010	
	#	%	#	%	#	%	#	%
<b>City of DuBois</b>								
<b>Owner Occupied</b>	2,153	56	2,164	55	1,998	52.2	-155	-7.2
<b>Renter Occupied</b>	1,375	35.6	1,450	36.7	1,479	38.7	104	7.6
<b>Total Occupied</b>	3,528	91	3,614	91	3,477	91	-51	-1
<b>Vacant</b>	330	9	342	8.6	348	9.1	18	6
<b>Total Units</b>	3,858	100	3,956	100	3,825	100	-33	-0.9
<b>Sandy Township</b>								

	1990		2000		2010		Change 1990-2010	
	#	%	#	%	#	%	#	%
<b>Owner Occupied</b>	2,710	69	3,753	74.6	3,527	69.7	817	30
<b>Renter Occupied</b>	585	14.8	634	12.6	714	14.1	129	22.1
<b>Total Occupied</b>	3,295	83.5	4,387	87.3	4,241	83.8	946	28.7
<b>Vacant</b>	651	16.5	641	12.7	817	16.2	166	25.5
<b>Total Units</b>	<b>3,946</b>	<b>100</b>	<b>5,028</b>	<b>100</b>	<b>5,058</b>	<b>100</b>	<b>1,112</b>	<b>28.2</b>

**Figure 1-2**

*City of DuBois and Sandy Township owner-occupied, renter-occupied and vacant housing units*



### ***Median Value of Owner-Occupied House***

From 1990 to 2010, the median value of owner-occupied homes in the DuBois was an average of 2.4 percent below that of the county and an average of 43.7 percent below that of the commonwealth, where in Sandy Township it was an average of 50.9 percent above that of the county and an average of 12.9 percent below that of the state. The values in the city were somewhat similar to those in the county. In 2010, the values in the city and county were \$84,500 and \$82,900, respectively, where the value in the township was \$132,100, with the value in the township \$47,600 greater than that in the city.

Table 1-5

*Median values of owner-occupied homes*

	1990	2000	2010*	Change 1990 - 2010	
<b>City of DuBois</b>	\$41,900	\$54,000	\$84,500	\$42,600	101.7%
<b>Sandy Township</b>	60,500	88,900	132,100	71,600	118.3%
<b>Clearfield County</b>	40,000	62,600	82,900	42,900	107.3%
<b>Pennsylvania</b>	69,700	97,000	159,300	89,600	128.6%
* US Census Bureau American Community Survey margin of error for median value of owner-occupied home in 2010 for City of Dubois: +/- \$4,933; Sandy Township: +/- \$10,029; Clearfield County: +/- \$2,048.					

### ***Per Capita Income***

From 1990 to 2010, per capita income in DuBois was an average of 5.5 percent above that of the county but an average of 22.9 percent below that of the commonwealth, where in Sandy Township it was an average of 33.3 percent above that of the county and an average of only 3.0 percent below that of the state. Like the median values of owner-occupied homes, the per capita income in the city was somewhat similar to that in the county, although it did increase 53.1 percent in the city versus 76.2 percent in the county over the 20-year period. Per capita income in the township was close to that in the commonwealth, with change over the period being almost the same. In 2010, per capita incomes in the city and county were \$17,928 and \$18,380, respectively, where per capita income in the township was \$26,154, with the amount in the township \$8,226 greater than that in the city.

Table 1-6

*Per capita income*

	1990	2000	2010*	Change 1990 - 2010	
<b>City of DuBois</b>	\$11,713	\$17,079	\$17,928	\$6,215	53.10%
<b>Sandy Township</b>	13,567	20,420	26,154	12,587	92.80%
<b>Clearfield County</b>	10,430	16,010	18,380	7,950	76.20%
<b>Pennsylvania</b>	14,068	20,880	27,049	12,981	92.30%
* US Census Bureau American Community Survey margin of error for per capita income in 2010 for City of Dubois: +/- \$1,580; Sandy Township: +/- \$3,145; Clearfield County: +/- \$939.					

### ***Median Household Income***

From 1990 to 2010, median household income substantially increased in DuBois and Sandy Township, although the increase was 54.7 percent in the city versus 77.0 percent in the township. The contrast is also evident when comparing the city and township to the county and commonwealth. Over the 20-year period, median household income in the city was an average of 10.4 percent below that of the county and an average of 32.8 percent below that of the state, where in the township it was an average of 40.3 percent above that of the county and an average of 5.2 percent above that of the state. These differences portray an even greater disparity than occurred with median value of owner-occupied homes and per capita income. In 2010, median household incomes in the city and county

were \$31,494 and \$36,331, respectively, where median household income in the township was \$53,401, with the amount in the township \$21,907 greater than that in the city.

**Table 1-7***Median household income*

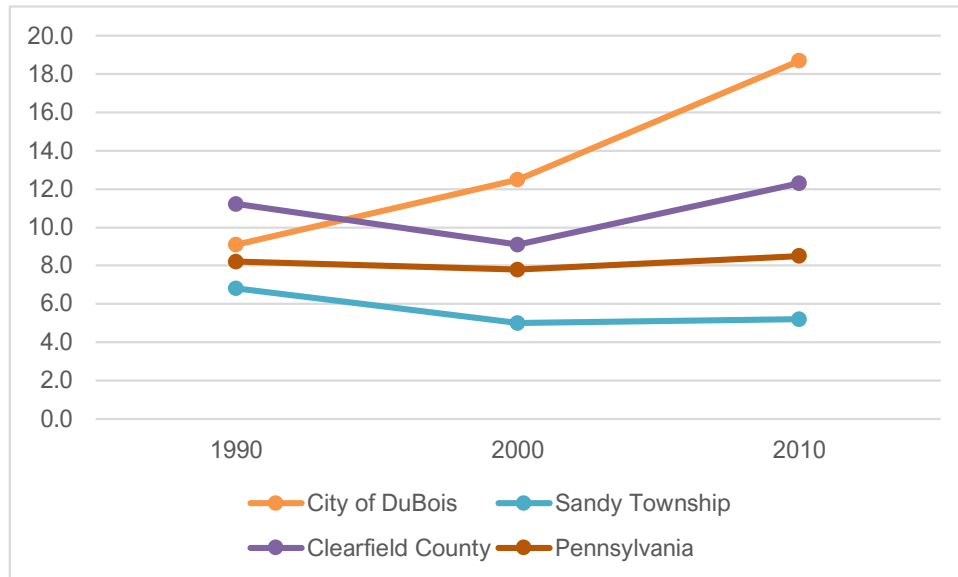
	1990	2000	2010	Change 1990-2018	
<b>City of DuBois</b>	20,357	27,748	31,494	11,137	54.70%
<b>Sandy Township</b>	30,173	42,450	53,401	23,228	77.00%
<b>Clearfield County</b>	21,773	31,357	36,331	14,558	66.90%
<b>Pennsylvania</b>	29,069	\$40,106	50,398	\$21,329	73.40%

### ***Families Below Poverty Level***

The percentage of families below poverty level is consistent with the other wealth measurements previously discussed, particularly median household income. Most notable are the continuous increase in the City of DuBois, surpassing Clearfield County in 2000, and slight decrease in Sandy Township with percentages consistently below the commonwealth, the county and the city. Based on 2010 Census Bureau estimates, the percentage of families below poverty level increased by 105.5 percent in the city but decreased by 23.5 percent in the township from 1990 to 2010. In the county it increased by 9.8 percent and in Pennsylvania by 3.7 percent.

**Table 1-8***Percent of families below poverty level*

	1990	2000	2010*
<b>City of DuBois</b>	9.10%	12.50%	18.70%
<b>Sandy Township</b>	6.80%	5.00%	5.20%
<b>Clearfield County</b>	11.20%	9.10%	12.30%
<b>Pennsylvania</b>	8.20%	7.80%	8.50%
* US Census Bureau American Community Survey margin of error for percent of families below poverty level in 2010 for City of Dubois: +/-7.3%; Sandy Township: +/-2.3%; Clearfield County: +/-4.4%.			

**Figure 1-3***Percent of families below poverty level*

## Chapter 2 Financial Analysis

### Introduction

A consolidation of the city of DuBois and Sandy Township is projected to net utility and property tax savings of up to \$462 annually for most Sandy Township residents and \$61 annually for DuBois residents, although one group of Sandy Township residents would likely see a net increase of almost \$100 annually. These projections are based on certain assumptions provided by the city and township including the elimination of duplicate positions that results in a surplus of \$558,127 for a combined municipality.

Meanwhile, the financial outlook for the city of DuBois and Sandy Township as continued separate municipalities indicates challenges ahead. The city and township each experienced a deficit in three out of five years during the historical review period from 2015 to 2019, and they are projected to see additional deficits in the future.

In addition to general fund operations, consolidation will require combining the budgets and operations for DuBois and Sandy Township wastewater and water services.

Currently, the city transfers a considerable amount of water and wastewater revenue into its general fund to pay the DuBois general fund for services done in support of its water and wastewater operations. The city has a management and lease agreement with the DuBois Sewer Bureau and the DuBois Water Bureau to manage, operate and serve as billing agent for the bureaus. The agreements provided by DuBois expired at the end of 2020. The 2020 payments to DuBois listed in the agreements is \$4.5 million.

DuBois sells water and wastewater treatment directly to both the township and to township residents at higher rates than city customers. The township in turn also sells water and wastewater treatment to a group of township customers.

In the case of consolidation, all water and wastewater customers would pay the same rate, resulting in a slight surplus in a combined water fund and deficit in a combined wastewater fund. Rate adjustments were calculated that would eliminate both the deficit and surplus from these combined funds.

The net impact of property tax and utility rate adjustments for a median assessed value residential property in a consolidated municipality would range from a \$238 to \$462 annual savings for most Sandy Township residents to a \$61 annual savings for DuBois residents. The only group projected to experience a net increase is Sandy Township residents currently billed directly by DuBois for water services, who could see up to a \$91 annual increase.

Other potential options to lower the millage rate and improve the financial position of the new municipality will be discussed in more detail in later chapters, such as employee benefit savings, eliminating duplicate positions and/or the ability to change the tax mix of a new municipality through the adoption of a home rule charter.

## Methodology

PEL analyzed the 2020 budgets and historical revenues and expenditures from 2015 through 2019 for the city of DuBois and Sandy Township. Various adjustments were made to the data of the respective municipalities in order to make the individual financial plans compatible and consistent. These adjustments were necessitated by differences in budget and accounting structures and organizational patterns, as well as by the differences in the various procedures in financing and carrying out the services of the township and the city.

Therefore, the data presented here are not direct reproductions of both municipal financial statements. Instead, the data represent an attempt to provide a series of account compilations for the purposes of informed comparison and analysis regarding the fiscal impact of a possible consolidation.

Any yearly analysis is a direct measure of revenues/receipts (and transfers) and of expenditures/disbursements (and transfers) for a given time period. As such, there is no guarantee that these actual revenues/receipts (including other sources) and expenditures/disbursements (including other uses) will not vary for future periods, whether in a consolidated municipality or in the separate municipalities. Nonetheless, the 2020 budget and historical period data offer a rational basis for estimating financial trends. To gain perspective on the relationship between budgeted and actual figures for the last few years for both the city and township, PEL reviewed various reports for each entity. PEL did not conduct independent audits of data provided by the municipalities.

## Historical Trends

Historical General Fund summaries for both municipalities show deficits in three out of five years from 2015 through 2019. Although sewer and water revenues and expenditures have been removed from the DuBois General Fund to better display actual General Fund operating expenditures, these figures have not been adjusted for any one-time events, like capital spending or grant revenues. As a result, it is important to focus on the overall trend as opposed to any single year.

**Table 2-1**

*DuBois General Fund Adjusted to Remove Water and Sewer Revenues and Expenditures*

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>DuBois</b>	Adjusted	Adjusted	Adjusted	Adjusted	Adjusted
<b>Revenues</b>	\$7,676,883	\$9,656,020	\$8,027,997	\$12,862,909	\$10,602,197
<b>Expenditures</b>	\$7,642,769	\$7,725,708	\$9,704,532	\$13,485,645	\$11,263,667
<b>Surplus/(Deficit)</b>	<b>\$34,114</b>	<b>\$1,930,312</b>	<b>-\$1,676,535</b>	<b>-\$622,736</b>	<b>-\$661,470</b>

**Table 2-2**

*Sandy Township General Fund*

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Sandy</b>	Actual	Actual	Actual	Actual	Actual
<b>Revenues</b>	\$4,039,739	\$4,146,652	\$4,124,042	\$4,212,537	\$4,547,613
<b>Expenditures</b>	\$3,676,679	\$4,292,399	\$4,667,034	\$4,352,369	\$4,383,482
<b>Surplus/(Deficit)</b>	<b>\$363,060</b>	<b>-\$145,747</b>	<b>-\$542,992</b>	<b>-\$139,832</b>	<b>\$164,131</b>



## Projections 2020 to 2025

### Revenue Projection Assumptions

- The 2020 budget serves as the baseline
- DuBois: Tax rates and fees remain at 2020 levels
- Sandy: Real estate fire millage tax increased by ½ mill in 2021, then level; all others remain at 2020 levels
- Real estate tax revenue for DuBois increased 0.5 percent annually, based on assessment history
- Real estate tax revenue for Sandy increased 0.7 percent annually, based on assessment history
- Earned income tax revenue remains flat for 2021, then increases annually by 1.2%
- State Aid for pensions annual growth of ½ of one percent
- All other revenues held at 2020 levels

### Expenditure Projection Assumptions

- The 2020 budget serves as the baseline
- Employee count remains at 2020 budgeted levels
- No new debt incurred; existing debt service based on amortization schedules
- Union employee wages and salaries were increased at the annual contractual rate as follows:

	2021	2022	2023	2024
<b>DuBois Public Works</b>	2.50%	2.50%	—	—
<b>DuBois Police</b>	2.50%	2.75%	2.75%	2.99%
<b>Sandy Public Works</b>	2.70%	—	—	—
<b>Sandy Police</b>	2.75%	3.00%	2.75%	3.00%

- Other non-represented employee wages and salaries were increased 2 percent annually; union wages were increased at 2 percent annually following CBA expiration
- Pension annual obligation was increased by rate of annual wage increases
- Health insurance expense was increased by 6 percent annually
- Other expenditures held level with 2020

### Analysis

The city of DuBois is projected to experience a deficit in 2020 followed by surpluses until 2025, when expenditures start to overcome revenues. The deficits during the historical review period appear to be driven by debt service, which drops significantly after 2020, and the cost of capital projects. Despite the anticipated surpluses, DuBois' inelastic revenue sources are eventually unable to keep up with rising expenses. Sandy Township is projected to start experiencing deficits in 2023. Based on assessment value and historical patterns, Sandy Township is likely to experience little revenue growth compared to anticipated increases in contractual wages and health care. Police Department costs and health care are each anticipated to rise by approximately \$250,000 from 2020 to 2025, with public works the next highest expected increase at almost \$68,000.

**Table 2-3***City of DuBois Projected Revenues, Expenditures and Surplus (Deficit)*

	<b>2020<sup>4</sup></b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b>Budget</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
<b>Total Revenues</b>	\$8,897,305	\$7,394,993	\$7,402,021	\$7,409,082	\$7,416,176	\$7,423,303
<b>Total Expenditures</b>	\$9,839,798	\$6,882,118	\$7,036,023	\$7,196,451	\$7,354,800	\$7,519,923
<b>Surplus (Deficit)</b>	<b>-\$942,493</b>	<b>\$512,875</b>	<b>\$365,999</b>	<b>\$212,631</b>	<b>\$61,376</b>	<b>-\$96,621</b>

**Table 2-4***Sandy Township Projected Revenues, Expenditures and Surplus (Deficit)*

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b>Budget</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
<b>Total Revenue</b>	\$4,488,115	\$4,525,405	\$4,535,940	\$4,546,548	\$4,557,227	\$4,567,980
<b>Total Expenditures</b>	\$4,486,422	\$4,430,620	\$4,522,090	\$4,614,545	\$4,713,033	\$4,804,808
<b>Surplus (Deficit)</b>	<b>\$1,693</b>	<b>\$94,785</b>	<b>\$13,851</b>	<b>-\$67,998</b>	<b>-\$155,806</b>	<b>-\$236,829</b>

## Budget for a Consolidated Municipality

### *Personnel Expenditures Adjusted*

The 2020 budgets for DuBois and Sandy Township were combined assuming the consolidation of various positions and elimination of the water surplus and wastewater deficits through rate increases that are outlined later in this chapter. This calculation results in a surplus of \$558,127.

### *Assumptions for Consolidation of Positions Adjustments*

- For duplicate positions, removed current positions at 2020 salaries and added consolidated positions at salaries provided by city of DuBois and Sandy Township managers
  - Added employer's share of Social Security and Medicare for all positions
  - Removed health insurance benefits at single coverage using each municipality's 2020 rates. Assumed no employee contributions.
  - Added health insurance benefits at single coverage using an average to the municipalities' 2020 rates. Assumed no employee contributions
  - Sandy Township allocates a portion of certain positions and audit costs to the water and sewer funds. DuBois does not. Therefore, removed Sandy amounts from funds where they were allocated, but added combined municipality amounts in the general fund.
- Eliminated four public works employees and one clerical position in the police department
  - Used the current salaries of four DuBois public works employees who are eligible to retire as of 2020.
  - Used the average of the current DuBois police clerical position and the estimated cost of a Sandy clerical position based on the 2020 clerical rate in the Sandy contract.

<sup>4</sup> Includes sewer and water debt and other utility transfers

Table 2-5

## Combined 2020 Municipal Budget

	DuBois	Sandy	Unadjusted	Adjust	Adjusted
	2020 Budget	2020 Budget	Combined		Combined
<b>Revenue</b>					
Real Estate Taxes	\$1,411,000	\$1,455,000	\$2,866,000	\$0	\$2,866,000
Earned Income Tax	\$662,000	\$1,450,000	\$2,112,000		\$2,112,000
Local Services Tax	\$363,000	\$235,000	\$598,000		\$598,000
Other Taxes	\$0	\$0	\$0		\$0
Real Estate Transfer	\$93,724	\$175,000	\$268,724		\$268,724
License & Permits	\$182,250	\$253,015	\$435,265		\$435,265
Fines & Forfeits	\$22,400	\$30,500	\$52,900		\$52,900
Interest, Rents & Royalties	\$4,700	\$29,500	\$34,200		\$34,200
Federal Grants	\$0	\$0	\$0		\$0
State Aid for Pensions	\$286,648	\$210,000	\$496,648		\$496,648
State Grants	\$22,000	\$33,000	\$55,000		\$55,000
PURTA	\$2,300	\$3,500	\$5,800		\$5,800
State Shared Revenues	\$34,994	\$62,000	\$96,994		\$96,994
Local Intergovernmental	\$45,590	\$49,000	\$94,590		\$94,590
Departmental Earnings	\$646,644	\$327,600	\$974,244		\$974,244
Other Revenues	\$454,021	\$140,000	\$594,021		\$594,021
Sale of Assets	\$0	\$35,000	\$35,000		\$35,000
Capital Grants	\$1,509,504	\$0	\$1,509,504		\$1,509,504
Loan Proceeds	\$0	\$0	\$0		\$0
Transfers in from Water and Sewer	\$3,156,530	\$0	\$3,156,530		\$3,156,530
<b>Total</b>	<b>\$8,897,305</b>	<b>\$4,488,115</b>	<b>\$13,385,420</b>		<b>\$13,385,420</b>
<b>Expenditures</b>					
General Government	\$1,126,047	\$515,606	\$1,641,653	-\$147,280	\$1,494,373
Police	\$1,454,573	\$1,113,266	\$2,567,839	-\$90,243	\$2,477,596
Fire	\$217,600	\$362,500	\$580,100		\$580,100
Code Enforcement	\$116,870	\$0	\$116,870		\$116,870
Planning and Zoning	\$1,000	\$73,110	\$74,110		\$74,110
Emergency Management	\$3,620	\$500	\$4,120		\$4,120
Other Public Safety	\$0	\$1,500	\$1,500		\$1,500
Health and Human Services	\$0	\$5,000	\$5,000		\$5,000
Public Works	\$934,066	\$988,460	\$1,922,526	-\$195,144	\$1,727,382
Culture & Recreation	\$469,955	\$84,500	\$554,455		\$554,455
Community Development	\$9,890	\$1,000	\$10,890		\$10,890
Miscellaneous	\$227,345	\$136,000	\$363,345		\$363,345
Employee Benefits/Taxes	\$1,820,910	\$1,107,480	\$2,928,390	-\$123,767	\$2,804,623
Debt Service	\$189,473	\$0	\$189,473		\$189,473
Capital Projects	\$2,091,956	\$0	\$2,091,956		\$2,091,956
Transfers Out to Water and Sewer	\$234,000	\$97,500	\$331,500		\$331,500
<b>Total</b>	<b>\$8,897,305</b>	<b>\$4,486,422</b>	<b>\$13,383,727</b>	<b>-\$556,434</b>	<b>\$12,827,293</b>
<b>Surplus (Deficit)</b>	<b>\$0</b>	<b>\$1,693</b>	<b>\$1,693</b>	<b>\$556,434</b>	<b>\$558,127</b>

## Real Estate Tax Rates of a Consolidated Municipality

The Pennsylvania Constitution requires that tax rates be uniform upon the same subjects of the tax. In the case of real estate tax millages, the uniformity requirement means a consolidated municipality can only have one millage rate applied to taxable property, regardless of location in the prior municipalities. Accordingly, an analysis of the tax rates for a consolidated municipality must develop a comparable uniform rate that will yield the same amount of tax dollars from the newly combined tax base.

Both municipalities combined can generate approximately \$2.8 million in general purpose real estate revenue (\$1.2 million from DuBois plus \$1.6 million from Sandy Township) based on their current millage rates and assessed value. In addition to general purpose revenues that can be used for any general fund activity, both the city and the township support special purpose taxes for library and recreation funding.

The township also levies special purpose millages for fire protection; the city includes fire protection within its general fund expenditures. Table 2-6 uses the township's expected 2021 fire protection millage rate. In addition, the township levies two special purpose millages for a municipal building fund and for highway equipment purchases.

The earned income, real estate transfer and local services tax rates for both municipalities are at the Act 511 maximum rates allowed absent special authorization. Rates are 0.5 percent, EIT; 0.5 percent, real estate transfer; and \$47, LST.

**Table 2-6**

*City of DuBois and Sandy Township current property tax rates, 100% assessed valuation, potential property tax revenue and current Act 511 tax rates*

	DuBois Mills	Assessed Valuation	Sandy Township Mills	Assessed Valuation
<b>Assessed Value</b>		<b>\$59,632,415</b>		<b>\$120,579,731</b>
<b>Real Estate:</b>		<b>Tax Revenue</b>		<b>Tax Revenue</b>
<b>General purposes</b>	<b>20.0</b>	<b>\$1,192,648</b>	<b>13.0</b>	<b>\$1,567,537</b>
<b>Fire protection</b>	0	—	3.0	\$361,739
<b>Library &amp; recreation</b>	3.5	\$208,713	0.5	\$60,290
<b>Municipal building fund</b>	0	—	1.0	\$120,580
<b>Highway equipment</b>	0	—	0.75	\$90,435
<b>Total 2020 Real Estate</b>	<b>23.5</b>	<b>\$1,401,362</b>	<b>18.25</b>	<b>\$2,200,581</b>
<b>Act 511 Taxes</b>				
<b>Earned Income</b>	<b>0.5%</b>	—	<b>0.5%</b>	—
<b>Local Services</b>	<b>\$47</b>	—	<b>\$47</b>	—
<b>Realty Transfer</b>	<b>0.5%</b>	—	<b>0.5%</b>	—

### ***Calculating the Post-Consolidation Millage***

Rates of taxation on property must be adjusted in the new municipality so that a uniform millage rate on the combined assessment base provides the same amount of tax dollars as was received from the two separate municipal rates and assessments.

The calculation must account for the services that will need to be funded post-consolidation as well as potential expenditure savings, particularly from personnel adjustments. The assumption here is that the property tax millage will cover the entire gap once rates are equalized. For the post-consolidation millages, current services include:

- General fund activities such as administration, public safety and works, code enforcement, insurances, pension obligations, payroll and employee benefits;
- Fire protection at a total funding level equal to that currently provided separately by the city and the township;
- Library and recreation activities.

Based on the total assessed valuation of the proposed consolidated municipality and the current budget assumptions of the municipalities, each mill of taxes mill would generate approximately \$165,000 at a 92 percent collection rate as shown in Table 2-7.

**Table 2-7**

*Assessed valuations and value of a mill 2020 budget*

	<b>Assessed Valuation</b>	<b>At 92% Collection Rate</b>	<b>Value of a Mill</b>
<b>DuBois</b>	\$59,632,415	\$54,861,822	\$54,862
<b>Sandy</b>	\$120,579,731	\$110,933,353	\$110,933
<b>Total</b>	<b>\$180,212,146</b>	<b>\$165,795,174</b>	<b>\$165,795</b>

In addition to certain special purpose expenditures in the current general purpose millages, discussions with township officials indicated that there likely would not be a need for separate municipal building and highway equipment funds post-consolidation. These millages will not be continued forward under the post-consolidation millage. Any balances remaining in those special purpose millage funds can be used for the stated purposes by the combined municipality.

Levying a single general purpose millage as opposed to special purpose gives the municipality more flexibility to use the funds. In addition, special purpose millage is often used when a municipality is at or near its municipal code real estate cap, which should not be a consideration for the new municipality.

Although the new municipality could continue to use special purpose millage to designate revenue for fire, library and recreation, those special purpose millages have been eliminated in this analysis in favor of a general purpose millage. However, because a single general purpose millage does not account for services that are not uniform across a municipality, consideration has been given to levying special purpose millage by service district as discussed below.

## Special Service District Millage

For those properties that receive more services due to their location or specific requirements, a lower general fund millage can be supplemented with a special millage to adjust the tax burden to account for the greater level of public services.

In the case of the consolidated municipalities, only certain areas will be served by fire hydrants. DuBois has 384 hydrants located throughout the entire city. There are 130 hydrants within Sandy Township, with 50 installed in Treasure Lake and 80 located in other areas of the township.

The city charges \$187.37 per unit for hydrant rental on a total of 514 hydrants, collecting approximately \$95,000. This amount can be covered by a special service millage for benefited properties.

Sandy Township estimates that approximately 70 percent of the assessed tax base is serviced by hydrants, compared to 100 percent of the city's assessed tax base. The township also provides hydrant service to Treasure Lake through Aqua America at a cost of approximately \$15,000 per year.

Accordingly, hydrant millage would be 0.72 mill. This millage would apply to all areas currently serviced by hydrants. As the service area of hydrant protection is expanded in the future, this millage rate can be adjusted to reflect the changing service level and area covered.

Like hydrants, only certain areas of the new municipality would have streetlights. Breaking out costs for the streetlight special service area results in a rate of 0.82 mills.

## Post-Consolidation Millage

The consolidated municipality will require real estate tax revenue at a level necessary to fund the general fund, library, fire protection and other services at a level equal or better than that provided prior to the consolidation. Tables 2-8 and 2-9 outlines the methodology for calculating the post-consolidation millage, which results in a baseline 16.06 mills for every property prior to accounting for special purpose millages to pay for the additional services of streetlights and hydrants. Special purpose millages are estimated at 0.82 mill for streetlights and 0.72 for fire hydrants.

**Table 2-8***Real estate tax revenue in a consolidated municipality*

	<b>Real Estate Tax Revenue</b>
<b>DuBois Real Estate Tax Revenue -2021 millage rate</b>	\$1,401,362
<b>Sandy Real Estate Tax Revenue -2021 millage rate</b>	\$2,200,581
<b>Total Baseline Revenue</b>	<b>\$3,601,943</b>
<b>Remove Post Consolidation Sandy Special Purpose Millage</b>	
<b>Municipal Building Fund</b>	-120,580
<b>Highway equipment</b>	-90,435
<b>Total Baseline Revenue after Adjustment for Building and Highway</b>	<b>\$3,390,928</b>
<b>Remove Costs for Duplicate Positions</b>	-556,434
<b>Post Consolidation Revenue Needed with Assumed Duplicate Personnel Savings</b>	<b>\$2,834,494</b>
<b>Remove Street Light Costs (2020 budget)</b>	-90,000
<b>Remove Hydrant Costs (2020 budget)</b>	-94,766
<b>Baseline Revenue for Consolidated Municipality Omitting Hydrant and Street Lights</b>	<b>\$2,649,728</b>

**Table 2-9***Potential millage rates in a consolidated municipality*

	<b>Mills</b>
<b>Millage Calculation for Consolidated Municipality at Baseline Revenue from Table 2-8</b>	
<b>Basic millage from a consolidated tax base @ \$165,000 revenue per mill</b>	<b>16.06</b>
<b>Special Purpose District Millage Added to Post Consolidation Baseline Millage</b>	
<b>Estimated Street Light Special Purpose Millage at \$110,000/mill (\$90,000)</b>	0.82
<b>Estimated Fire Hydrant Millage at \$132,000/mill (\$94,766)</b>	0.72
<b>Total Post Baseline with Both Special Millages</b>	<b>17.60</b>

The post consolidation uniform millage rate and the additional service millages are less than currently levied in both the township and the city. The highest post consolidation rate of 17.60 mills for all services is less than the 2021 city rate by 5.9 mills and 0.65 mill for the township. For those sections of Sandy that do not have street lighting or hydrant services, the millage reduction will be 2.19 mills based on the 2021 township millage of 18.25.

## **Water and Wastewater Services**

### ***Rates for a Consolidated Municipality***

DuBois provides both water and wastewater treatment to Sandy Township through mutual agreements and under Pennsylvania Utility Commission regulatory oversight. In effect, Sandy Township is a separate customer for these utility services from the city. A consolidation of the two would allow the current city water services to be provided to former Sandy Township consumers under the same rates as paid by current city consumers.

The tables below show the average amount that residential customers pay now for utilities compared to the projected rate for residents under a consolidated municipality. The projected rates are the current city resident utility rate adjusted to ensure that both utility funds net to zero.

The annual savings for Sandy Township customers billed by the township ranges from \$223 to \$411. Sandy Township customers billed by DuBois and current DuBois customers would see annual increases of \$106 and \$25, respectively.

**Table 2-10**

*Sandy Township average usage of 3,000 gals/month water service only as of January 1, 2021 including inactive accounts*

	<b>Number of Households Water Only</b>	<b>Meter Surcharge</b>	<b>Per 3,000 Gal.</b>	<b>Total Monthly Charge</b>	<b>Annual Expense</b>
<b>Billed by Sandy Township</b>	226	\$12.25	\$48.00	\$60.25	\$723.00
<b>Billed by DuBois</b>	709	\$7.00	\$16.50	\$23.50	\$282.00
<b>Consolidated Municipality:</b>					
<b>Prior Sandy Billing</b>	226	\$10.00	\$22.32	\$32.32	\$387.84
<b>Prior DuBois Billing</b>	709	\$10.00	\$22.32	\$32.32	\$387.84
<b>Water Only Savings/Increase:</b>					
<b>Prior Sandy Township Billing</b>	226				<b>-\$335.16</b>
<b>Prior DuBois Billing</b>	709				<b>\$105.84</b>

**Table 2-11**

*Sandy Township average usage of 3,000 gals/month sewer service only including inactive accounts*

	<b>Number of Households Sewer Only</b>	<b>Meter Surcharge</b>	<b>Per 3,000 Gal.</b>	<b>Total Monthly Charge</b>	<b>Annual Expense</b>
<b>Current Sandy Township Rate</b>	813	\$12.25	\$55.50	\$67.75	\$813.00
<b>Consolidated Municipality Rate</b>		\$5.00	\$44.22	\$49.22	\$590.64
<b>Sewer (Savings)/Increase:</b>	813				<b>-\$222.36</b>

**Table 2-12**

*Sandy Township average usage of 3,000 gals/month both water and sewer including inactive accounts*

	<b>Number of Households Water/Sewer</b>	<b>Meter Surcharge</b>	<b>Per 3,000 Gal.</b>	<b>Total Monthly Charge</b>	<b>Annual Expense</b>
<b>Current Sandy Township Rate</b>	716	\$12.25	\$103.50	\$115.75	\$1,389.00
<b>Consolidated Municipality Rate</b>		\$15.00	\$66.54	\$81.54	\$978.48
<b>Water and Sewer Savings/Increase:</b>	716				<b>-\$410.52</b>

**Table 2-13**

*DuBois residents with adjusted water and sewer rates at 3,000 gals/month*

	<b>Meter Surcharge</b>	<b>Per 3,000 Gal.</b>	<b>Total Monthly Charge</b>	<b>Annual Expense</b>
<b>Current DuBois Water and Sewer Rates</b>	\$15.00	\$64.50	\$79.50	\$954.00
<b>Consolidated Municipality Rates</b>	\$15.00	\$66.54	\$81.54	\$978.48
<b>Total annual increase</b>				<b>\$24.48</b>



**Changes for Treasure Lake**

Utility costs for those areas of Sandy Township that do not have water or wastewater service provided by the city or the township will not see a change in the costs of those services. Treasure Lake receives water and wastewater services under a publicly regulated utility (Aqua America) whose rates will not be affected by the consolidation. Aqua America rates will continue to be regulated by the Pennsylvania Utility Commission. Residents of Treasure Lake will have a reduction in their real estate tax bills but will not have a change in their water and wastewater costs due to the consolidation.

Also, those residents who have well water and/or on-lot septic systems will have a reduction in their real estate tax bills but will not have a change in their water and wastewater systems due to the consolidation.

***Combined Water Budget***

Regarding the water revenues, effective January 1, 2021, water rates will increase for most DuBois customers, from \$7.00/1,000 gals to \$8.50/1,000 (an increase of 21 percent) and for wholesale customers from \$5.50/1000 gals to \$8.50/1,000 (an increase of 54 percent). Therefore, this adjustment is included because the consolidation will not occur until after these rates are in effect.

As seen in Table 2-14, it is estimated that there would be a loss of revenue from residential and non-residential users of \$427,872 in the consolidated municipality by reducing township water rates to the city level.

Because the current Sandy Township water service area will be contained within the same consolidated municipality, the wholesale water supply fees now paid by Sandy Township to the city will be eliminated for an additional revenue reduction of \$350,000.

Total water system revenue is reduced by \$777,872 after a consolidation. The expense adjustments are estimated to be \$350,000, which is the offset of the loss of income from the township to the city for wholesale water supply and the increase in the transfer to the general fund, as noted above.

Table 2-14

## Combined Municipal Water Services 2020 Budget

	DuBois 2020 Budget	Sandy 2020 Budget	Unadjusted Combined	Adjustments: all users on DuBois Rates and Sandy Fees Eliminated	Adjusted Combined Before 2021 Rate Increase	2021 rate increase	Est. Revenue Decrease to Net Zero	Adjusted Combined
<b>Income:</b>								
<b>Residential</b>	\$765,000	\$400,000	\$1,165,000	-\$213,936 <sup>5</sup>	\$951,064	\$199,723	-\$211,749	\$939,039
<b>Non-Residential</b>	\$721,000	\$450,000	\$1,171,000	-\$213,936 <sup>6</sup>	\$957,064	\$200,983		\$1,158,048
<b>Other Municipal Fees</b>	\$307,000	\$0	\$307,000		\$307,000			\$307,000
<b>Fees from Sandy Township</b>	\$885,000	\$0	\$885,000	-\$350,000 <sup>7</sup>	\$535,000	\$112,350		\$647,350
<b>Other Revenue</b>	\$536,000	\$7,500	\$543,500		\$543,500			\$543,500
<b>Water Income Total</b>	<b>\$3,214,000</b>	<b>\$857,500</b>	<b>\$4,071,500</b>	<b>-\$777,872</b>	<b>\$3,293,628</b>	<b>\$513,057</b>	<b>-\$211,749</b>	<b>\$3,594,936</b>
<b>Expenses:</b>								
<b>Salaries/Benefits</b>	\$898,977	\$221,863	\$1,120,840	-\$92,276 <sup>8</sup>	\$1,028,564			\$1,028,564
<b>Materials and Supplies</b>	\$454,200	\$22,000	\$476,200		\$476,200			\$476,200
<b>Professional Services</b>	\$0	\$10,500	\$10,500		\$10,500			\$10,500
<b>Utilities</b>	\$73,800	\$7,500	\$81,300		\$81,300			\$81,300
<b>Repairs and Maintenance</b>	\$72,000	\$20,000	\$92,000		\$92,000			\$92,000
<b>Contracted Services</b>	\$80,000	\$7,800	\$87,800		\$87,800			\$87,800
<b>Purchase of Water</b>	\$0	\$350,000	\$350,000	-\$350,000 <sup>9</sup>	\$0			\$0
<b>Other Expenses</b>	\$34,000	\$6,001	\$40,001		\$40,001			\$40,001
<b>Debt Service</b>	\$654,580	\$177,548	\$832,128		\$832,128			\$832,128
<b>Transfers Out</b>	\$946,443	\$0	\$946,443		\$946,443			\$946,443
<b>Water Expenses Total</b>	<b>\$3,214,000</b>	<b>\$823,212</b>	<b>\$4,037,212</b>	<b>-\$442,276</b>	<b>\$3,594,936</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,594,936</b>
<b>Surplus (Deficit)</b>	<b>\$0</b>	<b>\$34,288</b>	<b>\$34,288</b>	<b>-\$335,596</b>	<b>-\$301,308</b>	<b>\$513,057</b>	<b>-\$211,749</b>	<b>\$0</b>

<sup>5</sup> Uniform rate reductions are applied evenly to Residential and Non-residential categories. Actual distribution of reductions will depend on usage.<sup>6</sup> Uniform rate reductions are applied evenly to Residential and Non-residential categories. Actual distribution of reductions will depend on usage.<sup>7</sup> Value of current bulk water purchases by Sandy from DuBois. These are eliminated under a consolidated municipality. Removed as a revenue item for city.<sup>8</sup> Elimination of duplicate personnel position of supervisor, estimated savings.<sup>9</sup> Value of current bulk water purchases by Sandy from DuBois. These are eliminated under a consolidated municipality. Removed as an expense item for township.

***Combined Wastewater Budget***

As seen in Table 2-15, necessary adjustments for the wastewater system reduced revenues more than expenses. It is estimated that there will be an \$818,708 revenue loss from aligning the user charges for wastewater treatment in the Sandy Township area.

It is estimated that residential wastewater revenue would fall by \$637,494 and non-residential would be reduced by \$197,102 after a consolidation is approved because the existing rates in Sandy Township will be reduced to a uniform rate in the consolidated municipality. Additionally, the fees paid by the township to the city will be eliminated, further lowering wastewater revenue by almost \$1.2 million. The maintenance fee is also adjusted to reflect the maintenance fee charged by the city.

Regarding the wastewater revenues, effective January 1, 2021, sewer rates will increase from \$12/1,000 gals to \$13/1,000 (an increase of 8 percent) therefore this adjustment is included because the consolidation will not occur until after these rates are in effect. It is expected that increases in related expenses will be nominal.

Expense side reductions are estimated at \$1.3 million from the fee paid by the township for treatment. This will offset the revenue recorded by the city from the township. An increase to expenses will occur when the combined operations assume the \$481,292 in debt service principal payments for the township system. The net change in the wastewater budgets from a consolidation without other expenditure or revenue adjustments would be a deficit that is eliminated by adjusting rates upwards.

Table 2-15

2020 Combined Wastewater Services Budget for DuBois City and Sandy Township with rate increases

	DuBois 2020 Budget	Sandy 2020 Budget	Unadjusted Combined	Adjustments: all users on DuBois Rates and Sandy Fees Eliminated	Adjusted Combined Before 2021 Rate Increase	2021 rate increase	Estimated Revenue Increase to Net Zero	Adjusted Combined
<b>Income:</b>								
<b>Residential</b>	\$1,274,923	\$1,831,983	\$3,106,906	-\$637,494 <sup>10</sup>	\$2,469,412	\$197,553	\$345,530	\$3,012,495
<b>Maintenance Charge</b>	\$0	\$268,000	\$268,000	-\$67,300 <sup>11</sup>	\$200,700	\$138,744		\$339,444
<b>Sewer Credits</b>	\$0	-\$15,000	-\$15,000		-\$15,000			-\$15,000
<b>Non-Residential</b>	\$1,212,126	\$566,418	\$1,778,544	-\$197,102 <sup>12</sup>	\$1,581,442	\$126,515		\$1,707,957
<b>I &amp; I Surcharge</b>	\$0	\$0	\$0		\$0			\$0
<b>Other Municipal Fees</b>	\$168,573	\$0	\$168,573		\$168,573			\$168,573
<b>Fees from Sandy Township</b>	\$1,153,636	\$0	\$1,153,636	-\$1,153,636 <sup>13</sup>	\$0			\$0
<b>Other Revenue</b>	\$294,050	\$43,900	\$337,950		\$337,950			\$337,950
<b>Transfers In</b>	\$0	\$0	\$0	\$0	\$0	\$0		\$0
<b>Sewer Income Total</b>	\$4,103,308	\$2,695,301	\$6,798,609	-\$2,055,532	\$4,743,077	\$462,812	\$345,530	\$5,551,419
<b>Expenses:</b>								
<b>Salaries, Wages and Benefits</b>	\$940,838	\$221,863	\$1,162,701	-\$92,276 <sup>14</sup>	\$1,070,425			\$1,070,425
<b>Materials and Supplies</b>	\$290,250	\$26,000	\$316,250		\$316,250			\$316,250
<b>Professional Services</b>	\$12,000	\$85,750	\$97,750		\$97,750			\$97,750
<b>Utilities</b>	\$156,000	\$18,900	\$174,900		\$174,900			\$174,900
<b>Repairs and Maintenance</b>	\$100,000	\$331,000	\$431,000		\$431,000			\$431,000
<b>Contracted Services</b>	\$95,000	\$39,000	\$134,000		\$134,000			\$134,000
<b>Other Expenses</b>	\$11,220	\$3,500	\$14,720		\$14,720			\$14,720
<b>Capital Projects</b>	\$0	\$255,000	\$255,000		\$255,000			\$255,000

<sup>10</sup> Current residents billed by Sandy who will have a rate decrease.<sup>11</sup> Savings due to equalizing the maintenance surcharges.<sup>12</sup> Estimated savings from rate decrease from consolidation.<sup>13</sup> Elimination of treatment payment from Sandy to DuBois.<sup>14</sup> Elimination of duplicate personnel position of supervisor, estimated savings.

	DuBois 2020 Budget	Sandy 2020 Budget	Unadjusted Combined	Adjustments: all users on DuBois Rates and Sandy Fees Eliminated	Adjusted Combined Before 2021 Rate Increase	2021 rate increase	Estimated Revenue Increase to Net Zero	Adjusted Combined
Treatment Sykesville	\$0	\$42,000	\$42,000		\$42,000			\$42,000
Treatment DuBois	\$0	\$1,300,000	\$1,300,000	-\$1,300,000 <sup>15</sup>	\$0			\$0
USDA Water	\$0	\$0	\$0		\$0			\$0
Debt Principal	\$207,059	\$481,292	\$688,351		\$688,351			\$688,351
Debt Interest	\$80,854	\$36,081	\$116,935		\$116,935			\$116,935
Transfers Out	\$2,210,087	\$0	\$2,210,087	\$0	\$2,210,087	\$0		\$2,210,087
Sewer Expenses Total	\$4,103,308	\$2,840,386	\$6,943,694	-\$1,392,276	\$5,551,418	\$0	\$0	\$5,551,418
Surplus (Deficit)	\$0	-\$145,085	-\$145,085	-\$663,256	-\$808,342	\$462,812	\$345,530	\$0

<sup>15</sup> Estimated reduction in treatment expense.

## Impact of Consolidation on Total Taxes and Utility Payments

The tables below analyze the estimated total tax and utility impact of a consolidated municipality on a median assessed value owner-occupied property in DuBois and Sandy Township. Currently, Sandy Township property owners with a median value assessed home pay \$430 in annual property taxes compared to \$339 for DuBois residents as seen in Table 2-16.

In Table 2-17, the lower anticipated millage for a consolidated municipality is applied. The reduction in current annual property taxes ranges from \$15 to \$85.

**Table 2-16**

*2021 Property Tax on a Median Assessed Value Owner-Occupied Residential Property*

	<b>DuBois</b>	<b>Sandy</b>
<b>Median Assessed Value</b>	\$14,442	\$23,537
<b>Total Mills</b>	23.5	18.25
<b>2021 Median Property Tax Levy</b>	<b>\$339</b>	<b>\$430</b>

Source: Median Value 2015-2019 5-Year American Community Survey Table B25077 (Median Value, Dollars, Owner-occupied Housing Units) as adjusted by the 2019 Common Level Ratio as determined by the State Tax Equalization Board.

**Table 2-17**

*Post Consolidation Estimated Millage Rates and Financial Impact for A Median Value Owner-Occupied Home*

	<b>DuBois</b>	<b>Sandy</b>	<b>Sandy</b>	<b>Sandy</b>	<b>Sandy</b>
	<b>GF, Hydrants + Streetlights</b>	<b>GF Only</b>	<b>GF + Hydrants</b>	<b>GF + Streetlights</b>	<b>GF, Hydrants + Streetlights</b>
General Fund (GF) Mills	16.06	16.06	16.06	16.06	16.06
Special District Mills:					
Hydrants	0.72	—	0.72	—	0.72
Streetlights	0.82	—	—	0.82	0.82
<b>Total Millage</b>	<b>17.60</b>	<b>16.06</b>	<b>16.78</b>	<b>16.88</b>	<b>17.60</b>
Median Assessed Value	\$14,442	\$23,537	\$23,537	\$23,537	\$23,537
Median Property Tax Consolidated Muni	\$254	\$378	\$395	\$397	\$414
<b>Difference from Current Taxes</b>	<b>-\$85.00</b>	<b>-\$52.00</b>	<b>-\$35.00</b>	<b>-\$32.00</b>	<b>-\$15.00</b>

Once expected lower utility rates are factored in, as shown in Table 2-18, most Sandy Township residents with a median assessed home are likely to see even larger net reductions in utility and tax payments of almost \$240 to over \$460 per year. Exceptions to the additional utility savings will be for those Sandy Township residents billed directly by DuBois for water services only, who could see a net increase between \$50 and \$90 on a median assessed home; and Treasure Lake residents who receive water and sewer service from an independent public utility. For those Treasure Lake residents the net savings will accrue from the overall reduction in the property tax millage rate.

**Table 2-18***Post consolidation estimated total financial impact Sandy Township<sup>16</sup>*

	No Special District Millage	Hydrant Millage	Street Lights Millage	Hydrants and Street Lights
Sandy Twp Tax Savings from Table 2-17	-\$52	-\$35	-\$32	-\$15
Water Only Difference:				
Billed by Sandy Township	-\$335	-\$335	-\$335	-\$335
Billed by DuBois	\$106	\$106	\$106	\$106
Net Utility and Tax Difference:				
Billed by Sandy Township	-\$387	-\$370	-\$367	-\$350
Billed by DuBois	\$54	\$71	\$74	\$91
Sewer Only Difference	-\$222	-\$222	-\$222	-\$222
Net Utility and Tax Difference	-\$274	-\$257	-\$255	-\$238
Water and Sewer Difference	-\$411	-\$411	-\$411	-\$411
Net Utility and Tax Difference	-\$462	-\$445	-\$443	-\$426

As shown in Table 2-19, DuBois residents with a median assessed value home are anticipated to net a \$61 decrease in property taxes and utility rates.

**Table 2-19***Post consolidation estimated total financial impact DuBois<sup>17</sup>*

<b>DuBois Tax Savings from Table 2-17</b>	<b>-\$85</b>
<b>Adjusted Water and Sewer Rates</b>	<b>\$24</b>
<b>Net Utility and Tax Difference</b>	<b>-\$61</b>

<sup>16</sup> Totals might not add due to rounding

<sup>17</sup> Total might not add due to rounding

## Comparison of Municipal Budget Revenues and Expenditures

A review of the revenue and expenditure components for the city and the township show similarities and difference that can be attributed to differences in the class of government, mix of services provided to the residents and historical development patterns. The city of DuBois operates on a cash basis of accounting while Sandy Township uses modified accrual basis. Cash accounting recognizes revenue and expenses only when money changes hands, but modified accrual accounting recognizes revenue when it's available, and expenses when they're due (but not paid).

Because the reporting provided by cash and modified accrual bases differ within the same fiscal year, direct comparison of same year fiscal condition is not directly comparable. For example, beginning and end of year balances for receivables and payables may not be directly comparable between the two accounting methods. Therefore, the consultants viewed the financial comparisons using multi-year trends which allows some smoothing and comparable analysis between the two different methods.

### 2020 Revenues

The city and township rely on a different revenue mix. The township receives most of its total revenue from taxes. In contrast, the city's largest source of revenue is transfers from the sewer and water funds into the general fund in support of general fund activities conducted on behalf of those services.

The tax mix of the township is typical of a second-class township whose property values and residential earned income tends to be higher than the older urban areas of Pennsylvania. The city's total revenue mix is not typical for an older urban center because of the significant amount of revenue it receives from providing utility services to its residents and its neighbors, including Sandy Township.

Almost 17 percent of the city's 2020 revenue came from capital grants. This represents the final use of various grants received over the past several years for upgrades of infrastructure and recreational facilities in the city, as discussed in capital expenditures below. These grant funds are not expected to continue at the same level in the future.

**Table 2-20**

*Sandy Township and DuBois City 2020 General Fund Budget Revenues as a Percentage of Total Revenues*

	DuBois	Sandy
<b>Real Estate Taxes</b>	15.86%	32.42%
<b>Earned Income Tax</b>	7.44%	32.31%
<b>Local Services Tax</b>	4.08%	5.24%
<b>Real Estate Transfer</b>	1.05%	3.90%
<b>License &amp; Permits</b>	2.05%	5.64%
<b>Fines &amp; Forfeits</b>	0.25%	0.68%
<b>Interest, Rents &amp; Royalties</b>	0.05%	0.66%
<b>State Aid for Pensions</b>	3.22%	4.68%
<b>State Grants</b>	0.25%	0.74%
<b>PURTA</b>	0.03%	0.08%



	DuBois	Sandy
State Shared Revenues	0.39%	1.38%
Local Intergovernmental	0.51%	1.09%
Departmental Earnings	7.27%	7.30%
Other Revenues	5.10%	3.12%
Sale of Assets	0.00%	0.78%
Capital Grants	16.97%	0.00%
Transfers In	35.48%	0.00%
Total	100.00%	100.00%

## 2020 General Fund Expenditures

Expenditure patterns for the two municipalities show greater similarity than the revenue mix. Both municipalities budget similar levels of services and the corresponding expenses for those services as seen in Table 2-21.

General government and public safety services are the main expenditures for both. Public works is also a significant cost for both at 10.8 percent of total expenditures for the city and 22 percent for the township. The city's public works expenditures do not include those costs attributable to work on sewer and water operations. The township's public works services cover a much larger geographical area than the relatively compact area of the city.

**Table 2-21**

*2020 DuBois City and Sandy Township General Fund Budgeted Expenditures as a Percentage of Total*

	DuBois	Sandy
General Government	12.66%	11.49%
Police	16.35%	24.81%
Fire	2.45%	8.08%
Code Enforcement	1.31%	0.00%
Planning and Zoning	0.01%	1.63%
Emergency Management	0.04%	0.01%
Other Public Safety	0.00%	0.03%
Health and Human Services	0.00%	0.11%
Public Works	10.50%	22.03%
Culture & Recreation	5.28%	1.88%
Community Development	0.11%	0.02%
Miscellaneous	2.56%	3.03%
Employee Benefits/Taxes	20.47%	24.69%
Debt Service	2.13%	0.00%
Capital Projects	23.51%	0.00%
Transfers Out	2.63%	2.17%
Total	100.00%	100.00%

### ***Capital Expenses***

The city lists nearly \$2 million in various equipment purchases and capital projects in 2020 not involving potable water or wastewater treatment. Sandy Township has a separate 2020 capital budget of \$844,000, which includes \$300,000 for flow meters that would not be installed if the consolidation is accomplished. Both municipalities include one-time and on-going equipment replacement and larger capital projects in their general funds. The city lists over a million dollars for these projects, often using grant funding in addition to local share funds. These large projects skew the 19.8 percentage shown for capital projects. Sandy Township's capital expenditures are included within the departmental budget totals. The township budgets a \$97,500 capital transfer to a separate fund for equipment.

### ***Transfers***

The city operates the water and sewer operations under a fund arrangement that allows for revenues to be accounted for under respective funds but allows for expenses related to those operations to be paid under the general fund. The city does not specifically budget separately for these expenses or for any associated overhead expenses used in the support of these operations. During the course of a budget year the city will transfer funds from the revenue accounts into the general fund to support these expenditures. For example, for the budget year 2020, the transfers into the general fund totaled \$3.5 million from both water and sewer operations. The city will also transfer general funds as necessary to pay for expenses such as a health insurance account, sewer and water health care deductibles, and any operating shortfalls for the water system operations.

Township general fund transfers out are budgeted at \$97,500 for capital equipment purchases. The township accounts for its water and wastewater operations as a self-contained municipal authority. Therefore, they allocate the overhead costs, such as management salaries and benefits, to the authority. Unlike the city, there is no need to transfer funds to the general fund to support those costs.

### ***Use of Fund Balance***

The financial analysis does not use any funds that may be available from the existing fund balances of DuBois or Sandy Township. According to the 2018 audits:

1. On a cash reporting basis, DuBois recorded more than \$3.6 million in unassigned cash and cash equivalent balances.
2. On a modified accrual basis, Sandy Township recorded an end of year balance of cash and equivalents of \$2.6 million.

These reported fund balances may in some cases be subject to restrictions in their use that would continue under the new municipality or have been assigned to specific uses following the 2018 audit. The consultants have not considered the use of these fund balances to provide some transitional funding either for general fund operations or the water and wastewater operations of the consolidated municipality. Nonetheless, these fund balances would be combined upon consolidation and would be available for uses under the joint agreement for consolidation.

## Other Revenue Sources

It must be noted that PEL did not do a detailed analysis of all the fees and permit charges in each of the municipalities. A detailed review of these fees and permits will need to be conducted if the consolidation process is approved. In general, this would need to be done in the context of ordinance review and codification. PEL further recommends that an application for a state grant be sought to fund this ordinance codification and review of general administrative and legal compilations. With respect to charges for services, PEL again believes the 2020 budget sum of the individual municipalities' revenue would be the result, although there may be slight variations.

There is no consolidation tax issue related to Liquid Fuels Funds. Money from the commonwealth is provided to each municipality to help maintain streets and highways. A consolidation has no effect on the allocation of funds from the commonwealth because the commonwealth's allocation is based on road miles and population.

Both municipalities receive federal Community Development Block Grant (CDBG) funding from the commonwealth under an allocation process governed by Act 179 of 1984. The act established an annual CDBG entitlement for certain municipalities and counties based on population and other criteria. Under this process, DuBois received \$304,856 in entitlement funding directly from the commonwealth under its city classification. Sandy Township also receives a direct appropriation but at a lesser amount as a second-class township. In 2020, the township received \$161,951 for CDBG.

## Debt Service

Both municipalities have debt service obligations, primarily for water, wastewater and general purposes. As shown in Table 2-22, the city's outstanding debt at the end of 2019 totaled \$18 million with maturity dates ranging from 2021 through 2040. The total includes the following debt: general fund, \$4.8 million; water fund, \$9.8 million; and wastewater, \$3.5 million. The city's total annual debt service payment is approximately \$1.1 million. It is split between the general (\$189,473), sewer (\$287,913) and water funds (\$654,580).

**Table 2-22**

*2019 Outstanding Debt Obligations for DuBois City*

Source	Fund	Original Amount	Matures	Balance at 12/31/2019	General Fund	Water Fund	Sewer Fund
<b>Pennvest 2006</b>	Sewer	\$1,484,050	2027	\$594,231			\$594,231
<b>S&amp;T Bank 2012</b>	Water, Sewer	\$9,000,000	2037	\$6,989,187		\$5,472,287	\$1,516,900
<b>S&amp;T Bank 2013</b>	General, Water Sewer	\$4,664,523	2028	\$3,662,923	\$915,731	\$1,391,911	\$1,355,281
<b>S&amp;T Bank 2015</b>	General, Water	\$4,400,000	2040	\$3,807,830	\$871,872	\$2,935,958	—
<b>S&amp;T Bank 2018</b>	General	\$3,000,000	2021	\$3,000,000	\$3,000,000	—	—
<b>Total Debt</b>	—	—	—	<b>\$18,054,171</b>	<b>\$4,787,603</b>	<b>\$9,800,156</b>	<b>\$3,466,412</b>

As of December 31, 2019, the township's outstanding debt obligations totaled almost \$5.9 million as shown in Table 2-23. Obligations are water system, \$3.1 million, and sewer, \$2.8 million. Annual debt service totals \$527,629 (sewer, \$481,292; and water, \$46,337).

**Table 2-23***2019 Outstanding Debt Obligations for Sandy Township*

Source		Original Amount	Issued	Matures	Balance at 12/31/2019
<b>PennVest – 1</b>	Sewer	\$5,503,403	2005	2026	\$2,114,588
<b>PennVest – 2</b>	Sewer	\$462,621	2013	2024	\$188,245
<b>PNC Bank</b>	Sewer	\$1,236,425	2013	2023	\$471,391
<b>U.S. Department of Agriculture (USDA)</b>	Water	\$3,400,000	2012	2051	\$3,090,098
<b>Total Due</b>					<b>\$5,864,322</b>

All existing debt obligations will transfer to the consolidated municipality and will be the responsibility of the successor municipality. According to Sec.7024 (c) of the Municipal Consolidation or Merger Act, Act 90 of 1994: “Debts, liabilities and duties of each of the municipalities shall be attached to the consolidated or merged municipality and may be enforced against it.”

Both municipal budgets have adequate revenue for annual debt service. It is anticipated that the consolidated municipality will also have enough revenues to adequately meet the annual debt service requirements.

## **Chapter 3**

### **Operations, Facilities and Related Considerations**

#### **Introduction**

Operations and facilities of the city of DuBois and Sandy Township were reviewed to determine current service levels and conditions, and how those would potentially be combined in a consolidated municipality.

In terms of buildings and facilities, an addition to the existing DuBois City Hall building and some renovations to another city-owned building could be completed to provide adequate space for all employees, based on discussions with the current municipal managers.

The two communities' function in similar manners and particularly with public works, already share services with each other. A consolidated community would need a similar sized workforce to accomplish most of the tasks that are being performed today. However, there are some areas where there would be duplication of positions. Titles or departments with excess capacity after a consolidation include municipal manager, engineer, finance and administration.

In public works, there might be some duplication, particularly in the less skilled areas, but it will be important to ensure enough staff is present to plow. There is not enough information to render an opinion on the police department. The ratio of police officer to residents is two to three officers below that of similar sized communities in central and western Pennsylvania, but this study was not designed to perform a thorough evaluation of staffing levels.

#### **Buildings and Facilities**

The high-level facilities review is intended to inform decision makers about the general condition of the facilities used for administrative offices, law enforcement and public works. The parks and volunteer fire department facilities were not toured.

#### ***DuBois***

DuBois City Hall is in the central business district at 16 West Scribner Avenue. The 16,000 square foot building was completed in 1989. The building houses all the offices for administration, the police department and meeting space for the city council and other boards. The lower level is primarily used by the Police Department. There is a public entrance with a small lobby. The full description of the police portion is in the police section of the report. The ground level has a meeting room, a small reception area and several administrative offices including those for receiving tax and utility payments. The upper floor has the remaining administrative offices and a small conference room. All areas of the building are handicap accessible, although getting to the elevator requires passing into secure portions of the building.

The main public works complex is located at 10 Parkway Drive, near the largest city park. The complex includes several buildings used by the DPW and an area dedicated to fire service training. The main building has offices for the foreman and assistant foreman, a locker room, and the mechanic's area. A second building has parking spaces for several large vehicles and a multipurpose

training room that is often used by the fire departments. The complex has numerous parking spaces for vehicles, a salt barn and space to store essential road repair materials.

The wastewater and water distribution facilities are described in their sections of the report.

### ***Sandy Township***

The Sandy Township Municipal Building is located at 1094 Chestnut Avenue, in the southern third of the township. The municipal building is 5,655 square feet and was completed in 1965. The municipal operations are on a single level in the building. The municipal operations area includes a small lobby, a service window for receiving taxes and other municipal submissions, a board room, and offices for the administrative staff. The police department offices are in a separate section of the building with its own entrance. The building has multiple deficiencies including an aging roof and poor heating, cooling and ventilation systems that have led the township to begin setting aside funds to support the building of a new municipal building soon.

The public works facilities are also located on this property and include two aluminum sided garages. The smaller of the buildings has two large bays that are used by the mechanic and contains the offices for the foreman as well as parts storage. The larger building is used generally for storage of vehicles and road maintenance equipment. It has minimal environmental controls. The property also has parking vehicles spaces and has a drop off area for recyclables.

### ***Analysis***

As part of a municipal reorganization, a detailed space needs and utilization study should be undertaken. Future plans for administrative and law enforcement functions should focus on DuBois City Hall. However, the current configuration of the building would not be able to accommodate all the people and staff. As noted in the police section, the DuBois Police Department is already nearing functional capacity and would need additional space.

Possible reconfigurations or additions would include converting part of the garage space into useable space for the police department; moving engineering, public works and redevelopment authority staff to another facility; and moving police department leadership and investigative staff to other spaces in the building.

Sandy Township's building is not a viable facility for future operations, although it would be reasonable to repurpose some of the property as an auxiliary storage area for public works equipment and materials.

### ***Fleet Comparison***

As part of the analysis on the operations of the two municipalities, vehicles, their expected lifecycle and replacement costs were reviewed. Potential duplication among the fleets that might lead to savings if a consolidation occurred was also considered.

## **Sandy Township**

Sandy Township has 53 vehicles in its fleet. Of these, 44 belong to Public Works, six to the Police Department and three to Administration.

### ***Administrative Vehicles***

Administration has three SUV-type vehicles, two of which are proposed for replacement in 2024 and one in 2029. These range in estimated replacement cost from \$30,000 to \$50,000.

### ***Police Vehicles***

The Police Department has four 2018/2019 Dodge Chargers and two 2014 Chevy Tahoes. These are scheduled for replacement in 2023/24 and 2021, respectively. Estimated costs are \$35,000 for the Chargers and \$45,000 for the Tahoes.

### ***Public Works Vehicles***

Public Works has a range of vehicles, many of which are specialized construction vehicles. It has six heavy trucks with replacement costs estimated between \$100,000 and \$180,000, two of which are proposed to be replaced this year and next. There are five pickups, with estimated price tags from \$35,000 to \$40,000, two of which are proposed for replacement in the next two years. Three dump trucks will not need replacement before 2028. Other stock includes bucket trucks, three steam rollers, leaf vacor trucks, skid steer loaders, pavers, excavators, backhoes and woodchippers.

### ***Additional Equipment***

Sandy Township also lists 24 pieces of supplementary non-vehicle equipment stock, such as jackhammer, asphalt planer and snowplow attachments for existing vehicles, compactors, cement saws, portable generators, two commercial-grade mowers, and an ENRADD police speed enforcement system.

**Table 3-1**  
*Sandy Township Equipment*

<b>YEAR/MAKE</b>	<b>MODEL</b>	<b>EST. REPLACEMENT COST</b>	<b>PROPOSED REPLACEMENT YEAR</b>	<b>DEPARTMENT</b>
2019 Ford	Escape	\$35,000.00	2029	Administration
2011 Ford	F250	\$30,000.00	2024	Administration
2014 Chevy	Tahoe	\$50,000.00	2024	Administration
2016/Dodge	Charger	\$35,000.00	2022	Police
2018/Dodge	Charger	\$35,000.00	2023	Police
2019/Dodge	Charger	\$35,000.00	2024	Police
2019/Dodge	Charger	\$35,000.00	2024	Police
2014 Chevy	Tahoe	\$45,000.00	2021	Police
2014 Chevy	Tahoe	\$45,000.00	2021	Police
1992 LeeBoy	Asphalt Maintainer	\$100,000.00	2025	Public Works
2010 JD	Backhoe	\$100,000.00	2030	Public Works
1980 Athey	Belt Loader	\$50,000.00	2035	Public Works
2020 Massey Ferguson	Boom Mower	\$154,000.00	2040	Public Works
2004 Cargo King	Box Trailer	\$8,000.00	2034	Public Works
1994 Ford	Bucket Truck	\$100,000.00	2024	Public Works
2001 Mack	Dump	\$75,000.00	2031	Public Works
1998 Mack	Dump	\$75,000.00	2028	Public Works
2002 Mack	Dump	\$75,000.00	2032	Public Works
2012 JD	Excavator	\$120,000.00	2032	Public Works
2000 MGS	Generator	\$12,000.00	2025	Public Works
1997 Tarco	Leaf Vactor			Public Works
2005 Volvo	Loader	\$125,000.00	2035	Public Works
1997 Case	Loader	\$125,000.00	2021	Public Works
2008 JCB	Mini Excavator	\$120,000.00	2028	Public Works
1988 IH	Oil Dist Truck	\$50,000.00	2035	Public Works
2000 Lee Boy	Paver	\$80,000.00	2030	Public Works
2015 Ford	Pickup	\$35,000.00	2025	Public Works
2020 Chevrolet 2500	Pickup	\$40,000.00	2030	Public Works
2020 Chevrolet	Pickup	\$40,000.00	2030	Public Works
2011 Ford	Pickup	\$35,000.00	2021	Public Works
1999 Ford	Pickup	\$35,000.00	2020	Public Works
2017 IH	Recycling Truck	\$145,000.00	2037	Public Works
2014 NORAM	Road Grader	\$170,000.00	2044	Public Works
2008 SAKAI	Roller	\$60,000.00	2038	Public Works
1970 Galion	Roller	\$5,000.00	2040	Public Works
1995 CAT Roller	Roller CB-224C	\$40,000.00	2025	Public Works
2013 Gehl	Skid Steer	\$90,000.00	2033	Public Works
2015 Isuzu	Sweeper	\$200,000.00	2035	Public Works
1996 Chausse	Tar Kettle	\$25,000.00	2022	Public Works
2015 IH	Terrastar	\$100,000.00	2023	Public Works
1994 John Deere	Tractor Park	\$30,000.00	2030	Public Works
1988 Eager Beaver	Trailer	\$20,000.00	2030	Public Works
1996 Viking	Trailer	\$20,000.00	2026	Public Works



<b>YEAR/MAKE</b>	<b>MODEL</b>	<b>EST. REPLACEMENT COST</b>	<b>PROPOSED REPLACEMENT YEAR</b>	<b>DEPARTMENT</b>
<b>2004 Rogers</b>	Trailer	\$35,000.00	2034	Public Works
<b>2020 Chevrolet 5500</b>	Truck	\$100,000.00	2030	Public Works
<b>2008 GMC</b>	Truck	\$100,000.00	2021	Public Works
<b>2009 GMC</b>	Truck	\$100,000.00	2020	Public Works
<b>2018 Peterbuilt</b>	Truck	\$180,000.00	2033	Public Works
<b>2019 Peterbuilt</b>	Truck	\$180,000.00	2029	Public Works
<b>2008 IH</b>	Truck	\$180,000.00	2026	Public Works
<b>1996 Ford</b>	Vactor	\$275,000.00	2020	Public Works
<b>2004 Ford</b>	Van	\$60,000.00	2024	Public Works
<b>1996 Bandit</b>	Woodchipper	\$75,000.00	2036	Public Works

Table 3-2

*Sandy Additional Equipment*

DESCRIPTION	DETAIL 1	DETAIL 2	EST. REPLACEMENT COST	PROPOSED REPLACEMENT YEAR
<b>Elkin</b>	Tailgate Spreader	Total 7 spreaders	\$5,000.00	Replaced with new truck purchase
<b>Wacker Neuson</b>	BS50-2i	Hand Tamper	\$5,000.00	2022
<b>MB Power Broom</b>	LLB	Loader Attachment	\$12,000.00	2025
<b>Gledhill Power Plow</b>	Reversing 11'	Total 3 plows	\$11,000.00	Replaced with new truck purchase
<b>Cement Saw</b>	IA	Stihl	\$1,000.00	Replace when needed
<b>Cement Saw</b>	IA	Wacker	\$1,000.00	Replace when needed
<b>Wacker Compactor</b>	BPU2540A	Vibrating Plate	\$300.00	Replace when needed
<b>Western Snowplow</b>	7 1/2'	Unit 32	\$4,500.00	Will be auctioned/not replaced
<b>Gledhill</b>	Chip Boxes	Total 6 boxes	\$4,000.00	Replaced with new truck purchase as needed
<b>Western Snowplow</b>	10' Angle	Total 4 plows	\$10,000.00	Replaced with new truck purchase
<b>Backhoe Wacker</b>	VPG160K	Equipment Attachment	\$25,000.00	Replace when needed
<b>Generator</b>	Water & Sewer	5115-00-465-1044	\$1,000.00	Replace when needed
<b>Onan Quiet Site</b>	II-Generator	305-0812-01	\$40,000.00	Replace when needed
<b>Electronic Non-Radar Device</b>	(ENRADD)	SN471	\$4,000.00	Police-Replace when needed
<b>Asphalt Plainer</b>	(for Skidsteer)	\$23,065.00	\$17,000.00	2033
<b>Rock Wheel</b>	(for Skidsteer)	\$1,256,344.00	\$19,000.00	2033
<b>Forks</b>	(for Skidsteer)		\$1,000.00	2033
<b>Jackhammer</b>	(for Backhoe)		\$25,000.00	2030
<b>Western Snowplow</b>	8' Pro Plus	Unit 14	\$6,000.00	2021
<b>Tenco Plow</b>	1-way 11'	Unit 11	\$15,000.00	2026
<b>Boss Snowplow</b>	8'2 V plow	Unit 7	\$5,400.00	2030
<b>Toro Zero-Turn</b>	Property Mower		\$7,500.00	2025
<b>Toro Zero-Turn</b>	Park Mower		\$7,500.00	2030
<b>Generator</b>	Road Dept			

## ***Sandy Township Staff's Fleet Assessment***

### ***Overall State of Fleet***

Project staff interviewed Sandy Township Public Works Director Matt Cook for his assessment of the fleet. Mr. Cook assessed that the fleet is in good shape, overall, especially the main vehicles they use, such as snowplows. Dump trucks and the AC loaders are purchased used through PennDOT auctions and repaired as needed. While these have some dependability issues due to their age and previous usage, they can be maintained in decent shape.

### ***Equipment Replacement***

Mr. Cook stated that the ideal for replacement is a seven-year schedule, but because that is not realistic for Sandy, replacement is decided by repair expenditures: when it starts costing as much or more to repair a vehicle as replace it, it is replaced. However, Sandy's fleet database includes a proposed replacement year for all equipment.

### ***Vehicle Maintenance***

Sandy has one full-time mechanic and conducts almost all its work in-house, including breaking down and rebuilding diesel engines, if needed. This mechanic is assisted by a road crew worker approximately two days a week to lighten his load. Larger pieces of equipment are occasionally sent out for repair, such as to the local Ford dealer.

Mr. Cook states that the garage is adequate for the current needs, and they can get everything important under a roof in the wintertime.

### ***Plowing***

Sandy has five main snowplow routes, each of which takes roughly an 8-hour shift to complete. There are nine staff to plow, with the mechanic excluded to attend to his duties. There is a morning and an afternoon plow shift, with the staff divided roughly in half between them: the morning shift cleans and treats main thoroughfares and the afternoon shift cleans up remaining work and maintains key areas.

### ***Sharing Equipment with DuBois***

Mr. Cook estimated that, in the event of a merger, there would be few potential reductions of staff and vehicles in a combined fleet, stating that the Public Works fleet currently has exactly what they need and nothing extra, and likewise, there are few additional vehicles or items from DuBois's fleet that are needed to fill in gaps.

He states that DuBois has a sewer camera truck that they let Sandy use on occasion and notes that surrounding municipalities already practice sharing and cooperation, such as loaning services and pieces of equipment to each other on an informal basis when needed.

**City of DuBois**

DuBois has 54 vehicles in its fleet. Of these, 40 belong to the Public Works garage, 12 to the Police Department and two to the Water Treatment Plant. In contrast to Sandy, it does not list proposed replacement dates.

***Water and Sewage Treatment Plants***

The water treatment plant has two Ford trucks, one from 2017 and a 2019 Ford F250 Crew Cab with a plow, and a trailer. As well, it has one Cub Cadet utility terrain vehicle (UTV) and two Cub Cadet driving mowers.

The sewage treatment plant has one John Deere tractor mower, three Cub Cadet driving mowers and one Cub Cadet utility terrain vehicle.

***Police Vehicles***

The Police Department has four Dodge Chargers, from 2011, 2014, 2018 and 2019, respectively, with values ranging from \$25,000 to \$39,800. It has two 2018/2019 Dodge Durangos, with values from \$40,300 to \$41,700. It has one 2011 Ford F150, valued at \$26,000, one 2012 Ford Expedition, valued at \$26,500, and one Ford Explorer Interceptor, valued at \$34,600.

***Public Works vehicles***

Public Works has a range of vehicles, many of which are specialized construction vehicles. It has 10 pickups, mainly Ford F150s and F250s, ranging in value from \$23,400 to \$45,200; nine dump trucks, ranging in value from \$35,000 to \$190,000; eight trailers; seven specialty trucks, which includes backhoes and vactors; and four utility trucks. Other vehicles include towed woodchippers, light towers and air compressors.

***Additional equipment***

DuBois also lists 25 pieces of supplementary non-vehicle equipment stock. This includes seven commercial-grade mowers purchased in 2020 – three belonging to DPW and two each belonging to the Water and Sewage Treatment Plants, respectively; three additional mowers, a bulldozer, a forklift, a cement mixer, etc.

**Table 3-3**  
*City of DuBois vehicles*

<b>YEAR/MAKE</b>	<b>MODEL</b>	<b>EST. REPLACEMENT COST</b>	<b>Department</b>
<b>2014 Dodge</b>	Charger	\$33,708.38	Police
<b>2011 Dodge</b>	Charger (unmarked)	\$29,500.00	Police
<b>2018 Dodge</b>	Charger AWD	\$24,985.00	Police
<b>2019 Dodge</b>	Charger AWD	\$39,770.00	Police
<b>2018 Dodge</b>	Durango	\$41,725.00	Police
<b>2019 Dodge</b>	Durango	\$40,250.00	Police
<b>2012 Ford</b>	Expedition	\$26,500.00	Police
<b>2017 Ford</b>	Explorer Interceptor	\$34,580.00	Police
<b>2011 Ford</b>	F150	\$25,977.00	Police
<b>2013 Ford</b>	F550	\$75,000.00	Police
<b>2013 Ford</b>	F550	\$75,000.00	Police
<b>2013 Ford</b>	F550	\$91,638.00	Police
<b>1994 Chevrolet</b>	1500 4X4 Pickup (camera truck)	\$15,000.00	Public Works
<b>2012 Compliment</b>	538 Trailer	\$1,750.00	Public Works
<b>2009 Super Case</b>	580 Super M Backhoe	\$76,856.00	Public Works
<b>2011 Case</b>	621E Wheel Loader	\$131,284.00	Public Works
<b>2000 GMC</b>	6500 2X4 Dump Truck w/Plow	\$49,000.00	Public Works
<b>2011 International</b>	7400SF Dump Truck	\$140,254.00	Public Works
<b>2003 IR185</b>	Air Compressor w/Gauge & Man Reel	\$9,995.00	Public Works
<b>2009 Case</b>	Backhoe 580 SuperM	\$80,000.00	Public Works
<b>2004 GMC</b>	Dump 6500	\$57,000.00	Public Works
<b>2017 Freightliner</b>	Dump Truck	\$190,000.00	Public Works
<b>2007 Ford</b>	Explorer	\$30,334.00	Public Works
<b>2016 Ford</b>	F150 SuperCrew	\$42,435.00	Public Works
<b>2017 Ford</b>	F150 SuperCrew	\$23,400.00	Public Works
<b>2019 Ford</b>	F250	\$42,520.00	Public Works
<b>2019 Ford</b>	F250 Crew Cab	\$56,725.00	Public Works
<b>2008 Ford</b>	F250 Diesel Pickup	\$35,000.00	Public Works
<b>2008 Ford</b>	F250 Diesel Pickup	\$35,000.00	Public Works
<b>2019 Ford</b>	F250 SuperCab	\$45,190.00	Public Works
<b>2018 Ford</b>	F250 SuperDuty	\$36,276.00	Public Works
<b>2018 Ford</b>	F250 SuperDuty W/Liftgate	\$39,736.00	Public Works
<b>2006 Ford</b>	F350	\$32,322.00	Public Works
<b>2009 Ford</b>	F350 Dump Truck	\$40,000.00	Public Works
<b>2008 Ford</b>	F350 Dump Truck W/Plow & Spreader	\$35,827.00	Public Works
<b>2008 Ford</b>	F450 Bucket Truck	\$58,800.00	Public Works
<b>2016 Ford</b>	F550 Crane Truck	\$136,225.00	Public Works
<b>2018 Ford</b>	F550 Dump	\$105,073.89	Public Works
<b>1996 Ford</b>	F800 Dump	\$35,000.00	Public Works
<b>2007 Dodge</b>	Grand Caravan	\$2,500.00	Public Works
<b>2007 Mack</b>	Granite Dump Truck	\$80,000.00	Public Works
<b>2005 Wacker</b>	LT Cyl Light Tower		Public Works
<b>2019 Elgin</b>	Pelican Sweeper	\$239,313.38	Public Works

<b>YEAR/MAKE</b>	<b>MODEL</b>	<b>EST. REPLACEMENT COST</b>	<b>Department</b>
<b>2016 Cam</b>	Superline Trailer	\$11,000.00	Public Works
<b>2003 Chevrolet</b>	Tahoe	\$27,000.00	Public Works
<b>2012 Chevrolet</b>	Tahoe	\$36,646.42	Public Works
<b>1997 International</b>	Trailer	\$10,000.00	Public Works
<b>1998 Moritz</b>	Trailer	\$15,000.00	Public Works
<b>2010 EH Wachs</b>	Trailer		Public Works
<b>2012 Towmaster</b>	Trailer (12 Bobcat E55)	\$8,035.00	Public Works
<b>2011 Interstate</b>	Trailer (for Case Excavator)	\$12,839.00	Public Works
<b>2008 MGS</b>	Trailer W/ Godwin Pump	\$40,793.00	Public Works
<b>2016 Freighliner</b>	Vactor 2100 Plus	\$395,434.72	Public Works
<b>1993 Mobark</b>	Woodchipper - EZ Beaver	\$17,541.00	Public Works
<b>2018 John Deere</b>	X380	\$4,500.00	STP
<b>2019 Ford</b>	F250 Crew Cab with Plow	\$53,637.37	WTP
<b>2019 Compliment</b>	LST Trailer 6'8"x20'	\$4,839.95	WTP
<b>2017 Ford</b>	Truck	\$38,210.00	WTP

**Table 3-4***DuBois Additional Equipment*

<b>YEAR/MAKE</b>	<b>MODEL</b>	<b>EST. REPLACEMENT COST</b>	<b>DEPARTMENT</b>
<b>Wachs</b>	Trav-L-Vac 300	\$14,397.00	Public Works
<b>2019 Caterpillar</b>	259D3	\$58,496.00	Public Works
<b>2018 John Deere</b>	6145M	\$99,826.76	Public Works
<b>2018 Cub Cadet</b>	CX750 EPS with cabheater & plow	\$19,012.00	Public Works
<b>2018 Bobcat</b>	E35 Excavator	\$65,000.00	Public Works
<b>2018 Bobcat</b>	E55 Excavator	\$80,000.00	Public Works
<b>2010 Case</b>	Excavator	\$98,000.00	Public Works
	Forklift Model 750D	\$5,500.00	Public Works
<b>2014 Club Car</b>	Golf Cart	\$3,295.00	Public Works
<b>2018 Cub Cadet</b>	Challenger LX400 UTV	\$6,600.00	Public Works
<b>2020 Cub Cadet</b>	Pro Z 972 SD Mower	\$15,999.00	Public Works
<b>2020 Cub Cadet</b>	Pro Z 972 SD Mower	\$15,999.00	Public Works
<b>2020 Cub Cadet</b>	Pro Z 972 SD Mower	\$15,999.00	Public Works
<b>Dyna Pac</b>	Roller	\$3,000.00	Public Works
<b>1995</b>	Stone Cement Mixer	\$10,000.00	Public Works
<b>1970 Western Trailer/Dynapac Roller</b>	Trailer/Roller	\$25,000.00	Public Works
<b>2010</b>	Utility Trailer	\$1,740.00	Public Works
<b>2018 John Deere</b>	X758	\$22,918.79	Public Works
<b>2015 Cub Cadet</b>	Zero Turn Mower ZD560	\$5,850.00	STP
<b>2018 Cub Cadet</b>	Challenger CX750 Crew UTV	\$11,999.00	STP
<b>2020 Cub Cadet</b>	Pro Z 960S KW	\$12,649.00	STP
<b>2020 Cub Cadet</b>	Pro Z 972 SD Mower	\$15,999.00	STP
<b>2018 Cub Cadet</b>	Challenger CX750 Crew UTV	\$11,999.00	WTP
<b>2020 Cub Cadet</b>	Pro Z 972 SD Mower	\$15,999.00	WTP
<b>2020 Cub Cadet</b>	Pro Z 972 SD Mower	\$15,999.99	WTP

***DuBois Staff's Fleet Assessment******Overall State of Fleet***

Project staff interviewed City of DuBois Engineer and Public Works Director Chris Nasuti for his assessment of the fleet. Mr. Nasuti assessed that the current fleet situation is ideal, with the equipment they need. There are no obvious gaps that would require renting equipment, etc.

***Equipment Replacement***

DuBois's fleet replacement schedule is based on years of use, depending on the equipment. For example, vector trucks are on a 5-year replacement schedule, sweepers on a 4-year schedule, backhoes on a 3-year schedule and mowers on an annual schedule. Police vehicles are decided separately, based on level of wear and tear.

## **Vehicle Maintenance**

DuBois has two full-time mechanics who can handle the workload well without being stretched thin or being short of work. Warranty work and heavy equipment work is outsourced either to the local Ford dealer or a heavy equipment supplier in Pittsburgh.

Mr. Nasuti states that available garage is adequate for the current needs but does not have excess capacity. If a merger changed storage arrangements or fleet size, increased garage space or multiple sites would be needed.

## **Plowing**

DuBois has five plow routes, corresponding to the five wards of the city. It takes about four hours for each truck to complete a route. There is one cleaning in the morning and one in the afternoon. The police can call in at any time to notify of hazardous conditions and the fleet will call out drivers as needed.

## **Sharing Equipment with Sandy**

Mr. Nasuti estimated that in a merger there might be some pieces of excavation and sewer cleaning equipment that were duplicated and could be reduced, such as sweepers, vactors, or some backhoes and excavators. He did not believe that plows would be duplicated, noting a key difference is that Sandy does bigger, longer rural runs, using bigger plows, whereas DuBois does runs in narrower streets, using smaller plows in some cases.

**Table 3-5**

*Summary Table of Equipment*

Type	Sandy	DuBois	Total
Backhoe/ Excavator	1	5	6
Bucket Truck	1	1	2
Dump Truck (all sizes)	15	9	24
Grader	1	0	1
Loader	2	1	3
Pick Up (all sizes)	6	12	18
Police (all types)	6	12	18
Recycling Truck	1	0	1
Roller	2	0	2
Skid Steer	1	0	1
Specialized Vehicles	8	4	12
SUV/ Van (non-police)	2	4	6
Street Sweeper	1	1	2
Tar Spreader	1	0	1
Trailer	3	9	12
Vactor Truck	1	1	2



## **Manager**

Both communities have an appointed municipal manager that oversees the day-to-day operations, budgeting and planning for their communities. In general, the role of this position is to serve as the chief executive for the community. Although the scale of operations and specific tasks vary by the community, they are similar in scope and responsibility.

### ***DuBois***

The manager of the city has held the role since 2010 and previously served as both mayor and manager of the city. The role involves active management of the administrative staff of the city and oversight of the city department heads. The role serves as the budget officer and open records officer for the city. The manager is responsible for day-to-day details of the city operations including signing authority on many purchases, overseeing major initiatives and providing guidance to the department heads regarding operations.

### ***Sandy Township***

The manager of the town has held the role since 2019. He previously worked for a larger town in the Pittsburgh area and is a native to Sandy Township. As with the city, the role involves active management of the administrative staff and oversight of the department heads. As needed, the manager's role may fill in for staff, such as temporarily serving as the planning director. The manager in the township has similar responsibilities including signing authority, directing major initiatives and providing supervision for the department heads.

## **Analysis**

The two roles are similar in scope and daily activities, although the city's operation is larger. In a consolidated community, there would be only one manager. This recommendation is made on the overall size of the staff and the breadth of responsibilities. However, during a transition period one of the two incumbents would be very valuable in the role of transition manager to help identify and address concerns that will come up during the shift to a new form of local government.

## **Administration**

The administrative staff of the two municipalities is relatively small. They both focus on managing the finances of the municipality, record keeping and constituent services. The position titles and specific tasks vary between the municipalities as noted in the discussion.

### ***DuBois***

The administrative staff consists of six full time employees that all work from City Hall. The finance officer is responsible for accounts payable, payroll, benefits, insurances and risk management activities. The city prints its own checks and manages the entire payroll process. The city issues more than 200 checks each month to operate, and payroll is a biweekly direct deposit process. The finance officer also manages the employee on boarding process and works with the pension plans for the employees. This position is assisted by a clerk for approximately half of the clerk's hours, with that clerk assisting the water coordinator for the other half of her time.

Two employees are responsible for managing the water and wastewater billing process for the city. The employees print the bills, prepare the mailings and receive the payments. The majority of payments are received through the mail and are manually processed. One employee is dedicated to the role of reception for all city hall business. They will receive a variety of forms and applications including taxes, building permit applications, and payments. The elected treasurer position is a part time position that oversees the receipt of taxes and reviews the city's financial operations.

### ***Sandy Township***

There is a single full-time secretary and treasurer position in Sandy. She is assisted on a part time basis by an administrative assistant (who also assists the township manager). There is an elected tax collector who is responsible for overseeing the receipt of taxes for the township, county and school district. The township bills for water and wastewater on a monthly basis. The fees can be remitted to a bank or paid through an on-line portal. This position receives permit applications and fees, police department fines, and reconciles the bank accounts. They are also responsible for overseeing the payroll process, employee benefits and pension payments. They help oversee the police pension accounts. They are also responsible for supporting the board of supervisors with developing the agenda and keeping minutes.

### ***Analysis***

The two communities are focused on supporting the needs of their municipality through customer service. In a combined municipality, there would be an opportunity to reduce the number of staff necessary to carry out the administrative tasks of government. For example, either payroll process could absorb the additional employees without adding more staff.

Sandy Township's process for water and sewer billing is more efficient with their bank receiving payments rather than municipal employees. This service does not cost the township anything additional. Further, expanding methods for on-line payments would improve customer service to their residents. Although the analysis chose not to identify which positions are most appropriate for elimination, a reorganized municipality would likely be able to operate with two or three fewer FTEs after the consolidation was completed. The municipality would only need a single finance director and one or two of the lower level positions could also be eliminated.

### ***Information Technology***

For a modern local government, information technology is essential to provide services needed to carry out its mission. Information technology is broadly defined to include computers, tablets, servers, networks, software, hardware, phone systems, security systems and cameras.

### ***DuBois***

The city has recently hired a full-time person to support the information technology infrastructure in the city. Prior to their start, the role of managing the IT infrastructure has been shared among multiple administrative positions. The city uses dozens of Windows based desktop and laptop units that are connected through a network. The primary servers are at City Hall with mirrored virtual backups.

The Police Department functions on a separate network that also supports the in-vehicle records management system. There are separate servers that support the water plant and sewer plant. The fire houses are connected to the primary network using a virtual private network (VPN) that is used to support the building security system. The city also has a camera system throughout its properties that utilizes about three dozen cameras.

Many of the municipal operations are managed using the Edmunds GovTech software. For example, this software handles permit applications, inspections, refuse invoicing, water billing and bill payment. The city is actively pursuing a new software solution for records management for the police department.

### ***Sandy Township***

The IT operations for the township are focused on the township building. There are separate servers in the building for the general municipal operations and the police department. The servers are mirrored to the cloud as a back-up. Several employees handle the first line of IT issues for the township and there is a contract with a local company, Carlson Technologies, which handles more substantial issues and regular maintenance. The township will be moving to Accufund software at the beginning of 2021 for most municipal operations including payroll, purchasing, utility billing and permit tracking.

### ***Analysis***

The two municipalities use different municipal management and police software packages. In a consolidated community, they would pick one option for each of software packages and one method for managing the network. It would be reasonable to assume that one full time position could be dedicated to managing the IT needs of a consolidated community.

### **Building, Codes, Zoning and Inspection**

Both communities have zoning laws and enforce building codes based on international standards. They operate in a similar manner using in-house personnel for zoning and code enforcement in combination with an outside firm for building inspection.

### ***DuBois***

The city has a full-time position that acts as the zoning officer and code enforcement officer. The position also oversees the work of an outside company, PennSafe that performs all the building inspections on behalf of the city. The city collects all the fees for the process and pays the outside company for their work. In recent years, there have been about 150 permit applications. It is estimated that the position spends about 75 percent of their time on zoning enforcement activities.

### ***Sandy Township***

Sandy Township has a full-time position for zoning, planning, code enforcement and the economic development office. Additionally, the township engineer is involved in the review of plans and oversight of the building inspection company. Sandy Township uses the same company (PennSafe) as DuBois to conduct the inspections. Sandy Township receives a 20 percent payment from the

permit applications. The position divides their time between the various responsibilities and is able to handle the current volume of work.

## **Analysis**

The volume of work for a combined municipality would likely be similar as the current situation. The arrangement with outsourced building inspections would likely continue. A combined office might allow for more specialization among the staff, but there are not apparent efficiencies for a consolidated municipality.

## **Fire Service**

The fire service is an integral part of the community in both Sandy Township and DuBois. Many of the elected officials and organizational leaders have a current or past role with one of the fire companies that serve the two communities. It is important to note that the proposed reorganization process will not have an immediate impact on how the fire service operates. The level of funding for the fire departments would remain the same after reorganization. There might be the need to change the governance structures of the fire service as part of the reorganization, but the process would play out over years with the involvement of the fire service leadership.

Because the impact of reorganization on the fire service will not be immediate or effect the front-line delivery of service, this section of the report provides only an overview of the services provided.

## **DuBois**

There are five volunteer companies that serve the city – Volunteer Hose Company # 1, Friendship Hose Company #2, J.E. DuBois Hose Company #3, Fourth Ward Hose Company #4 and Goodwill Hose Company #5. The companies effectively operate as a single department with one chain of command and multiple companies dispatched on each alarm. The companies are funded through the city's general fund, with about \$250,000 allocated in the 2020 budget for the operations of the companies. The city owns all the stations and apparatus. The companies respond to about 300 calls each year combined. The budgeted amount does not include capital purchases, which in the past have been paid for at least in part through Community Development Block Grant (CDBG) funds. It is the understanding of the consultant that the city was able to conform to the 51 percent low to moderate income requirement by using survey data, a process also used by Sandy and one that would continue under a combined municipality.

## **Sandy Township**

Sandy Township has contracts with four volunteer fire companies that serve the township – Adrian Sandy Fire Company, North Point Fire Company, Oklahoma Civil Defense Fire Company and the West Sandy Fire Company. Each company operates separately and has its own chain of command. The companies collectively select a single fire chief that serves as the chief for the township. The companies have separate and specific districts that they respond to, but multiple companies are dispatched on large or high-risk events to ensure there is adequate manpower and equipment. The companies each receive the same amount (\$5,000) monthly from the township that is raised through a specific fire tax. The companies conduct additional fundraising to support their operations. The

companies, which are responsible for their own major capital purchases and own their own equipment and facilities, have a combined 500 calls each year.

### ***Analysis***

The two municipalities are currently undergoing a fire consolidation study. The study will determine if realistic alternative methods exist to provide for fire department services within the city of DuBois and Sandy Township with increased effectiveness while realizing a fiscally efficient system, according to the description provided by the municipalities. The study is to evaluate partial or complete consolidation to achieve enhanced safety, increased efficient operations and operational costs, coordination and use of regional resources with elimination of artificial boundaries and duplication of resources, and standardization of services and programs.

In addition, it is the assumption of this report that support and arrangements with the various volunteer fire departments would remain the same under a new municipality. In terms of the ownership of equipment and/or buildings, anything owned by the current municipalities would be transferred to the new municipality.

DuBois and Sandy Township are fortunate to have large and active volunteer fire departments. In interviews, it was suggested that there have been slight declines in the number of volunteers in recent years in some of the nine companies, but that the overall fire service remains able to provide a high-quality fire response.

Additionally, both municipalities allow their employees to be “released” to volunteer with the fire service when necessary. During a reorganization process, it should be a priority to ensure the environment remains supportive to volunteers and that adequate funding exists to support both the day to day and capital needs of the organization.

### **Police Department**

The two police departments function in a similar manner and frequently assist each other when needed. Because of the geographic boundaries, Sandy Township units frequently need to drive through DuBois as part of their patrolling or to respond to calls for service.

### ***DuBois***

There are 13 full-time officers, including higher ranks, in the police department, making it the largest municipal department in Clearfield County. There are eight patrol officers, two corporals, a sergeant, an assistant chief and the chief. There is also a police secretary that assists with records management and department activities.

The patrol activities are supported by the eight officers working 12 hour shifts with generally a four day on/four day off schedule. There are also some ten hour shifts to balance the hours worked and ensure coverage during peak hours. The minimum patrol staffing is two officers. There is also typically a corporal or sergeant available as a supervisor. One of the officers is trained and equipped as a canine officer. He is available for call outs when off duty.

Officers generally handle the investigations of their own lower level crimes. However, one of the corporals and the sergeant have additional training and expertise in criminal investigation. All the officers are sworn in as members of the attorney general's drug task force for narcotics, but the department is not able to dedicate any officers as a full-time member.

The department is in the lower level of city hall and has a large vehicle garage that can contain at least six vehicles. It also allows members of the department to bring a subject in custody into the building without being outside. The department has limited space available for report writing and administrative offices. The department has recently completed an upgrade to its interview room. The evidence storage area is also nearing its capacity.

In recent years, the department has been able to update several key types of equipment for the officers including patrol rifles, handguns, and TASERs. They have also been able to add new vehicles to the fleet, replacing several that were out of date. The department is pursuing funding to obtain license plate readers. The department doesn't use body worn cameras.

### **Sandy Township**

There are 12 full-time and one part-time sworn personnel in the Sandy Township Police Department (SPD). There are 11 officers, including two sergeants, two corporals and the chief. The department is shifting to a model of full-time police officers, with three appointed in the last several years to replace part-time officers. There is also a clerical staff member that assists the department operations.

The patrol operations are supported by the officers working a rotation of four, 10-hour shifts each week. The staffing model typically has a minimum of two officers on duty at a time, and they can overlap so that three officers may be on duty in the busier evening hours. This leads to only a single officer being on duty from 4 a.m. to 8 a.m. However, on January 1, 2021, the department is planning to move to 12-hour shifts for its patrol officers with two on duty at a time.

SPD is one of about 15 percent of departments in the state that are accredited by the Pennsylvania Law Enforcement Accreditation Commission (PLEAC). SPD has been accredited since 2013 and has passed the last two reaccreditation processes. They are the only accredited agency in Clearfield County. The chief is also the accreditation manager and serves as an evaluator for other agencies on behalf of PLEAC.

The originating officer is responsible for most investigations. The sergeant has additional training and fills the role of department detective. They will also use specialized interviewers from Clearfield County as necessary for certain cases, particularly involving juveniles.

Officers are equipped with newer pistols, patrol rifles, TASERs, and pepper spray. Officers are assigned their own patrol rifle and tactical gear to keep with them in the case of an off-duty incident requiring their recall. The department recently acquired body cameras.

The department's workspace is in the municipal building and is at functional capacity. The department is the regional booking center and maintains the necessary equipment such as digital fingerprint machine, alcohol breath tester and photographic equipment. The department is reimbursed on a quarterly basis for the bookings that are performed by outside agencies.

## Crime

The U.S. Department of Justice collects data on reported crimes using a standard definition of crimes to allow for both a comparison over time and amongst communities. Overall, reported serious crime (Index I) has been dropping in the two communities for the last decade. Violent crime accounts for an average of only 8 percent of serious crimes in DuBois and 10 percent in Sandy Township over the last decade. However, violent crimes as a share of serious crimes has been ticking up in both communities.

**Table 3-6**

*Index Crimes*

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Clearfield Co.</b>	2,054	2,007	2,115	2,088	1,834	1,617	1,567	1,447	1,402	1,357	NA
<b>DuBois</b>	305	351	310	272	244	262	202	248	183	151	183
<b>Sandy Township</b>	330	281	312	379	362	258	212	207	183	165	183
Violent Crimes (Murder, Neg. Manslaughter, Rape, Robbery, Aggravated Assault, Burglary)											
<b>Clearfield Co.</b>	166	202	220	247	214	211	419	219	223	181	NA
<b>DuBois</b>	25	21	24	17	24	18	24	30	24	15	31
<b>Sandy Township</b>	15	9	20	35	22	17	16	9	20	31	25
Property Crime (Larceny/Theft, Motor Vehicle Theft, Arson)											
<b>Clearfield Co.</b>	1,888	1,805	1,895	1,841	1,620	1,406	1,148	1,228	1,179	1,176	NA
<b>DuBois</b>	280	330	286	255	220	244	178	218	159	136	152
<b>Sandy Township</b>	315	272	292	344	340	241	196	198	163	134	158

When compared to the rest of Clearfield County and 51 other Pennsylvania communities with a population of 6,000 to 14,000, the rate of crime is similar. The average in the 53 municipalities is 13.7 index crimes per thousand and in all Clearfield County it is 21.5.

## Calls for Service

The two departments do not use common call for service definitions, which makes comparison in those measures difficult. DuBois tracks each received phone call as an event which increases their calls for service numbers compared to Sandy Township, which does not. If phone calls are excluded from event counts, the call volume in DuBois is nearly double what it is in Sandy Township. On a per capita basis, the call volume is two and two-thirds higher in DuBois. However, these comparisons need to be treated with some skepticism until a thorough review of calls for service and other activities is completed.

**Table 3-7***Police Incident Comparison 2019*

Sandy Township Incident Type		DuBois Incident Types	
<b>Alarms</b>	164	Alarm	148
<b>Animal Complaints</b>	95	Animal Complaints	159
<b>Assault/Fight/Disturbance</b>	68	Assault	26
<b>Assist other departments/Agencies</b>	79	Assist Other Agencies	180
<b>Burglary/Breaking and Entering</b>	25	Burglary/ Robbery	11
<b>Check Welfare/Medical Emergencies/Mental Health</b>	236		
<b>Criminal Complaints Filed</b>	81		
<b>Criminal Mischief/Disorderly Conduct</b>	129	Criminal Mischief/ Disorderly Conduct/ Fight/ Public Drunkenness	336
		Dead Body	10
		Dispatched Telephone Calls *	339
<b>Domestic/Offenses Against Families &amp; Children</b>	135	Domestic	195
<b>Drug/Alcohol Offenses – Including Contributing to Delinquency of Minors</b>	48	Drug Law Violations	157
		DuBois Area Schools/ Penn State DuBois	46
<b>DUI</b>	20	DUI	20
<b>Fire/Burning</b>	7		
<b>Forgery/Fraud/Bad Checks</b>	76		
<b>Harassment</b>	105	Harassment/ Stalking	203
<b>Hazardous Conditions (water breaks, trees down, road hazards, etc.)</b>	32		
<b>Information/Follow-Up</b>	449	Investigations/ Interviews/ Follow up/ Supplemental	2,329
<b>Lost and Found</b>	54	Property Lost & Found/Open Door	65
<b>Miscellaneous</b>	295		
<b>Missing Persons (Including Runaways)</b>	24	Missing Person	40



Sandy Township Incident Type		DuBois Incident Types	
		Motorist Assist/Detail/ Escort (Traffic)	29
<b>Non-Reportable Accident</b>	193		
<b>Non-Traffic Citations</b>	45		
<b>Ordinance Violations</b>	16	Complaint/ Ordinance Violation	56
		Penn Highlands Medical Center	79
<b>Receiving Stolen Property</b>	1		
<b>Reportable Accident</b>	88		
<b>Sexual Offenses/Prostitution</b>	33	Rape/ Sexual Assault	46
<b>Weapons</b>	11	Shots Fired/Firearm Violations	9
		Suicide Related	2
<b>Suspicious Persons/Vehicles/Circumstances</b>	177	Check Area/ Person/Suspicious Activity/ Prowler	756
<b>Theft (all)</b>	141	Theft/Forgery/ Fraud	274
<b>Traffic Citations/ Traffic/Parking/ATV Complaints/Disabled Vehicles/ Hit and Run</b>	793	Vehicle Accident/Traffic Related/ Vehicle Related	1,267
		Transport/Arraignment/ Court Hearing	909
<b>Trespass</b>	46	Trespassing/ Unwanted Person	78
		Walk In/ Direct Phone Calls *	4,632
<b>Warnings</b>	221		
<b>Warrants</b>	53	Warrant Service/ PFA Violations	105
2019 Totals	<b>3,940</b>		<b>12,506</b>
<b>Total (Excluding Phone Calls and Walk Ins)</b>	3,940		7,535
<b>Events per Thousand Residents (Phone Calls excluded)</b>	374		1001
<b>Events Per Day (Excluding Phone Calls &amp; Walk Ins)</b>	11		21

***Comparison to Other Communities***

Using data available from state and federal sources, DuBois, Sandy Township and a hypothetical combined city were compared to several peer communities on population, reported officers and reported serious crime (See Table 3-8).

Sandy Township had the second lowest number of total officers by population (1.14 per 1,000) while DuBois was just above the average at 1.73 (average was 1.59.) A combined department would fall below the average at 1.38. The number of violent crimes is also below the average (4.8) for both communities (2.4 and 4.1) and a combined city (3.1). DuBois is at the average for property crimes (20.2). Sandy Township (14.4) and a combined city (16.8) would both fall below the average of the peer group.

Table 3-8

*Police Department Comparison*

County	Place	Population (2014-18)	Total Officers (2019)	Officers per 1,000 residents	Violent Crime	Violent Crime per 1,000	Property Crime	Property Crime per 1,000 residents
Clearfield	Sandy Township	10,522	12	1.14	25	2.4	152	14.4
Clearfield	DuBois	7,530	13	1.73	31	4.1	152	20.2
Clearfield	Sandy Township-DuBois	18,052	25	1.38	56	3.1	304	16.8
Westmoreland	Greensburg	14,377	28	1.95	20	1.4	255	17.7
Mercer	Hermitage	15,812	30	1.90	13	0.8	410	25.9
Cambria	Johnstown	19,812	38	1.92	186	9.4	459	23.2
Lebanon	Lebanon	25,739	41	1.59	65	2.5	528	20.5
Allegheny	McKeesport	19,365	45	2.32	318	16.4	573	29.6
Lawrence	New Castle	22,188	37	1.67	84	3.8	432	19.5
Elk	St. Mary's	12,535	15	1.20	26	2.1	118	9.4
Clearfield	Clearfield Borough	5,970	7	1.17	27	4.5	120	20.1
Clearfield	Lawrence Township	7,562	8	1.06	13	1.7	126	16.7
	Average	14,955	25	1.59	72	4.8	302	20.2

**Drug Crime**

The police chiefs both remarked on a pattern of drug abuse in the area. Relevant data sources track the data at the level of the county. Clearfield is reported to have the second highest rate of drug offenses per 1,000 residents and the highest rate of fatal drug poisonings compared to 12 other counties that are in the immediate area, although many of the neighboring counties were not analyzed because their small size (See Table 3-9).

**Table 3-9**  
*Drug Offenses by County*

County	Population (2018 est)	Drug Abuse Offenses (2018)	Drug Abuse Offenses per 1,000 residents	Drug Abuse Arrests (2018)	Drug Abuse Arrests per 1,000 residents	Fatal Drug Poisonings (2018)	Age-Adjusted Rate per 100,000
<b>Clearfield</b>	79,572	575	7.2	392	4.9	21	28.3
Blair	122,503	900	7.3	740	6.0	22	20.8
Cameron	4,501	31	6.9	31	6.9	0	ND
Cambria	131,449	687	5.2	427	3.2	37	27.8
Centre	162,601	799	4.9	674	4.1	7	ND
Clinton	38,696	221	5.7	151	3.9	2	ND
Elk	30,110	161	5.3	147	4.9	5	ND
Indiana	84,441	518	6.1	467	5.5	8	ND
Jefferson	43,614	149	3.4	149	3.4	3	ND
Mercer	109,424	564	5.2	536	4.9	16	15.1
Lebanon	141,793	716	5.0	670	4.7	4	ND
Lawrence	85,512	405	4.7	230	2.7	12	12.2
Average	86,185	477	5.5	385	4.5		
ND = Not Displayed when count < 10, data or population is not available, or population estimate <10. Rates based on small numbers are considered unreliable for analysis.							
<b>NOTE:</b> Pennsylvania Resident Deaths: Age-Adjusted Rates per 100,000							
These data were provided by the Pennsylvania Department of Health. The Department specifically disclaims responsibility for any analyses, interpretations or conclusions.							
<a href="https://www.phaim1.health.pa.gov/EDD/WebForms/DeathCntySt.aspx">https://www.phaim1.health.pa.gov/EDD/WebForms/DeathCntySt.aspx</a>							
<b>Accidental drug poisoning = X40-X44</b>							
<a href="https://www.cdc.gov/drugoverdose/pdf/pdo_guide_to_icd-9-cm_and_icd-10_codes-a.pdf">https://www.cdc.gov/drugoverdose/pdf/pdo_guide_to_icd-9-cm_and_icd-10_codes-a.pdf</a>							

## Analysis

A consolidation of the two departments would present some challenges related to integration, but because of strong similarities in key areas a merged department would likely be able to provide better service to the residents at similar costs of the two operating separately. Examples of likely departmental improvements include a more cohesive patrol pattern instead of the fractured one created by the disjointed boundaries, a workforce that is more familiar with each other and able to work more efficiently on routine calls or in crisis situations, the opportunity for specialization among the detective section, and a single records management system.

One of the critical questions is the appropriate size of the workforce. Because of the variability of communities, there is no single standard for the size of a police force by population or work force demand. Instead, communities must consider a variety of factors including demand for service, rates

of reported crime, patrol area, commercial activity, prevalence of illicit drugs, availability of back up, and collective bargaining agreements to decide what size police department to have. Based on the comparisons available, it appears that a combined police force may need to add three officers to match the per capita rate of peer departments. However, the per-capita analysis does not consider that a substantial portion of the population in Treasure Lake has private security that conducts routine patrols in the area. This argues against needing a larger police force.

### ***Key Similarities***

- Dispatched by Clearfield County 911 on same radio frequency
- Key equipment including firearms and records management system are compatible
- Existing mutual aid agreements and frequent back up to each other
- Training standards are similar, and they train together regularly
- Geography requires frequent interaction with each other

### ***Potential Challenges***

- Developing adequate physical space
- Overcoming pay disparity (DuBois compensation is about 10 percent to 15 percent higher)
- Harmonizing retirement benefits, including social security coverage for those positions not presently covered by contributions. A legal analysis will need to be done to determine the treatment of these positions post-consolidation.
- Identifying department leadership and rank structure
- Agreeing to the appropriate staffing level for the community

### ***Public Works***

The public works functions of the two communities have comparable services and responsibilities, but their scopes do vary because of the sizes of the communities and the expectations of the residents. In general, the public works departments are the largest functions both in personnel and responsibility.

### ***DuBois***

Under the overall public works umbrella, there is a union workforce of 23 employees. The department is led by a public works director, superintendent and assistant superintendent. There are also dozens of part-time employees that work the summer months in the parks. The department has five main functions: engineering, streets, parks, water and sewer. Water and sewer are further divided into plant and distribution.

### ***Engineering***

The public works director also serves as the city engineer. The role involves planning for many of the city projects or overseeing the work of outside engineering firms. In recent years, the city has been able to rehabilitate its water purification and pumping facility, make substantial upgrades to the city parks and complete several streetscape projects. The engineering role oversaw the work of outside firms and planned some of the more focused projects during that time. The structure of the

department requires that the engineer provide overall direction to the other functions of DPW including budgeting, planning and operations.

### **Streets**

The streets function is responsible for the maintenance of about 42 miles of streets with associate signs, sidewalks, storm water system and lights. The operation is led by a working foreman that splits his time between the streets and water distribution functions. The streets function maintains the road network and makes small repairs but contracts out the larger paving project. There is a maintenance garage with two mechanics that are responsible for maintaining the entire municipal fleet of about 45 vehicles and about 10 other pieces of equipment. All the streets vehicles and equipment are kept at a centrally located facility that has space for commonly used materials as well such as road salt and gravel.

### **Parks**

The city has an extensive park system and trails near the center of the city. The parks system includes an expansive pool complex, two reservable picnic pavilions, an amphitheater and several playgrounds. There are also three high quality baseball/softball fields that are used for a wide variety of tournaments and events. Many of the upgrades have been funded through grants and community contributions.

There are no full-time employees dedicated to the parks program. However, there are separate duties of a full-time employee proportioned approximately 50 percent towards parks and pools with the rest going toward streets. The remaining staff are all part-time and or seasonal employees. The public works director and superintendent oversee the operations.

### **Water**

The city provides water to all its residents and sells water to several neighboring communities, which is then resold to their residents. The city provides some water directly to properties in Sandy Township, but this is limited in nature. There are four employees assigned to the water treatment plant on a full-time basis. There are five employees assigned to the water distribution network. The superintendent and assistant superintendent each have a share of their time allocated to this function.

The primary water source for the city is the Anderson Creek Reservoir located several miles outside of the city limits. The reservoir was first developed in 1903 and was expanded to its current 216 acres in 1936. The city also has several wells that are available as an alternative source of supply should they be needed. The water treatment plant was built in 1968 and is gravity fed from the reservoir. It underwent substantial upgrades in 2018 that improved the automation of the plant. The typical daily distribution of the water treatment plant is 2.4 million gallons per day (mgd). The city maintains 60 miles of water mains and about 4,600 water meters. There are two water tanks used by the city, both the Patterson and Highland tanks have a 2-million-gallon capacity. The city resells water to the townships of Sandy, Falls Creek and Union.

The water rates for both residents and sales to other communities are established by DuBois City Council subject to Pennsylvania Public Utility Commission review and approval. The revenue and expenses for the operation of water system are managed as an enterprise fund.

### **Sewer**

The city provides sewer service to nearly all its residents and receives wastewater for treatment from several of its neighbors. There are five employees assigned to the wastewater treatment plant on a full-time basis. Also, there are two vector truck operators and an equipment operator that are assigned primarily to maintaining the collection system.

The sewage treatment plant is located just outside the city's border with Sandy Township. The plant was built in 1960 and is near the end of its life cycle. The city is well along the planning for its replacement. The new plant will be built on the same property as the current plant with similar capacity but will have updated technology. The current plant processes about 3.3 mgd of wastewater daily with a maximum capacity of 4.4 mgd. (The new facility is being designed for 5.4 mgd). The sewer system network includes 48 miles of conveyance mains.

### **Sandy Township**

The township's public works department is smaller with a union workforce of 12 full-time employees. The department is led by a non-union director. There are three union employees that lead operations – a road foreman, assistant road foreman, and a sewer and water foreman. The department has four main functions: streets, parks, water and sewer. Engineering services are currently contracted out with the manager, public works director and zoning officer conducting day to day task.

### **Engineering**

The engineer has been working with the township for over three decades. His responsibilities include designing the new sewer and water system extensions and tie- ins, reviewing subdivision plans, contracting out and overseeing bridge work, working with the roads crew on plans for paving and drainage, and assisting with relevant grant applications. This position provides some immediate supervision of water and sewer employees.

### **Roads**

The road function is responsible for the maintenance of about 100 centerline miles of town roads. Nine of the employees are assigned to the road function plus a full-time vehicle mechanic. This number includes the foreman and assistant foreman. The department will handle patching jobs on the roads, but contracts out larger paving tasks. They are responsible for maintaining 13 bridges in the township. In the winter, the employees adjust their shifts to work 4 a.m. to noon and noon to 8 p.m. to provide coverage for plowing and ice management. The department operates five plow routes to clear and treat the roads. In a typical season, they use 1,000 tons of salt and mix it half and half with anti-skid material. They occasionally cross over into neighboring communities on the plow routes because of irregular borders.

The DPW vehicles are kept at the municipal complex in two separate buildings, one of which has the mechanic space. The DPW also has an auxiliary facility where salt and other substrates are stored.

### ***Parks***

There is a single town park that was constructed in 1994. It has three pavilions, two playgrounds, two volleyball courts, two horseshoe pits, a basketball court, a baseball field and two bench-style swings. There is also a football field and several soccer fields that are in the park but managed by private organizations. There is a single part-time parks employee that works seasonally to maintain the parks and oversee the operations.

### ***Water and Sewer***

The water and sewer functions are performed by three full-time union employees. The township provides services only to a relatively small portion of the residents and businesses. (Residents of the Treasure Lake development receive these services through a private company, Aqua America.)

Sandy Township maintains about 25 miles of sewer lines. There are five sewage pumping stations and a small sewage treatment plant serving the area around Exit 97 off Interstate 80. Most of the sewage is sent to DuBois for processing. In the last decade, Sandy Township has replaced about 90 percent of the main sewer lines. The township maintains about 22 miles of water mains, a storage tank and a pumping station for the water that it purchased from DuBois.

### ***Analysis***

The two communities perform similar and complementary functions for their residents in the realm of public works. While the city provides water and sewer services to all of its residents, township residents have a variety of service providers. Some receive the services directly from the city, some have services provided by the township and all the residents in Treasure Lake have services provided by Aqua America. In a municipal reorganization, the city and township services are essentially the same, although at different cost points, and residents would receive identical services at the same user rates after a consolidation. There would likely not be any changes in staffing or equipment.

The residents of the two municipalities would receive the same level of service from the streets function after a reorganization. There would not be a change in the miles of streets, sidewalks or paths that need to be maintained. The two municipalities report having the right type and amount of equipment, although capital investment would need to continue. Similarly, there is no overlap in the park area in the inventory. Perhaps through a bigger department, some of the deferred maintenance could be addressed more quickly.

When looking at the two DPWs as a whole, there are duplicate job titles and functions, but the increased workload from the larger community leads to an initial assumption that titles and job responsibilities might need to be changed, but there would not be a reduction in staffing.



## DuBois Redevelopment Authority

The DuBois Redevelopment Authority (DRA) is not fully a part of the Public Works Department or city government, but it is staffed part-time by the assistant superintendent of public works. The redevelopment authority is guided by a board of five community members that are appointed for five-year terms. The authority has a goal of supporting business development in the city through a revolving small business loan fund (up to \$50,000) and helping turn properties over to new viable tenants. The DRA is substantially funded through Community Development Block Grants (CDBG). The DRA owns and operates a 36,000 square foot business incubator on the edge of the downtown business district. The DRA is also used as an entity to receive grants to assist with the mission of supporting redevelopment activities in the City.

## Analysis

The township does not have a similar entity, and its commercial real estate is substantially newer. However, there is a reasonable argument to be made that the DRA could have its mission expanded into the township with minimal additional effort.

One substantial concern would be the impact a consolidation would have on CDBG funds. As noted in this report, the CDBG appropriation for a consolidated municipality would likely be limited to the amount that DuBois receives now from the state as a third-class city. All third-class cities receive the same appropriation amount regardless of size or any other factor. For a full discussion on CDBG consolidation implications, please see Chapter 5.

## Comparing the Size of Government

Identifying the proper size of government operations involves the consideration of a number of factors including the tasks assigned, the available tools or software, the service expectation and the willingness of the community to pay for the service. There is no simple formula to determine the “right” number of employees for a community. However, to provide context, it is possible to compare the size of government operations using publicly available data from the Census of Governments conducted by the US Census Bureau. We have compared the number of government employees for a potential combined Sandy-Dubois government with other communities of similar size in the nearby counties as well as from two large neighboring townships.

Currently, DuBois is the highest FTE per 1000 at 8.0 and Sandy one of the lowest at 3.8. This is likely a function of the types of services provided by the city such as water and sewer that are done in all the peers. A hypothetically combined municipality would fall right in the middle at 5.5, compared to an average of 5.8.

Table 3-10

*Employee Numbers in Comparable Municipalities*

County	Place	Full-time Employees	Part-time Employees	Total Employees	FTE Employees*	Total FTE per 1,000 residents
<b>Clearfield</b>	Sandy	31	1	31.5	31.5	3.8
<b>Clearfield</b>	DuBois	56	7	63	59.5	8.0
<b>Clearfield</b>	Sandy-DuBois Combined	93	13	106	99.5	5.5
<b>Westmoreland</b>	Greensburg	74	37	111	92.5	6.5
<b>Mercer</b>	Hermitage	97	1	98	97.5	6.2
<b>Cambria</b>	Johnstown	112	9	121	116.5	5.9
<b>Lebanon</b>	Lebanon	131	43	174	152.5	5.9
<b>Allegheny</b>	McKeesport	116	23	139	127.5	6.6
<b>Lawrence</b>	New Castle	113	31	144	128.5	5.9
<b>Elk</b>	St. Mary's	48	18	66	57.0	4.6
<b>Clearfield</b>	Clearfield Borough	18	19	37	27.5	4.7
<b>Clearfield</b>	Lawrence Township	19	13	32	25.5	3.4
<b>Source: U.S. Census Bureau, 2017 Census of Governments</b>						
<b>Notes: * assumes a part-time is 0.5 FTE</b>						

Data was also available to compare the size of the workforce in several broad categories<sup>18</sup> of positions tracked by the Census. The existing workforces have a bigger variation in total size that might be expected as Sandy Township has the larger population, but the smaller size of government in each department.

This is partially driven by the presence of Treasure Lake providing public works services and partially by the variation in types of services provided in a township compared to a city. However, a combined municipality would have a workforce that is on par with many of its peers using the existing categories on a per capita basis.

<sup>18</sup> Definitions available on this page - <https://www2.census.gov/govs/class/classfull.pdf>

**Table 3-11***Workforce Comparison*

Place	Total FTEs	Financial Administration	Other Government Administration	Police Sworn and Civilian	Parks and Recreation	Public Works	All other and unallocated
<b>Sandy</b>	40	1	13	10.5	0	15.5	0
<b>DuBois</b>	59.5	6	11.5	15	1	22	3
<b>Sandy-DuBois</b>	99.5	7	24.5	25.5	1	37.5	3
<b>Greensburg</b>	92.5	3	7.5	37.5	21	15	8.5
<b>Hermitage</b>	97.5	9	9	34.5	1	36	2
<b>Johnstown</b>	116.5	5	4.5	41	0	21	0
<b>Lebanon</b>	152.5	1	9	53.5	3	57	0
<b>McKeesport</b>	127.5	5.5	5	56	10	13	5
<b>New Castle</b>	128.5	8	10	46	6.5	20.5	3
<b>St. Mary's</b>	57	8	8	13	2	21	5
<b>Clearfield Borough</b>	27.5	6	1	10.5	0	9	0
<b>Lawrence Township</b>	25.5	1.5	2	11.5	0	10	0.5

The following table looks at the relative size of the job classifications based on the population. Sandy Township falls below the average per capita, DuBois is above, and the combined municipality would fall close to the average in each of the separate job classifications and for the average.

**Table 3-12***Job Classification Comparison*

<b>Place</b>	<b>Total</b>	<b>Financial Administration</b>	<b>Other Government Administration</b>	<b>Police - Sworn and Civilian</b>	<b>Parks and Recreation</b>	<b>Public Works</b>	<b>All others and unallocated</b>
<b>Sandy</b>	3.8	0.1	1.2	1.0	0.0	1.8	0.0
<b>DuBois</b>	8.0	0.8	1.5	2.0	0.1	4.6	0.4
<b>Sandy-DuBois Combined</b>	5.5	0.4	1.4	1.4	0.1	2.8	0.2
<b>Greensburg</b>	6.5	0.2	0.5	2.6	1.5	2.5	0.6
<b>Hermitage</b>	6.2	0.6	0.6	2.2	0.1	3.9	0.1
<b>Johnstown</b>	5.9	0.3	0.2	2.1	0.0	2.4	0.0
<b>Lebanon</b>	5.9	0.0	0.3	2.1	0.1	7.6	0.0
<b>McKeesport</b>	6.6	0.3	0.3	2.9	0.5	1.3	0.3
<b>New Castle</b>	5.9	0.4	0.5	2.1	0.3	2.0	0.1
<b>St. Mary's</b>	4.6	0.6	0.6	1.0	0.2	2.8	0.4
<b>Clearfield Borough</b>	4.7	1.0	0.2	1.8	0.0	2.4	0.0
<b>Lawrence Township</b>	3.4	0.2	0.3	1.5	0.0	1.1	0.1
<b>Average</b>	5.6	0.4	0.6	1.9	0.2	2.9	0.2

## Chapter 4 Employee Benefits, Health Care and Pension

### Introduction

Both DuBois and Sandy Township provide benefits to employees that are typically provided to municipal workers including defined benefit and defined contribution pensions, health insurance, prescription, dental and vision care coverage and survivor life insurance. The pension plans follow the law governing each municipal class, the Third-Class City Code and Act 600 for the township.

Health care is provided under the various collective bargaining agreements and to non-represented employees. The plans provide similar benefits with different cost levels for coverage. Expense savings appear possible with a consolidation; however, there is a requirement under collective bargaining for comparable coverage in the event of a change in insurance plans.

The pension plans have similar actuarial profiles and levels of distress as determined by Act 205. Unlike DuBois, Sandy Township provides a defined contribution plan for its non-uniformed employees with an employer match of employee contributions. Merging of the pension plans will be difficult due to the differing statutory requirements. Consolidation provides a means to eventually unify pension plans depending on the form of government chosen.

### Health Care

Health care insurance including dental and vision coverage was reviewed in the city of DuBois and Sandy Township from a cost perspective to determine potential savings without considering coverage differences. Sandy Township has the lower cost plan. Assuming current rates of personnel and coverage, placing all employees on the Sandy Township plan would result in a monthly savings of \$30,953 or \$371,433 annually (See Table 4-1). Conversely, putting all staff on the DuBois plan would result in a monthly increase of \$20,639 or \$247,670 annually (See Table 4-2).

Health care for represented employees is a bargainable item. A switch for union employees would mostly likely require some type of negotiations, although the key is to make sure that the lower cost plan is comparable coverage.

**Table 4-1**

*Health care insurance at the lowest rates*

If DuBois employees were consolidated at lowest 2020 rates without considering coverage differences			Monthly Decrease	Yearly Decrease
Family	27	\$ (759)	\$ (20,494)	\$ (245,932)
Couple/Employee/Spouse	10	\$ (571)	\$ (5,707)	\$ (68,479)
Parent and Children	3	\$ (659)	\$ (1,976)	\$ (23,713)
Single/Retirees	12	\$ (231)	\$ (2,776)	\$ (33,309)
Total		\$ (2,220)	\$ (30,953)	\$ (371,433)

**Table 4-2***Health care insurance at the highest rates*

If Sandy employees consolidated at highest 2020 rates without considering coverage differences			Monthly Increase	Yearly Increase
<b>Family</b>	19	\$759	\$14,422	\$173,063
<b>Couple/Employee/Spouse</b>	5	\$571	\$2,853	\$34,240
<b>Parent and Children</b>	3	\$659	\$1,976	\$23,713
<b>Single</b>	6	\$231	\$1,388	\$16,654
<b>Total</b>		<b>\$2,220</b>	<b>\$20,639</b>	<b>\$247,670</b>

**Current Employee Health Care Comparison**

The current employee health care coverage is similar for both municipalities. The largest differences are in the treatment of deductible limits, availability of an annual health fund and some co-pay amounts for services. Sandy Township offers employees a choice of two coverage plans that provide different levels of service. Most township employees chose the MBS PPO 10-Rx Option 1 as their preferred coverage plan. In addition to medical care insurance, both municipalities provide plans for vision and dental insurance coverage. Employee contributions for health care are outlined in the respective bargaining agreements:

<b>Sandy Police</b>		<b>DuBois Police</b>	
<b>Premium co-pay</b>	24% of the increase over the 2007 base rates	Premium co-pay	20% of the increase over the 2004 base rates
		Deductible Co-pay	Officers pay final \$500 of deductible expense.
<b>Opt-out</b>	50% of annual coverage fee payable in 4 installments per year	Opt-out	Not offered under CBA
<b>Retiree health Care</b>	Township to pay \$230/month toward retiree coverage. Officers hired after 2/20/2018 are not eligible for post-retirement benefit.	Retiree health Care	Single coverage paid until age 65. Provision for cash payment in lieu of coverage. No retiree health care for hires after 1/1/2019.
<b>Sandy Non-uniformed</b>		<b>DuBois Non-uniformed</b>	
<b>Premium co-pay</b>	25% of the increase over the 2017 base rates	Premium co-pay	20% of the increase over the 2007 base rates
<b>Opt-out</b>	The lessor of \$7,500 or 50% of annual coverage fee payable in 4 installments per year	Opt-out	\$100 per month
<b>Retiree health Care</b>	Retiree pays one-third of the coverage fee	Deductible Co-pay	Employees pay final \$500 of deductible expense.

Table 4-5

*Comparison of Selected Items of Current Employee Health Care Insurance*

	City of DuBois	Township of Sandy
Description	PPO AHF HRA with RX	MBS PPO 10-Rx Option 1
<b>General Provisions</b>	In Network	In Network
<b>Deductible</b>		
Individual per Calendar Year	\$5,000	None
Family per Calendar Year	\$5,000	None
<b>Maximum out-of-pocket limit per Calendar Year.</b>		
Individual per Calendar Year	\$6,350	\$3,425
Family per Calendar Year	\$12,700	\$6,850
<b>Annual Health Fund amount</b>		
Individual per Calendar Year	\$4,500	
Family per Calendar Year	\$4,500	
<b>Preventive care and wellness</b>		
Routine physical exams per visit	100%	100%
<b>Office/Clinic/Urgent Care Visits</b>	100% after \$10 copayment	100% after \$10 copayment
<b>Preventive Care</b>	\$10 then the plan pays 100% per visit thereafter	100%
<b>Hospital and Medical/ Surgical Expenses (including maternity)</b>		
Hospital Outpatient per admission	100%	100%
Hospital Inpatient per admission	100%	100%
<b>Emergency Services</b>		
Emergency Room Services	\$25 then the plan pays 100% per visit	100% after \$35 copayment (deductible does not apply)
<b>Therapy and Rehabilitation Services</b>	Covered according to the type of benefit and the place where the	100% after \$10 copayment

	City of DuBois	Township of Sandy
Description	PPO AHF HRA with RX	MBS PPO 10-Rx Option 1
	service is received.	
<b>Mental Health/Substance Abuse</b>		
In patient	100%	100%
Outpatient	\$10 then the plan pays 100% per visit thereafter	100% after \$10 copayment
<b>Other Selected Services</b>		
Allergy Extracts and Injections	100%	100%
Assisted Fertilization Procedures	Covered according to the type of benefit and the place where the service is received.	Not Covered
Diagnostic Services	100%	100%
Basic Diagnostic Services (standard imaging, diagnostic medical, lab/pathology, allergy testing)	\$10 then the plan pays 100% per visit thereafter	100%
Durable Medical Equipment, Orthotics and Prosthetics	100%	100%
Home Health Care (deductible does not apply)	100%	100%
Hospice	100% per admission	100% (deductible does not apply)
Private Duty Nursing	100% per visit	100% (deductible does not apply)
Skilled Nursing Facility Care	100% per admission	100%
<b>Prescription Drugs</b>	Co-pay dependent upon supply ordered and drug specified.	Co-pay dependent upon supply ordered and drug specified.

## Pensions

It is PEL's assumption that the existing pension plans (defined benefit and defined contribution) will continue to provide promised benefits to currently covered employees. A unified plan for current and new employees post-consolidation is possible; however depending on the new municipal government form, if there are incompatibilities between the township's Act 600 pension requirements and the Third-Class City Code pension requirements, a new pension program may be



needed to provide a unified plan. No employee will lose any vested pension rights under a consolidation, regardless of the current municipal employer.

One option for the consolidated municipality would be to continue the two separate legacy plans and prohibit participation in those legacy plans to new hires. A new pension plan sponsored by the consolidated municipality would be the plan for new hires under a new defined benefit or defined contribution plan.

Any contemplated changes will need to be discussed with the current plan administrator or actuary to determine funding alternatives and compatibility among plans. The separate minimum municipal obligations of the legacy plans would continue to be an obligation of the consolidated municipality. State aid for pensions will also continue and distribution to the legacy funds can be determined by the funds' actuary.

### ***Treatment of Pensions***

There are different types of employee pensions provided by the city and the township. Both DuBois and Sandy Township provide defined benefit pension plans under the applicable state laws, which promises a specified monthly benefit at retirement based on average final salary and years of employment. Sandy Township also provides a separate defined contribution plan for certain employees.

A defined contribution plan does not promise a specific amount of benefits at retirement, but the employee and the employer contribute to the employee's individual account under the plan. By its nature, a defined benefit plan creates a long-term liability and requires annual contributions from the municipality to amortize the unfunded liability over a specified time period. A defined contribution plan does not create a legacy obligation. When the employee retires the employer's responsibility for contributions ceases.

Both DuBois and Sandy Township receive state aid for pensions based on a unit dollar value and the number of employees.

### ***Conversion of Pensions***

It is anticipated that an actuarial analysis of the separate, defined benefit pensions offered by DuBois and Sandy Township would recommend the continuation of the current plans while prohibiting new employees from enrolling in these legacy plans. Due to statutory requirements that mandate offering a defined benefit pension to certain employees, a new defined benefit plan for those new employees will likely need to be established post consolidation. The unfunded liability of the newly created plan would be based on the enrollees and the date of the plan startup.

It has been suggested by township officials that the Sandy Township defined contribution plan may be converted to a defined benefit plan that draws upon the current retirement holdings of employees and the continued contribution from the employer. Such a transition would provide a certain level of benefits based on the amount of current assets held under the defined contribution plan and the predicted level of annual minimum municipal obligation. The consultants have not performed a direct analysis of the potential for conversion of the current Sandy defined contribution plan as such an analysis requires specialized knowledge and information. It should be noted that the trend in

municipal pensions is away from defined benefit towards defined contributions and mirrors the similar conversion that occurred in the private sector.

In order to properly analyze plan conversion from defined contribution to defined benefit, the current plan actuaries or advisors should be able to advise the consolidated municipality as to the feasibility and desirability of moving the defined contribution plan to a new defined benefit plan. There is also a state agency that may review a conversion plan (Pennsylvania Municipal Retirement System, <http://www.pmr.state.pa.us/>) as well as administer a new defined benefit plan.

When considering the conversion impact on employees and employers, the following points should be given a priority:

The conversion from a defined contribution should ensure that employee's contributions are held harmless in the conversion. Any conversion fees should be the responsibility of the municipality.

The cost to the municipality going forward should be of no increase or minor increase compared to the current level of employer contribution to the defined contribution plan. It should be understood that going forward, there may be an increase in the annual municipal obligation depending on level of benefits and census of the new plan.

Benefits to be paid from the resultant defined benefit plan should be calculated to result in a breakeven situation for both employer and employees; that is, no party should be financially worse for the conversion.

## **Current Actuarial Valuations of Pension Plans**

### ***City of DuBois Police Pension***

Both the city and township police pension plans were the subject of a biennial actuarial valuation report prepared by the plan's actuary, Mockenhaupt Benefits Group, dated January 1, 2019. The following summary was developed primarily using information provided under the actuarial valuation reports.

#### **Summary of Plan Benefits:**

##### ***Number of Participants***

DuBois: Twelve active, nine retired, two survivor beneficiaries and two DROP.

Sandy: Eleven active, four retired, one survivor beneficiary; no DROP available before 1/1/2021.

##### ***Normal Retirement***

DuBois: Eligibility: Age 50 and completion of 20 Years of Service. Benefit: 50% of Final Monthly Average Salary plus Service Increment, if any.

Sandy: Eligibility: Age 52 and completion of 25 Years of Service. Benefit: 50% of Final Monthly Average Salary plus Service Increment, if any.

***Disability Retirement***

DuBois:

Eligibility: Total and permanent disablement that occurs in the line of duty.

Benefit: Normal Retirement Benefit is payable.

Sandy:

Eligibility: Total and permanent disablement that occurs in the line of duty and which qualifies for social security disability benefits.

Benefit: 50% of the participant's final monthly average salary, but no less than 50% of the member's salary at time the disability was incurred, offset by social security disability benefits for the same injury.

***Cost-of-Living Adjustment***

DuBois: Each January 1, if the CPI increases by at least 1%, a retiree will receive an increase in the monthly benefit equal to 6.6667%, subject to the following limitations: total of all increases may not exceed 40% of the retiree's original benefit, cumulative percentage increase since retirement cannot exceed the percentage change in CPI from the year in which the participant last worked, the total monthly benefit may not exceed 75% of participant's Final Monthly Average Salary, and no COLA may be granted that would result in a benefit in excess of 50% of the highest officer's salary.

Sandy Township: On each anniversary of retirement, retirees receiving a normal retirement benefit are eligible for an increase equal to the percentage change in the CPI-W. Total increases may not exceed 30% of the retiree's original benefit nor may the benefit with increases exceed 75% of Final Monthly Average Salary.

**Deferred Retirement Option Plan (DROP)**

DuBois: Eligibility - Attainment of Normal Retirement eligibility.

Participation - Participant selects effective date of DROP participation and date of DROP termination which may be no more than 4 years later.

Benefit - Monthly Normal Retirement benefit calculated at initial DROP participation date is credited to a DROP account composed of investment vehicles with a fixed rate of return. Interest at the actual rate earned by the DROP account shall also be credited, but no less than 0% and no more than 4.5% per year. At DROP termination, the participant receives the lump sum value of the DROP account and begins receiving a monthly pension benefit.

Sandy: No DROP in place prior to January 1, 2021.

**Assumed Rate of Return for Assets, MMO, Inflation Assumption; Mortality**

The city's police pension plan has an assumed rate of return on investments of 6.75 percent. The township's plan assumes a return of 7.0 percent per year.

Assumptions for both plans include the salary projection for future salary increases at 4.75 percent per year; an assumed rate of inflation of 2.75 percent for cost of living projections; and the use of the same mortality tables.

<b>Comparison of DuBois and Sandy Police Pension Plans</b>		
<b>As of Valuation Date 1/1/2019</b>		
	<b>DuBois</b>	<b>Sandy</b>
<b>Participants</b>		
Active	12	11
Retired	9	4
Disabled	0	0
Survivor	2	1
Deferred	2	0
Total	25	16
<b>Active Participant Averages</b>		
Hire Age	30.1	31.0
Attained Age	41.1	41.7
Assumed Future Service	11.0	16.0
Monthly Compensation	\$6,583	\$6,299
Total Employee Contributions	\$241,083	\$421,758
<b>Assumed Interest Rate</b> (Actuarial Assumption of Plan)	6.75%	7.00%
Actuarial Accrued Liability	\$9,748,847	\$3,739,452
Actuarial Value of Assets	\$8,868,759	\$3,144,574
Unfunded Actuarial Accrued Liability	\$880,088	\$594,878
Funded Ratio	91.0%	84.1%
<b>Minimum Municipal Obligation 2019</b>	<b>\$342,752</b>	<b>\$173,402</b>

Comparison of DuBois and Sandy Police Pension Plans			
As of Valuation Date 1/1/2019			
State Pension Aid Applied 2019	\$122,892		\$102,377
Net Local Contribution for Police Plan 2019	\$219,860		\$71,025
Normal Cost (Cost percentage times total payroll)	\$282,896		\$184,661
Salary Projection (Actuarial Assumption of Plan)	4.75% per year.		4.75% per year
Inflation (Actuarial Assumption of Plan)	2.75% per year.		2.75% per year
Mortality	RP-2014 Mortality Table		RP-2014 Mortality Table

Comparison of DuBois and Sandy Police Pension Plans			
As of Valuation Date 1/1/2019			
	DuBois		Sandy
<b>Employee Contributions</b>	3.0% of Compensation plus \$5 per month (\$5 per month stops at age 65)		5.0% of Compensation.
<b>Normal Retirement</b>			
<i>Eligibility</i>	Age 50 and 20 Years of Service.		Age 52 and 25 Years of Service.
<i>Benefit</i>	50% of Final Monthly Average Salary plus Service Increment, if any.		50% of Final Monthly Average Salary plus Service Increment, if any.
<b>DROP</b>			
<b>Disability Retirement</b>			
<i>Eligibility</i>	Total and permanent disablement that occurs in the line of duty.		Total and permanent disablement that occurs in the line of duty and which qualifies for social security disability benefits.
<i>Benefit</i>	Normal Retirement Benefit is payable. For those hired on or after January 1, 2004, the benefit will be offset by worker's compensation.		50% of the participant's Final Monthly Average Salary at disablement/retirement, but no less than 50% of the Member's Salary at Time the Disability Was Incurred, offset by social security disability benefits for the same injury.

<b>Comparison of DuBois and Sandy Police Pension Plans</b>		
<b>As of Valuation Date 1/1/2019</b>		
	<b>DuBois</b>	<b>Sandy</b>
<b>Cost-of-Living Adjustment</b>	If CPI increases by at least 1%, a retiree will receive an increase in the monthly benefit equal to 6.667% subject to limitations: a) may not exceed 40% of retiree's original benefit, b) cumulative percentage increase since retirement cannot exceed the percentage change in CPI from the year in which the participant last worked, c) the total monthly benefit may not exceed 75 % of Participant's Final Monthly Average Salary, and d) no COLA may be granted that would result in a benefit in excess of 50% of the highest patrolman's salary.	On each anniversary of retirement, retirees receiving a normal retirement benefit are eligible for an increase equal to the percentage change in the CPI-W. Total increases may not exceed 30% of the retiree's original benefit nor may the benefit with increases exceed 75% of Final Monthly Average Salary.
<b>Deferred Retirement Option Plan (DROP)</b>		
<i>Participation</i>	Participant selects effective date of DROP participation and date of DROP termination which may be no more than 4 years later.	Participant selects effective date of DROP participation and date of DROP termination which may be no more than 5 years later.
<i>Benefit</i>	Monthly Normal Retirement benefit calculated at initial DROP participation date is credited to a DROP account composed of investment vehicles with a fixed rate of return.	Monthly Normal Retirement benefit calculated at initial DROP participation date is credited to a DROP account within the Police Pension fund.
	Interest at the actual rate earned by the DROP account shall also be credited, but no less than 0% and no more than 4.5% per year. At DROP termination, the participant receives the lump sum value of the DROP account and begins receiving a monthly pension benefit.	The Township will guarantee the annual return at no less than 0% and no more than 4.5% per year. At DROP termination, the participant receives the lump sum value of the DROP account and begins receiving a monthly pension benefit.

## City of DuBois Non-Uniformed Pension

### Number of Participants

DuBois: Forty active participants, two terminated but vested, 27 retired, six survivor beneficiaries. Total of 75 participants as of January 1, 2019.

### Non-Uniformed Pension Minimum Municipal Obligation

The city's non-uniform pension plan had a total 2019 MMO of \$436,868. The city allocated \$189,458 of state aid for pension funding and \$247,410 of General Fund revenue to pay the MMO when due.

***Normal Retirement***

Eligibility: Hired before 1/1/2013: Age 60 and completion of 12 Years of Service. Hired on or after 1/1/2013: Age 60 and completion of 20 Years of Service

Benefit: If hired prior to 1/1/2013, monthly pension of 2.5% of the average compensation over the participant's highest 5 consecutive years of employment for each year of service to a maximum of 90%. If hired on or after 1/1/2013, the monthly pension shall be 50% of the participant's annual salary received during the last or any 5 years of employment, whichever is higher.

***Disability Retirement***

Service-Related -If hired before 1/1/2013, the monthly disability benefit shall be equal to 50% of salary at the time the disability was incurred, reduced by any available Workers' Compensation benefits. If hired on or after 1/1/2013, after 10 years of service but before attaining age 60 shall be entitled to a monthly disability benefit equal to the normal retirement benefit.

Non-Service-Related – If hired before 1/1/2013, upon attainment of 10 years of credited service, a monthly disability benefit is provided to a participant who is certified to be unable to engage in any gainful employment equal to 30% of the participant's salary at the time the disability was incurred. If hired on or after 1/1/2013, the monthly disability benefit shall be determined the same as the Service-Related Disability Benefit.

***Cost-of-Living Adjustment***

Not offered in reviewed plan.

***Deferred Retirement Option Plan (DROP)***

No DROP in reviewed plan.

***Assumed Rate of Return for Assets, Inflation Assumption; Mortality***

The city's non-uniformed pension plan has an assumed rate of return on investments of 8.0 percent.

Assumptions for the non-uniformed plan include the salary projection for future salary increases at 5.0 percent per year; and the use of the RP-2000 mortality tables.

***Sandy Township Non-Uniformed Pension***

The township offers a defined contribution form of pension plan for its non-uniformed employees. The plan requires a six percent employee/employer match of covered payroll. The township does not provide a non-uniformed defined benefit pension plan.

The township reported that its 2019 defined contribution plan covered 19 non-uniformed employees with an MMO of \$97,303. The township allocated \$97,303 from its state aid for pension allocation for this cost. The remaining state aid for pension balance of \$10,217 was applied by the township to its 2019 police pension plan MMO in addition to the \$92,160 provided by the police

unit aid for that plan. For the 2020 plan year, the township's estimated obligation was \$74,400 on an estimated covered payroll of \$1,240,000 with an administrative expense of \$13,800 for a total expense of \$88,200. The defined contribution plan reported accumulated employee contributions at more than \$777,000 at the end of 2019.

Due to the nature of a defined contribution plan, there is no direct comparison with the township or city defined benefit plans. Discussions with municipal officials indicate an interest in converting the defined contribution plan into a defined benefit plan upon consolidation.

## **Consolidation Implications**

### ***Difference in Controlling Law***

The city's police pension plan is governed under the state constitution and by the Third-Class City Code. As an Optional Plan community, the city has broad local control over its pension plan design. The township's police pension plan follows the requirements of Municipal Police Pension Law known as Act 600, which governs pension plans of three or more members in boroughs and townships.

The main difference between the plan is the required age for retirement and years of service. The city provides for a minimum age at 50 years and a service requirement of 20 years; the township requires 25 years of service at attainment of age 52.

## **Plan Funding**

### ***Police Pension Funds:***

The city's police pension funding level as determined by the ratio between the plan's assets and promised benefit liabilities is 91 percent or an Act 205 distress level of 0 meaning no distress. The plan's assumption for future investment returns on assets is at 6.75 percent.

The township's funding level as determined by the ratio between the plan's assets and promised benefit liabilities is lower at 84.1 percent or an Act 205 distress level of 1 meaning minimal distress. The plan's assumption for future investment returns on assets is also higher than the city's at 7.0 percent.

The minimal level of distress of the township plan should only be of concern if the January 1, 2021 valuation report indicates further deterioration of the funding ratio. Accordingly, the same concern should be noted if the funding ration of the city's plan falls below 90 percent after the January 1, 2021 valuation.

Currently both plans funding rations are indicative of adequately funding of the plans promised liabilities.

The assumed rate of return for the city's plan is lower than the township's rate but are in the acceptable range for prudent pension management. Municipal pension plan advisors and actuaries have recently advised return assumptions at 7 percent and below. As an example, many municipal plans have assumed rates of 8 percent, an assumption that has caused increases in the local



Minimum Municipal Obligation when the fund's performance fails to match or exceed the assumption. Assumed rates of 7 percent and below will tend to offset failure to attain investment growth or mitigate the pursuing riskier investments to attain a higher investment goal.

### ***DuBois Non-Uniformed Pension Funds***

In 2019 the city had a total Minimum Municipal Obligation for the non-uniformed pension plan of \$436,868. The city applied a portion (\$189,458) of its total 2019 state aid for pensions (\$312,350) to the MMO. The city contributed \$247,410 of General Fund revenues to complete the 2019 MMO. The city annually determines the portion of the state aid for pensions that it will allocate towards the separate MMO for each of its pension funds.

The city's non-uniformed pension funding level as determined by the ratio between the plan's assets and promised benefit liabilities is 67.6 percent or an Act 205 distress level of 2 meaning moderate distress. The plan's assumption for future investment returns on assets is at 8.0 percent.

The moderate level of distress of the non-uniform pension plan should be of concern currently and if the January 1, 2021 valuation report indicates further deterioration of the funding ratio. For comparison, the January 1, 2017 unfunded ratio was 78.0% which is a distress level of 1 or minimal distress.

The assumed rate of return for the city's non-uniform plan is higher than the city's police pension rate and is considered on the higher side of investment assumptions. As indicated prior, municipal pension plan advisors and actuaries have recently advised return assumptions at 7 percent and below. However, lowering the plan's assumed rate of return can result in larger than expected increases in the annual MMO payment. Consideration of reducing the assumed rate of return should be done with the plan's actuary.

### ***Plans after Consolidation***

It is PEL's assumption that the existing pension plans would be continued to provide promised benefits to currently covered employees under the appropriate "legacy" plans for each. If the consolidated municipality is governed by a home rule charter, there will be flexibility in providing a unified plan that may cover existing or new employees. Under a home rule charter, an existing plan may be utilized to cover current employees under that plan and new employees. Meanwhile, any current plans may be "frozen" with no new participants but continue to cover those currently employed until their retirement.

No employee will lose any vested pension rights under a consolidation, regardless of the current municipal employer.

This pension question will need to be discussed with the plan administrator or actuary to determine funding alternatives and compatibility among plans. The separate minimum municipal obligations of the legacy plans would continue to be an obligation of the consolidated municipality. State aid for pensions will also continue and distribution to the legacy funds can be determined by the funds' actuary.

## **Chapter 5**

### **Implications of Consolidation**

#### **Introduction**

Combining the city of DuBois and Sandy Township would likely provide short-term net savings for most residents and businesses on property tax and utility payments while also improving the financial health of the region in the long-term. On the downside, the consolidated community would lose grant money and need to pay costs associated with combining the two municipalities.

Consolidation requires the examination of numerous factors, many of which center on personnel as the largest expenditure in a municipality. The assumption is that the new municipality would be able to lower its personnel costs to an extent by reducing overlap and duplication, eliminating higher paid positions potentially through buyouts and seeking benefit savings by switching to the lower cost health insurance plan. The area of personnel would also require combining different collective bargaining agreements and pension systems.

In addition to personnel, consolidation will have a profound impact on some areas of concern, such as a probable reduction in Community Development Block Grant funds, and little to no impact on other areas, like hunting and maintenance by the state of certain portions of the stormwater management system.

#### **Analysis of Impacts**

The immediate potential impact is lower net property tax payments and utility fees for most residents. A consolidation is projected to net utility and property tax savings of up to \$462 annually for most Sandy Township residents and \$61 annually for DuBois residents, although one small group of Sandy Township residents would likely see a net increase of almost \$100 annually. These projections are based on certain assumptions provided by the city and township including the elimination of duplicate positions that results in a surplus of \$558,127 for a combined municipality.

Treasure Lake residents in Sandy Township receive their water and sewer services from Aqua America and so would see no difference in their utility rates. However, they would see a reduction in their property tax rates based on the assumptions that were used.

Improved long term regional financial health is another main benefit of consolidation for all municipal constituents in the city of DuBois and Sandy Township. Fiscally healthy municipalities are able to provide for the health, safety and welfare of their citizens; pay principal and interest on their debt obligations when due; meet financial obligations to their employees, vendors and suppliers; and provide for proper financial accounting procedures, budgeting and taxing practices.

Both municipalities are exhibiting signs of fiscal challenges. DuBois and Sandy Township each experienced deficits three out of five years in the historical review period. Projections show both municipalities will experience deficits in the next five years.

Sandy Township's deficits are likely because tax revenue is anticipated to remain flat at current rates while expenditures are projected to increase significantly due to contractual raises and rising health care costs. As previously noted, the township can only raise general purpose millage by 1 mill to pay

for these costs, with 1 mill yielding \$120,580 in real estate tax under the current assessment value and collection rate. Any general purpose millage increases after 14 mills would require court approval. There are certain unlimited special purpose millages, but revenue from the special purpose tax must be used for that purpose. For example, there is no special purpose millage that could be used to pay for police officers. The alternative to raising revenue when the township hits its millage cap could be service reductions.

### ***Impact of Demographics and State Tax Code***

The two communities are already irrevocably linked – Sandy Township literally surrounds the city of DuBois so that difficulties -- and strengths -- in one community already have an impact on the other.

The configuration is somewhat common in Pennsylvania, with a land-locked urban center of 3.2 square miles surrounded by a much larger township (52 square miles) that has room to attract new housing, business parks and shopping centers to expand the tax base. Since the 1970s, the population in Sandy Township has more than doubled, while the population of DuBois has declined, typical of migration patterns across the state.

The city had the larger population in 1970 at 10,112 residents; that situation has since reversed, with the city losing over 2,300 residents by 2010. Population loss ultimately translates to less tax revenue, particularly in terms of earned income taxes. While tax-paying residents have declined, DuBois still has the same number of roads to fix and streets to plow, as well as needing a certain level of public safety services required in a more densely populated area.

DuBois is also hampered by a tax base where the wealth measurements of its population are below both the state and Sandy Township. Despite that, the city has strong assets in terms of its water and sewer operations and access to timber.

Sandy Township is also showing signs of struggle. Like many western Pennsylvania municipalities, its population, while larger and denser than in the past, is now decreasing. As noted previously, it is only one mill away from its second-class township code limit of 14-mills general purpose property tax cap. In contrast, allowable millage for third-class cities is more than double that at 30 mills. The township has already broken out various services for special purpose millage to remain below its 14-mill cap.

Townships in Pennsylvania have a lower property tax rate cap under the assumption that residents receive less services given the lower population density. But migration into townships like Sandy Township means denser populations and the resulting need for a higher service level.

As a second-class township, Sandy Township has less future ability to pay for these services because it has almost maximized its general purpose property tax rate, one of the only tax rates that it has the ability to raise. Any increase to that rate after 14 mills requires annual court approval.

While Sandy Township has median housing values that are above both the state and DuBois, it has less ability to tap into that residential property tax base than DuBois due to the lower property millage cap.

Sandy Township, like most second-class townships, collects a larger percentage of its total tax revenue from earned income taxes. Sandy Township's wealth measurements are all higher than the state and DuBois, including median and per capita income, so it can generate more from the earned income tax than the city.

However, despite receiving a large percentage of revenue from earned income taxes and having higher wealth measurements than its neighbors, the township clearly has challenges since it has had to raise its total property tax millage to 18 mills by using special purpose millage. The township is also unable to tap further into the earned income tax, its most productive tax, because it is at the state earned income tax rate limit.

### ***Financial Distress and Services***

Revenue generation is necessary to pay for services. Absent appropriate revenue levels, residents and businesses in either community could see reductions in services translated to roads that are poorly maintained, a lack of code and zoning enforcement to manage blight and other infractions, slower police response times and more.

As seen in the successful Princeton, N.J. consolidation described in Chapter 6, the new community still had tax increases to pay for service level costs that grow over time, but the amount of increase was lower compared to other municipalities because of the combined tax base.

### ***Township Utility Payments and Tax Rates***

Currently, the city sells water to both the township and to township residents at a higher rate compared to city rates. Ending this current complex regulated public utility rate structure between the two municipalities would reduce utility rates resulting in consumer savings as noted above and hence be a pro for those township users. Consolidation would also eliminate the necessary but cumbersome and costly process for adjusting utility rates for Sandy Township customers through the state Public Utility Commission. As referenced in Chapter 2 of this report, the total township households which would have a reduction in utility costs totals more than 1,700 households. It is estimated that 709 township households that are currently billed by DuBois directly for water could see an increase of approximately \$100 per year in water service costs. However, those same households will see a property tax reduction based on the estimated millage rate of a consolidated municipality. Treasure Lake residents in Sandy Township receive their water and sewer services from Aqua America and so would see no difference in their utility rates. However, they would see a reduction in their property tax rates based on the assumptions that were used.

### ***Lower City Taxes as a Boost to Economic and Community Development***

Current city property owners most likely would see a property tax decrease, which is obviously a benefit and could be used to help market the new municipality to businesses, residents and developers interested in a more urban environment, particularly when it comes to downtown. Many cities are seeing a renaissance in downtown apartment living from empty nesters and younger adults who are attracted to the walkability, lack of yard work and similar perks. Lower property taxes on downtown buildings could spark interest in local developers, particularly if combined with other incentives.

In fact, the new municipality would be at an advantage in terms of economic and community development in that it would have different environments (urban, suburban, rural), pricing levels and housing stock variety and age to satisfy different needs and desires of potential residents and businesses. There also might be additional capacity in a larger, combined municipality to focus more resources on community and economic development in terms of a dedicated position and more clout for grants that can come with a larger municipality.

### ***Maintaining Community Character***

One concern expressed by municipal residents of both communities is that their interests remain represented and that the character of their neighborhoods be maintained. One way to accomplish this is to structure the new government partially through a ward system so that areas have specific elected representatives that understand their interests. This would be determined by the independent committee to study government structure of a consolidated municipality.

In Princeton, where borough residents were concerned about downtown and township residents were concerned about maintaining rural character, advisory planning districts were created to provide residents a formal mechanism to be heard on proposals in their neighborhoods<sup>19</sup>. A combined municipality could create something similar. The new municipality also could maintain current zoning designations.

### ***Savings and Services***

Other community concerns centered on savings and services. The goal of all sustainable communities is to provide the services required to meet the health, safety and welfare needs of the community at the lowest cost. This report identifies areas where a combined municipality could save money, from the elimination of duplicate positions (estimated \$558,127 savings) to potential movement to the township's lower cost health insurance (estimated \$371,000 savings). Other potential savings are dependent on decisions made by the new municipality.

These savings would help to maintain or improve, as oppose to reduce, the current service level. Meanwhile, employees in the new municipality would benefit from larger departments that have increased opportunities for advancement and specialization.

### ***Home Rule Benefits***

Consolidating under home rule, as recommended by this report, gives the communities the ability to form a government structure that truly reflects community needs and the way a modern municipality functions. The community will be able to decide the size of the governing body, how the municipality runs day to day, the number and type of elected officials and more.

Tax structure could also be determined based on local needs as opposed to state municipal code mandates. For example, a slightly higher earned income tax only available under home rule would grow more naturally as people's wages increase, potentially lessening or eliminating the need for property tax increases.

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<sup>19</sup> Borough of Princeton and Township of Princeton Joint Consolidation/Shared Services Study Commission, July 2011

Different constituency groups could also be considered in the tax mix. Retired individuals on fixed income, for instance, would not pay a higher earned income tax but could benefit from a property tax decrease. Businesses also would benefit since they do not pay earned income tax. Right now, increases on property taxes are the only way to obtain a higher amount of tax revenue since all other taxes are at their maximum levels under state codes.

### ***Negatives to Consolidation***

In terms of cons, the major issues are the loss of Sandy Township's annual CDBG appropriation and costs the two municipalities could incur through the consolidation process. There is little in the way of dedicated state grant funds to pay for these costs. The most prudent course for the municipalities is to reach out to their state representatives about potential funding and possible "hold harmless" legislation concerning CDBG funding. Impact on municipal employees through reductions in overlap and duplication could be kept to a minimum using attrition and buyouts.

## **Personnel**

### ***Position Overlap and Duplication***

The assumption with any consolidation is that there will be some reduction in personnel and, therefore, personnel expenditures. For example, a consolidated municipality would likely need only one manager and one police chief. The number of elected officials could be reduced depending on the form of government chosen for the combined municipality.

Table 5-1 gives an overview of identified overlapping and duplicate positions, along with potential elimination of duplications through creation of a new position in a combined municipality. Current personnel and compensation records from the municipalities were used wherever possible. Otherwise, 2020 budgeted figures are used.

The responsibilities for financial management and tax collection in the two municipalities, which includes a finance officer, elected treasurer and deputy treasurer in DuBois and a treasurer and elected tax collector in Sandy Township, could be streamlined.

Public works has two top directors each for two equivalent positions – public works director and engineer in Sandy Township and public works director/engineer and public works superintendent in DuBois. Professional services that are duplicate include appointed solicitors and auditors. Sandy Township now pays a contract for IT service but the new municipality could use the existing IT director in DuBois, eliminating the contracted expense. It is also presumed that the new municipality will pay only one set of elected officials.

Table 5-1<sup>20</sup>*Overlapping and Duplicate positions in Dubois and Sandy Township*

	DuBois		Sandy		
	Wages	Benefits	Wages	Benefits	New Position
<b>Elected Officials</b>	\$7,200	—	\$16,250	—	\$15,000
<b>Finance and Administration</b>					
<b>Manager</b>	\$108,000	Single	\$92,700	Family	\$140,000
<b>Finance Officer</b>	\$68,599	Family	—		\$85,000
<b>Treasurer</b>	\$24,000 (elected)	Single	\$60,471	Single	\$65,000
<b>Deputy Treasurer</b>	\$36,667	Couple	—		\$50,000
<b>IT Director</b>	\$45,000	Single	—		\$60,000
<b>Elected Tax Collector</b>	—	—	\$40,000	—	—
<b>Police</b>					
<b>Police Chief</b>	\$68,175	—	\$92,700	Family	\$105,000
<b>Public Works</b>					
<b>Engineer</b>	—		\$84,040	Single	\$120,000
<b>Public Works Director</b>	—		\$68,959	Family	\$75,000
<b>Public Works Director/Engineer</b>	\$102,250	Family	—		—
<b>Public Works Superintendent</b>	\$101,167	Family	—		\$90,000
<b>Professional Services</b>					
<b>Solicitor</b>	\$68,000	—	\$65,000	—	\$75,000
<b>Auditing and Accounting</b>	\$38,000	—	\$10,000	—	\$40,000
<b>IT Contractor</b>	—		\$500/month		—

## Buyouts

Both municipal managers have employment contracts with their respective municipalities that will have to be honored should their employment change as the result of a combined municipality. Additionally, any other employment contracts would need to be honored. It is also common, although not required, to offer departure incentives to employees without separate employment contracts in municipalities that undertake staff reductions due to realignment of duties or reductions in services. Determining whether positions exist that should be offered a buyout or how much that buyout should cost is outside the scope of this project and could be considered under the Joint Committee phase.

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<sup>20</sup> Salaries and the general structure for the new positions in a consolidated municipality were provided by the managers of the city and township.

Various options are utilized across the commonwealth so that long tenured employees are not subject to economic hardship as a result of staff realignments. The consolidated municipality may offer voluntary or involuntary severance packages that may include payouts based on length of service, executive responsibilities, representation or non-representation by a collective bargaining unit and other distinguishing classes of employees.

Two recent examples of a voluntary severance program were reviewed by the consultants as potential models for a consolidated municipality. A central Pennsylvania city recently realigned its management of a major parking operation and an eastern Pennsylvania regional wastewater authority likewise offered voluntary severance incentives.

The city offered a mix of payments and benefit extensions aimed at those that would lose their jobs or take another position if offered. Benefits were varied depending on the ultimate disposition of the employment position.

The city's offer included:

1. Severance of three hours per month of service, minimum \$2,000,
2. 12 months of 90% of medical premiums,
3. Sick time accrual at 100%,
4. Vacation accrual total value,
5. Sick accrual at 50% if more than 10 years of service up to max 120 accumulated days,
6. Plus 52 weeks of Supplemental Unemployment Compensation Benefits up to 100% of base weekly wages (subject to maximum State Unemployment Benefit Fund payout of 50% of weekly wages).

The authority's package was aimed at reducing redundant positions due to service expansion and to allow for management openings for younger employees by reducing senior positions but retaining the operational responsibilities.

That offer included two options:

#### Option 1

1. An amount equal to \$500 times the number of completed years of continuous service,
2. An amount equal to 25% of the employee's prior full year base salary,
3. A separate lump sum amount equal to \$15,000 which may be used by the employee to help defray future medical insurance coverage costs (but not required for that purpose),

#### Option 2

1. An amount equal to \$500 times the number of completed years of continuous service,
2. An amount equal to 25% of the employee's prior full year base salary,
3. Single medical insurance coverage for employees under the age of 65 for a maximum of three years from the separation date. At age 65 the employee receives \$300 per month for any remaining time up to the three-year limit from date of separation. The \$300 stipend may be used for other purposes.



Regarding funding for the potential voluntary separation both DuBois and Sandy have fund balances that could be used to finance any employee plans. The consolidated municipality will have these fund balances as part of the necessary asset transfer. The use of a portion of a “legacy” fund balance for the employee separation program would be more appropriate than using current tax and fee revenue.

### ***Collective Bargaining***

Both police and the public works employees in each municipality operate under collective bargaining agreements. Appendix II and Appendix III of this report provide the municipalities with a comparison of the contract terms in DuBois and Sandy Township. The joining of the various contracts will require collective bargaining of a new contract and will involve costs for labor counsel to negotiate a new or revised agreement.

The simplest arrangement would be to work temporarily under separate contracts and negotiate a new contract with the successor collective bargaining unit as soon as practical. The new contracts may include or exclude items from the old contracts.

### ***Pay Disparities in the New Municipality***

As noted above, police and public works employees are subject to existing collective bargaining agreements that determine their salaries and benefits. Any changes in the wage or benefit level, then, is subject to collective bargaining. It should not be presumed by the new municipality that it will be required to pay the highest salary amount in the two existing municipalities for union positions covered by two separate collective bargaining agreements. Overall, there should be no expectation on the part of union or non-union employees in DuBois or Sandy Township that there will be any leveling of pay afforded by the new government prior to the negotiation of new collective bargaining agreements upon the expiration of the current agreements.

### ***Building Options***

The new municipality could use DuBois City Hall, but the current Sandy Township municipal building is inadequate for municipal offices. It is recommended that the new municipality seek a facilities and space study from an appropriate professional to determine how best to move forward since city hall will probably not accommodate everyone in its current configuration.

In the meantime, much of the operations from both municipalities likely could fit into DuBois City Hall with overflow potentially housed temporarily in rented storefront space. Please see Chapter 3 for a complete discussion of buildings and facilities in the two municipalities.

### ***Grant Implications***

#### ***Potential for transition grants***

The state Department of Community and Economic Development’s Municipal Assistance Program provides a 50 percent match for shared service activities: consolidating or regionalizing services among multiple counties and municipalities, boundary change studies, and shared personnel. New or expanded intergovernmental initiatives that promote local government efficiencies and effectiveness.

However, it is our understanding that this program is not well funded. The municipalities should seek assistance in obtaining grants from this or other state sources from their state legislators, potentially as special appropriation.

### **CDBG Entitlement Funding**

Currently, the city of DuBois and Sandy Township are eligible for direct state Community Development Block Grant funds under the provisions of PA Act 179 of 1984 (see Appendix IV). In 2020, the city of DuBois received \$304,856 and Sandy Township received \$161,951. The new municipality would receive one appropriation based on its eligibility and municipal class, according to DCED, which administers the state CDBG program. All third-class cities receive the same appropriation amount regardless of population size, low to moderate population size or any other factor.

The municipalities should consider discussions with local state legislators on the potential for legislation allowing a hold harmless transition period of CDBG funding so that the loss of one of the CDBG sources is mitigated over time.

Based on the various requirements and formulas, the best option for optimizing the CDBG allocation would be as a city. The new municipality could still be considered a city for these purposes even if it organized under a home rule charter as opposed to under the state Third-Class City Code.

Sandy township's low to moderate percentage as reported by Department of Community and Economic Development (DCED) was at 34.48 percent. The township uses an income survey to determine funding eligibility for CDBG projects throughout the township.

DuBois's low to moderate percentage as reported by DCED was at 44.50 percent, also requiring an income survey for expanded CDBG use. The city last completed a CDBG income survey in August 2016 and the results of that survey may be used for CDBG funding purposes for five (5) years. The results of the survey indicated that of a total of 8,645 persons, 4,544 were considered low to moderate income individuals for a CDBG low to moderate income percentage of 52.56 percent. The city will need to update the survey for funding periods past 2021.

The city in the past has used CDBG funding to make capital purchases for the city volunteer fire departments. It is the understanding of the consultant that the consolidated municipality would continue to conform to the 51 percent low to moderate income requirement by using survey data.

Census tracts in the two municipalities are established by the U.S. Census Bureau mostly based on population. There is a federal process that allows tracts to be changed every 10 years, but the boundaries are designed to be relatively permanent<sup>21</sup>. It does not appear likely that census tract boundaries would be impacted by a consolidation.

### **Consolidation Impact on Grants**

The impact would be based on the qualifying metrics of the resulting municipality (class, population, percentage in poverty, etc.). The other factor is that the new municipality would represent more

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<sup>21</sup> <https://www2.census.gov/geo/pdfs/education/CensusTracts.pdf>

constituents and so would conceivably have more clout. A larger municipality might also have additional capacity to devote to grant writing. More information about the demographics of the municipalities is available in Chapter 1.

## **Fire Departments**

The city of DuBois has five volunteer fire companies while Sandy Township has four volunteer fire companies. Both municipalities contribute similar levels of assistance to the departments. This report assumes there will be no change in the level of support or funding to the departments from a new municipality. In addition, a separate DCED study is currently underway that is examining the DuBois and Sandy Township volunteer fire departments. A more complete discussion of the fire departments can be found in Chapter 3.

## **Issues of No Impact or Assumed by New Municipality**

### ***Stormwater System Management***

Our understanding is the new municipality would maintain what was maintained municipally pre-consolidation and PennDOT would do the same for its pre-consolidation efforts. In other words, status quo post-consolidation. This must be confirmed with the PennDOT District Engineer, but it is unlikely that a firm commitment would be made by them at this early stage in the feasibility study. The determination of this dual responsibility will be a necessary step for the joint committee.

### ***Existing Debt***

The resultant municipality would assume the exiting liabilities from the predecessor municipalities. The contracts underlying the debt would not be changed but the debt would be assigned to the new municipality. The municipal debt instruments must be checked to see if there is a principal payment demand if the municipality ceases to exist.

### ***Landownership and Timber Values***

The new municipality would assume all assets and liabilities of the predecessor municipalities unless an asset or liability is specifically called out for liquidation in the Joint Agreement between the municipalities.

The city provided an extensive list of assets for review in the context of this report. The net insurable value of the city's assets totals in excess of \$45 million.

### ***Hunting & Discharge of Firearms***

Project staff spoke with Richard Macklem, the Pennsylvania Game Commission's law enforcement supervisor for the North Central Region, which covers Clearfield County. Macklem stated that a consolidation or new municipal status would not change hunting rights, as these are decided on the state level. He further stated that recent court decisions have affirmed that municipalities may not supersede state law on hunting by attempting to ban or restrict it beyond current state practices.

In any area where hunting is legal, including private property, it continues to be subject to the current, state-wide regulations on safety, hunting seasons and bag limits, and 150-yard safety zone restrictions around residences and occupied buildings.

Therefore, a consolidation between Sandy Township and the city of DuBois will create no changes in the ability to legally hunt per state regulations.

The city of DuBois repealed its firearms discharge ordinance in 2017, in part to answer concerns that a consolidation would restrict the ability to hunt.<sup>22</sup> Sandy Township has a current ordinance (§6-101, §6-103) prohibiting firearms discharge by anyone other than law enforcement, except during licensed hunting or at an approved shooting range. Therefore, a consolidation would not change the status quo on firearms discharge for Sandy Township residents.

### ***Other Boundaries***

A consolidation between the city of DuBois and Sandy Township would have no impact on other boundaries such as those for school district, mail delivery or county services.

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<sup>22</sup> [http://www.thecourierexpress.com/news/dubois-city-to-repeal-discharging-firearms-ban/article\\_3d215a3a-2120-51e1-b1ea-dd3f1b67fc0c.html](http://www.thecourierexpress.com/news/dubois-city-to-repeal-discharging-firearms-ban/article_3d215a3a-2120-51e1-b1ea-dd3f1b67fc0c.html)

## **Chapter 6**

### **Consolidation Process and Recommended Form of Government**

#### **Introduction**

In order to consolidate, the city of DuBois and Sandy Township must follow the boundary change process outlined by commonwealth law. Usually this requires the two governments to form a joint committee that will make recommendations regarding how the consolidation would take place. The recommendations serve as the basis of the joint agreement to create the new municipality, which must be approved by both communities to be successful.

Form of government is one of the key considerations. Rather than adopt one of the existing municipal classes governed by a municipal code, such as the Third-Class City Code or Second-Class Township Code, it is recommended that DuBois and Sandy Township pursue home rule. Home rule would provide the communities with the greatest input on forming a local government that is most responsive to local needs. In addition, home rule would provide greater tax flexibility to support the robust services required by a more densely populated municipality.

#### **Formation of Municipal Governments**

The existence of municipal governments in Pennsylvania is authorized by the Pennsylvania Constitution and state law. All land within the commonwealth is incorporated by law as a municipality with its own government. There are three primary types or classifications of municipal governments: cities (of the first, second, or third class), boroughs and townships (of the first or second class).

Municipal governments in Pennsylvania are the principal providers of direct public services to citizens. Services often include, but are not limited to, police and fire protection; construction and maintenance of roadways and bridges; street lighting; parks and recreation facilities and programs; planning and zoning activities; enforcement of building and related codes; water treatment and distribution; sewage collection and treatment; storm water management; solid waste collection and disposal; and recycling collection.

While local governments in Pennsylvania are authorized to provide a full level of services regardless of their classification, there are important differences in the governing structures, officers and revenue generating capacity among the different municipal classes.

#### **Consolidation Process**

The movement toward municipal consolidation in DuBois and Sandy Township is in large part due to a perception by government and community leaders that it is in the best interests of the two municipalities to evaluate the potential benefits of a municipal consolidation today rather than wait until a financial crisis in one or both of the municipalities compels the need in the future.

In Pennsylvania, the process of combining two or more municipalities is overseen by the Municipal Consolidation or Merger Act (Title 53 of the Pennsylvania Consolidated Statutes, Sections 731-741). The process calls for the preparation of a joint agreement between the governing bodies of the city and township.

It is possible under the boundary change process for this agreement to be prepared simply between the governing bodies of the municipal partners without involvement of the citizens of the partners. However, public understanding and participation in the process will most likely lead to a successful consolidation effort. The appointment of a joint committee involving citizens of both Dubois and Sandy will allow the necessary public and stakeholder participation. It is recommended to form a joint committee made up of appointments from both communities.

The committee may include elected officials and administrators from the city and township, as well as representatives from various community stakeholders. The committee would be tasked with the development of a draft joint agreement and decision on the form of government for the proposed consolidated municipality. Options include selecting one of the classes governed by state municipal codes (third class city, borough, first class township, second class township) or organizing under a home rule charter. If home rule is the selected form of government, the joint committee would also draft a home rule charter.

### ***Joint Agreement***

A joint agreement provides a framework for two or more municipalities to combine and create a new municipality that results in the termination of the existence of each of the agreeing municipalities. The new municipality assumes jurisdiction over both municipalities that are terminated. Any joint agreement must include, but is not limited to, the following:

1. The names of the municipalities involved.
2. The name and territorial boundaries of the consolidated or merged municipality.
3. The type and class of the resulting municipality.
4. The way the resulting municipality will be governed, one of the following:
  - a. The municipal code appropriate to its designated class.
  - b. A home rule charter or optional plan already in place in one of the constituent municipalities.
  - c. A new home rule charter or optional plan approved by each municipal governing body.
5. The number and boundaries of districts if some or all members of the governing body are to be elected by district.
6. If an optional charter city is the surviving unit in a merger, whether the resulting unit will continue to use the optional charter.
7. Financial arrangements including the following.
  - a. Disposition of the assets of the existing municipalities.
  - b. Liquidation of existing indebtedness of constituent municipalities.
  - c. Assumption, assignment or disposition of existing liabilities.
  - d. Implementation of a legally consistent uniform tax system.
8. The elected officers required by the form of government.
9. A transition plan and schedule for elected officers.
10. Common administration and uniform enforcement of ordinances within the resulting municipality

The joint agreement must be approved by the governing bodies of each municipality and is then presented to the voters in each municipality for approval. If a joint agreement is approved by the governing bodies and voters in each municipality, the consolidated municipality will begin to

function on the date specified in the joint agreement. At that point, the former municipalities that were consolidated are abolished. The newly consolidated governing body begins to function after new officers are elected and take office. The process is outlined in Table 6-1 below.

Except for employees who are protected by tenure of office, civil service or collective bargaining agreements, all appointed offices and positions are subject to the terms of the consolidation agreement. The agreement also must provide for duplication of positions, varying length of employee contracts, different civil service regulations, differing ranks and position classifications.

A new ordinance book is used by the municipality after consolidation becomes effective. The first document recorded in the book is the consolidation agreement. Total codification of ordinances must be completed within two years. All rights of component municipalities are vested in the new consolidated municipality, including real estate titles, liens, rights of creditors, agreements, contracts, debts, liabilities and duties.

**Table 6-1***Municipal Consolidation Process*

<b>Recommended Action</b>	<b>Required Public Votes</b>	<b>Results</b>
Two municipalities vote to prepare joint agreement to effectuate consolidation	Two	Proceed to form Joint Committee
Joint Committee meets and prepares agreement	None	Municipalities receive Joint Committee reports for action on joint ordinance creation
<b>If Joint Committee selects a home rule charter form of government, the committee will serve as the government study commission and will prepare a home rule charter as part of the joint agreement.</b>		
Municipalities vote to accept joint agreement and proceed to draft ordinance	Two	If two yes votes, proceed to authorize identical ordinances
Solicitors prepare identical ordinances of agreement	None	
Vote to accept and advertise ordinances	Two	If two yes votes, proceed to ordinance vote
Vote to approve ordinances	Two	If two yes votes, proceed to referendum
Referendum	Two	If two yes votes, proceed to consolidation

***Considerations for Form of Government***

Currently, the two municipalities operate under state municipal codes, which provide a rigid governmental framework depending on the municipal class. The municipal codes are a one-size-fits-all government with specific rules for elected officials, governing body, mayor, tax collector, controller, auditor, appointed officers and employees, finance, contracts, taxation and corporate powers.

Tables 5-4 through 5-14 at the end of this chapter outline the duties and powers for each municipal class. DuBois is now a third-class city under an optional plan form with a council-manager, while Sandy Township is a second-class township. A combined municipality stands to lose its state appropriated Community Development Block Grant unless it operates as a named city or operates as a municipality while retaining the name of Sandy Township because of legislation that governs how state CDBG funds are appropriated.

Another main consideration is the ability to provide and pay for key services. State municipal codes all cap the rate that municipalities can levy under each type of tax. Both DuBois and Sandy Township are now at their respective limit for Act 511 taxes like earned income. The only option that the municipalities have now to increase tax revenue is by raising property taxes. That probably would not change if the new municipality operated under the state's municipal codes, regardless of class, since the new municipality would likely also set Act 511 taxes at their maximum. In order to obtain tax flexibility in response to local service needs, the new municipality would have to organize under a home rule charter.



## ***Home Rule Charter***

A home rule charter is a written document defining the powers, structure, rights and duties of a municipal government. A charter provides the new community with its own “constitution,” shifting responsibility from rules and regulations set by the state legislature to those decided in large degree by the local citizens. In addition to tax flexibility, this shift in the context of consolidation gives residents greater ownership of the new municipality since it can be tailored to fit citizens’ needs.

Both DuBois and Sandy have constraints on taxing abilities that could result in future financial issues. The city, with a current levy of 20 mills for general purpose, is at two-thirds of its maximum rate of 30 mills. In addition, much of the city is already built out, providing limited room to expand the tax base.

At 13 mills for general purpose, the township is nearly at its 14-mill limit, necessitating the use of special purpose millages to remain under the general purpose tax rate limit. The second-class township code permits the township to levy up to an additional 5 mills over its tax limit with court approval. However, levying a general purpose mill rate above the permitted amount is significant for two reasons. First, it intrudes upon the governing body’s authority by mandating that the governing body receive approval from a second party — the Court of Common Pleas — before increasing its rate. Second, it indicates that the municipality is close to exhausting this source of revenue as a resource for general purpose revenue. The commonwealth views a municipality that is at its legal general purpose millage limit as a potential indicator of financial distress.

As indicated previously, the municipal codes under which both operate cap the rates of the two main sources of municipal tax revenue — property and earned income taxes (EIT). Like most municipalities, the city and the township already levy the maximum EIT tax rate.

Home rule removes caps on EIT, property and real estate transfer tax rates, allowing the municipality to design a tax structure that best meets the needs of the local population.

In this case, the resulting municipality would have the ability to balance property tax rates by adjusting the EIT and other tax rates. This type of tax shift has important consequences. Retirees with no wages who do not pay EIT would see overall tax relief as increases to property taxes are reduced. Real estate tax relief on commercial properties can spur needed economic development that would increase the local tax base. Wage-earning property owners may or may not realize savings through a shift but would be paying a smaller payroll EIT deduction amount over time as opposed to a larger lump sum property tax bill.

## **Public Service Level Review**

DuBois and Sandy Township generally provide a robust amount of services when compared to their neighbors. Both municipalities have their own full-time police force. Countywide, only nine of 49 municipalities including DuBois and Sandy Township pay for their own police force or for regional police coverage.

Pennsylvania Economy League research clearly shows that local police are the costliest municipal service and that municipalities which offer the service are more likely to experience financial distress. However, more densely populated areas that serve as regional hubs generally require this higher level

of police service, particularly when state police that provide free coverage are already stretched thin. Municipalities that provide police coverage in Clearfield County are shown in Table 6-2.

**Table 6-2**  
**2020 Police Departments in Clearfield County**

Municipality	Police Services	Full Time	Part Time
<b>DuBois City</b>	<b>Own Police Force</b>	<b>13</b>	<b>0</b>
Clearfield Borough	Own Police Force	7	4
Curwensville Borough	Own Police Force	3	0
Ramey Borough	Regional Police Service	0	0
Bigler Township	Own Police Force	1	0
Cooper Township	Regional Police Service	0	0
Lawrence Township	Own Police Force	10	3
Morris Township	Regional Police Service	0	0
<b>Sandy Township</b>	<b>Own Police Force</b>	<b>12</b>	<b>1</b>

Unlike police coverage, public works services, including streets and highways, are provided by every municipality in Clearfield County. Both DuBois and Sandy Township spend similar levels on public works — 20.6 percent of expenditures in DuBois and 21.9 percent of expenditures in Sandy Township. As a percentage of revenues, both committed nearly the same proportion at 21.0 and 21.6 percent, respectively.

The percentage spent on public works by municipalities that do not pay for local police is generally higher in part because they do not have that public safety expense. Table 6-3 shows public works as a percentage of revenues and expenditures in Clearfield County. Municipalities with local police are in bold.

Table 6-3

*2018 public works spending as a percentage of revenues and expenditures in Clearfield County*

Municipality Name	Public Works-Expenditures	As a Percentage of Revenues	As a Percentage of Expenditures
<b>Dubois City</b>	<b>\$4,749,822</b>	<b>21.0%</b>	<b>20.6%</b>
Brisbin Borough	\$23,782	28.4%	45.1%
Burnside Borough	\$26,726	10.0%	9.2%
Chester Hill Borough	\$110,301	19.2%	21.6%
<b>Clearfield Borough</b>	<b>\$978,656</b>	<b>27.5%</b>	<b>25.7%</b>
Coalport Borough	\$74,271	43.8%	48.6%
<b>Curwensville Borough</b>	<b>\$318,264</b>	<b>33.2%</b>	<b>32.1%</b>
Glen Hope Borough	\$37,162	74.4%	55.2%
Grampian Borough	\$81,671	69.6%	63.9%
Houtzdale Borough	\$132,705	44.3%	44.0%
Irvona Borough	\$98,562	55.6%	51.9%
Mahaffey Borough	\$48,016	52.6%	44.7%
New Washington Borough	\$12,664	43.8%	49.2%
Newburg Borough	\$10,114	44.4%	47.0%
Osceola Mills Borough	\$68,190	22.6%	28.7%
Ramey Borough	\$45,484	44.0%	49.0%
Troutville Borough	\$21,766	14.7%	14.0%
Wallacetown Borough	\$40,262	54.6%	48.7%
Westover Borough	\$17,498	7.3%	7.8%
Beccaria Township	\$277,047	68.7%	66.0%
Bell Township	\$180,408	42.4%	48.4%
<b>Bigler Township</b>	<b>\$130,398</b>	<b>39.0%</b>	<b>41.9%</b>
Bloom Township	\$22,571	17.2%	26.8%
Boggs Township	\$205,555	11.8%	47.2%
Bradford Township	\$617,377	66.7%	63.2%
Brady Township	\$360,526	17.5%	54.0%
Burnside Township	\$220,851	61.4%	66.0%
Chest Township	\$101,975	51.9%	54.2%
<b>Cooper Township</b>	<b>\$389,519</b>	<b>44.0%</b>	<b>47.7%</b>
Covington Township	\$113,038	49.8%	51.2%
Decatur Township	\$497,825	30.2%	33.5%
Ferguson Township	\$199,487	78.4%	70.1%
Girard Township	\$124,697	41.4%	47.1%
Goshen Township	\$331,386	106.9%	80.7%
Graham Township	\$352,016	84.9%	74.5%
Greenwood Township	\$589,124	81.4%	82.9%
Gulich Township	\$116,395	41.1%	44.7%
Huston Township	\$493,582	99.8%	72.5%
Jordan Township	\$74,938	35.7%	40.5%
Karthus Township	\$59,884	27.4%	37.0%
Knox Township	\$112,684	69.2%	66.8%
<b>Lawrence Township</b>	<b>\$1,514,128</b>	<b>32.1%</b>	<b>35.4%</b>
<b>Morris Township</b>	<b>\$220,053</b>	<b>41.7%</b>	<b>39.6%</b>
Penn Township	\$151,763	41.4%	43.4%
Pike Township	\$334,538	51.3%	46.2%
Pine Township	\$60,002	98.0%	81.6%
<b>Sandy Township</b>	<b>\$1,950,767</b>	<b>21.6%</b>	<b>21.9%</b>
Union Township	\$230,986	66.8%	70.7%
Woodward Township	\$277,999	50.7%	51.8%

**Form of Government Recommendation**

A larger, combined tax base should provide the new municipality with more capacity to handle the cost of the robust services necessary to serve the population. Home rule would give the new municipality more flexibility to tap into that tax base in a manner appropriate to local needs. In addition, home rule would permit the community to craft a local government structure that is most responsive to local needs.

Table 6-4

*Elected Officials*

	<b>Borough</b>	<b>Second Class Townships</b>	<b>First Class Townships</b>	<b>Third Class Cities</b>
<b>Elected Officials</b>	Mayor (1) Council (7) Tax Collector (1) Board of Auditors (3) or Controller (1)	Board of Supervisors (3) Board of Auditors (3) Property Tax Collector (1) Individual may only hold one elective office No Mayor	Board of Commissioners (at least 5 up to 15) Board of Auditors (3) Property Tax Collector (1) Controller (1) No Mayor	Council Members (4) Mayor (1) Controller Treasurer
<b>Eligibility</b>	Registered elector of Borough; and Reside in Borough continuously for at least 1 year immediately prior to election	Registered elector and reside in township continuously for 1 year before election	Registered elector and reside in township continuously for 1 year before election If wards then continuously reside in ward 1 year before election	Council and Mayor; 18 years of age Reside in city continuously for 1 year Controller and Treasurer: 21 years of age Must be an accountant Reside in city continuously for 1 year
<b>Terms</b>	All 4 year terms Council staggered (4 members and 3 members at each municipal election) Must take oath of office Auditors (6 years) Controller (4 years)	Supervisors (6 years) Auditors (6 years) Property Tax Collector (4 years)	Commissioners (4 years) Auditors (6 years) Property Tax Collector (4 years) Controller (4 years)	All 4 year terms
<b>Vacancies</b>	30 days of vacancy Council 15 days vacancy board Court of common pleas	30 days of vacancy Board of Supervisors 15 days vacancy board Court of common pleas	30 days of vacancy Board of Supervisors 15 days vacancy board Court of common pleas	30 days of vacancy Council  Court of common pleas
<b>Removal</b>	Impeachment By Governor for reasonable cause Upon conviction of infamous crime	Same as Borough	Same as Borough	Same as Borough

Table 6-5

## Governing Body

	<b>Borough</b>	<b>Second Class Townships</b>	<b>First Class Townships</b>	<b>Third Class Cities</b>
<b>Name</b>	Council	Board of Supervisors	Board of Commissioners	Council
<b>Officers</b>	Officers: President/Vice President Serve at pleasure of council	Chairman Vice-Chairman	President Vice-President	Mayor is President of Council Vice-President is designated director of accounts and finance
<b>Constituency</b>	At-large or ward	At-large	At-large or ward	At-large or ward
<b>Quorum</b>	Majority of members	Majority of members	Majority of members	Majority of members
<b>Special Meeting</b>	President of Council or 1/3 members of Council	Chairman or majority of board members	No provision in code	Called by mayor or 2 members of council
<b>Annual Compensation</b>	Based on population: Eligible for health care benefits	Based on population: Supervisor also employee, compensation determined by board of auditors Eligible for health care benefits	Based on population: Eligible for health care benefits	Based on population: Provision to provide per meeting compensation instead of annual compensation No healthcare benefits
<b>Employee of Municipality</b>	Cannot be employee of borough if population 3,000 or greater Cannot serve as manager, secretary or treasurer	Yes—roadmaster, laborer, secretary, treasurer Salary determined by board of auditors Eligible for pension	Prohibited from township employment Cannot serve as secretary, treasurer or auditor	Prohibited from city employment
<b>Manager</b>	Neither Mayor or Council may hold office of Borough Manager Created by Ordinance Powers and duties established in ordinance	May create by ordinance Appointed by board Powers and duties established in ordinance	May create by ordinance Appointed by board Powers and duties established in ordinance	May create by ordinance (city administrator) Appointed by council Powers and duties established in ordinance
		<b>Second Class Townships</b>	<b>First Class Townships</b>	<b>Third Class Cities</b>
<b>Department Director</b>	N/A	N/A	N/A	Each council member shall be designated director of 1 of the following departments: Accounts and finance, Public Affairs, Streets, Parks, Public safety (Mayor) Each director responsible for

				property of department Each director required to submit quarterly report to director of accounts and finance Director of accounts and finance responsible for presenting budget to Council
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Table 6-6

Mayor

	<b>Borough</b>	<b>Second Class Townships</b>	<b>First Class Townships</b>	<b>Third Class Cities</b>
<b>Title</b>	Mayor	No executive	No executive	Mayor
<b>Powers and Duties</b>	<ul style="list-style-type: none"> <li>•Can hold no other Borough office or appointment</li> <li>•Not a member of Council</li> <li>•Administer oaths</li> <li>•Approves or vetoes ordinances</li> <li>•Approves or vetoes tax resolution (if applicable)</li> <li>•Proclaim state of emergency</li> <li>•May cast deciding vote if tie vote in Council</li> <li>•Has full charge and control of chief of police and the police force</li> <li>•May appoint special police during an emergency</li> <li>•May temporarily suspend police officers for cause until next scheduled Council meeting</li> </ul>	N/A	N/A	Execute and enforce all city ordinances Voting member of council with same rights and duties of other council members No right of veto Signs ordinances Designates and supervises police chief Supervise city police Issue state of emergency Preserve public peace Appoints fire chief with consent of council Request reports from other city officials or department directors
<b>Constituency</b>	Elected at large	N/A	N/A	Elected at large
<b>Salary</b>	Based on population	N/A	N/A	Based on population: Marriage fee not > \$150 per ceremony
<b>Vacancy</b>	President of Council assumes Mayor's duties (President of Council may not vote as a council member)	N/A	N/A	Vice-President of council becomes acting mayor in absence or vacancy



Table 6-7

Tax Collector

	<b>Borough</b>	<b>Second Class Townships</b>	<b>First Class Townships</b>	<b>Third Class Cities</b>
<b>Powers and Duties</b>	Collects borough property tax levies	Collects township property tax levies	Collects township property tax levies	Called Treasurer in cities of third class Collects city property tax levies Receives and deposits all monies city receives Pays out monies

Table 6-8

Controller

	<b>Borough</b>	<b>Second Class Townships</b>	<b>First Class Townships</b>	<b>Third Class Cities</b>
<b>Powers and Duties</b>	Ordinance created Manage the fiscal affairs examine, audit and settle all accounts  Supervise and control of the accounts of all departments, bureaus and officers of the borough Immediately, upon the discovery of any default, irregularity or delinquency, report the discovery to the council; audit and report upon the accounts of an officer upon the death, resignation, removal or expiration of the term of the officer.	Office not provided in code	Supervises and controls the accounts of all departments charged with receiving or disbursing monies Countersigns all warrants drawn upon township treasurer Prohibits appropriation of funds on overdrawn accounts	Supervises and controls the accounts of all departments charged with receiving or disbursing monies Countersigns all documents authorizing the payment of money from city treasury Office retained upon appointment of independent auditor

Table 6-9

*Auditor*

	<b>Borough</b>	<b>Second Class Townships</b>	<b>First Class Townships</b>	<b>Third Class Cities</b>
<b>Powers and Duties</b>	<p>May be replaced by Controller</p> <p>Shall audit, adjust and settle the accounts of the tax collectors, the magisterial district judge and all officers of the borough.</p> <p>May audit, adjust and settle the accounts of any person, corporation, association, organization, committee or commission receiving or expending borough funds.</p> <p>Audit and report to the council, upon the accounts of every officer of the borough, upon the death, resignation, removal or expiration of the term of the officer.</p>	<p>Audits accounts of all elected and appointed township officials for preceding calendar year \$10 per hour</p> <p>\$1,000 max. if population 10,000 or less</p> <p>\$2,000 max. if population greater than 10,000</p> <p>Attorney appointed by court to represent board when there is a dispute</p> <p>May surcharge elected or appointed official for any loss to township</p> <p>Supervisors may appoint independent certified or competent public accountant</p>	<p>Audits accounts of all elected and appointed township officials for preceding calendar year</p> <p>May hold any other elected or appointed office</p> <p>\$20 per hour (min 5 hours per day)</p> <p>20 days if population &lt; 3,000</p> <p>30 days if population 3,000 and &lt;10,000</p> <p>40 days if population 10,000 or more</p> <p>Attorney appointed by court to represent board when there is a dispute</p> <p>May surcharge elected or appointed official for any loss to township</p> <p>Commissioners may appoint independent certified or competent public accountant</p>	<p>City required to appoint independent auditor</p>

Table 6-10

*Appointed Officers and Employees*

	<b>Borough</b>	<b>Second Class Townships</b>	<b>First Class Townships</b>	<b>Third Class Cities</b>
<b>Manager</b>	Created by ordinance  The powers and duties of the borough manager are regulated by ordinance.	May create by ordinance office of township manager Appointed by board Powers and duties established in ordinance	May create by ordinance office of township manager Appointed by board Powers and duties established in ordinance	May create by ordinance office of city administrator Appointed by council Powers and duties established in ordinance
<b>Secretary</b>	Council appointed Attends all meetings of the council and shall maintain full minutes of its proceedings Maintains record book of actions, resolutions and ordinances	Board shall appoint a secretary May be a member of board of supervisors  Clerk of board of supervisors Records proceedings of meetings May also serve as township treasurer	Board shall appoint a secretary Cannot be a member of the board of commissioner Clerk of board of supervisors Records proceedings of meetings Keeps record of appropriations made by commissioners	No provision for secretary but council may appoint a city clerk and prescribe clerk's duties
<b>Treasurer</b>	Council appointed  Receive all money due the borough and deposit the money promptly; keep distinct and accurate accounts of all sums received from taxes and other sources Pays out money only on direction by the council, secretary and also by the borough controller, if any.  Annually submit the accounts to the elected auditors, independent auditor or controller for settlement.	Board shall appoint a treasurer Supervisor may be treasurer (auditor sets salary)  Receives and deposits all monies township receives Pays out monies on order signed by Chairman or Vice-Chairman of board May also serve as township secretary	Board shall appoint a treasurer May be elected tax collector or township employee (not Commissioner) Receives and deposits all monies township receives Pays out monies on order signed by President or Vice-President of Board	Elected treasurer performs these functions (See Tax Collector above)
<b>Solicitor</b>	Appointed by Council Has control of legal matters. Shall be licensed to practice law in PA Council may appoint assistant solicitor	Appointed by board Shall be licensed to practice law in PA Control over legal matters of township	Appointed by board Shall be licensed to practice law in PA Control over legal matters of township	Appointed by council Shall be licensed to practice law in PA Council may appoint assistant solicitor or special legal counsel

<b>Engineer</b>	<b>Borough</b>	<b>Second Class Townships</b>	<b>First Class Townships</b>	<b>Third Class Cities</b>
	Appointed by council	Appointed by board Serves at board's pleasure Shall be registered professional engineer Supervises all engineering matters of the township	Appointed by board Two-year term  Shall be registered civil engineer Supervises all engineering matters of the township	Appointed by council Serves at council's pleasure Shall be registered professional engineer Supervises all engineering matters of the city
<b>Police</b>	Created by council and determines compensation Mayor has full charge and control of the chief of police and the police force. Mayor may appoint special and auxiliary police Must establish pension fund if 3 or more FT officers Civil service applies if 3 or more members	Force created by resolution of board Officer may not be supervisor, auditor, tax collector or manager Department supervised by board Code does not require civil service coverage Must establish pension fund if 3 or more FT officers Code does not provide for civil service	Force created by resolution of board Officer may not be supervisor, auditor, tax collector or manager Department supervised by board Civil service applicable  Must establish pension fund if 3 or more FT officers Civil service applies if 3 or more members	Council determines number, grade and compensation Chief appointed by Mayor Civil service applicable
<b>Fire</b>	Council may organize a fire department	Board may provide fire protection within township Board may levy special property taxes to fund Code does not provide for civil service	Board may provide fire protection within township Board may levy special property taxes to fund Civil service applies if 3 or more salaried firefighters	Council may organize a fire bureau Chief appointed by Mayor with consent of council Council may appoint a fire marshal to inspect buildings and investigate fires Civil service

Table 6-11

## Corporate Powers

<b>Powers</b>	<b>Boroughs</b>	<b>Second Class Townships</b>	<b>First Class Townships</b>	<b>Third Class Cities</b>
	<p>Corporate powers shall be exercised by council</p> <p>Adopt resolutions and ordinances regulating affairs</p> <p>Provide fines and penalties for violations of ordinances</p> <p>May purchase, sell, lease, convey, etc. real and personal property</p> <p>Regulate business</p> <p>Provide insurance-WC, property, liability, etc.</p> <p>Provide for collection and removal of garbage and other refuse material</p> <p>Construct, repair and maintain roads</p> <p>Develop land use regulations</p> <p>Incur debt</p> <p>Prohibit nuisances</p> <p>Exercise eminent domain</p>	<p>Corporate powers shall be exercised by board</p> <p>Adopt resolutions and ordinances regulating affairs of township</p> <p>Provide fines and penalties for violations of ordinances</p> <p>Township may purchase, sell, lease, convey, etc. real and personal property</p> <p>Responsible for providing fire and emergency services in township</p> <p>Regulate business</p> <p>Provide insurance-WC, property, liability, etc.</p> <p>Provide for collection and removal of garbage and other refuse material</p> <p>Construct, repair and maintain township roads</p> <p>Develop land use regulations</p> <p>Incur debt</p> <p>Prohibit nuisances</p> <p>Exercise eminent domain</p> <p>Impose fees for stormwater management</p> <p>Operate or lease a landfill or incinerator within or outside township</p>	<p>Corporate powers shall be exercised by board</p> <p>Adopt resolutions and ordinances regulating affairs of township</p> <p>Provide fines and penalties for violations of ordinances</p> <p>Township may purchase, sell, lease, convey, etc. real and personal property</p> <p>Responsible for providing fire and emergency services in township</p> <p>Regulate business</p> <p>Provide insurance-WC, property, liability, etc.</p> <p>Provide for collection and removal of garbage and other refuse material</p> <p>Construct, repair and maintain township roads</p> <p>Develop land use regulations</p> <p>Incur debt</p> <p>Prohibit nuisances</p> <p>Exercise eminent domain</p> <p>Provide funds for urban common carrier mass transportation</p>	<p>Corporate powers shall be exercised by council</p> <p>Adopt resolutions and ordinances regulating affairs of city</p> <p>Provide fines and penalties for violations of ordinances</p> <p>City may purchase, sell, lease, convey, etc. real and personal property</p> <p>Responsible for providing fire and emergency services in city</p> <p>Regulate business</p> <p>Provide insurance-WC, property, liability, etc.</p> <p>Provide for collection and removal of garbage and other refuse material</p> <p>Construct, repair and maintain city roads</p> <p>Develop land use regulations</p> <p>Incur debt</p> <p>Prohibit nuisances</p> <p>Exercise eminent domain</p> <p>Provide funds for urban common carrier mass transportation</p> <p>Operate or lease a landfill or incinerator within or outside city</p>

Table 6-12

## Taxation

	<b>Boroughs</b>	<b>Second Class Townships</b>	<b>First Class Townships</b>	<b>Third Class Cities</b>
<b>Property Taxes</b>	<p>30 mills General Fund (up to additional 5 mills with court approval) Special purpose:</p> <p>Debt service No limit Shade trees (0.1 mill limit) Annuities (0.5 mill limit) Street light 8.0 mills limit) Gas, water, electric (8.0 mills limit) Fire equipment and fire service (3.0 mills limit) higher by referendum Fire buildings (2.0 mills limit) higher by referendum Establish and maintain library No limit EMS (0.5 mills limit) higher by referendum Maintain and operate recreation No limit Road tax (5.0 mills limit) for paving and permanent road improvements</p>	<p>14 mills General Fund (up to additional 5 mills with court approval) 5 mills street lighting 3 mills purchase and maintain fire apparatus (voter referendum for higher rate) 2 mills for fire hydrants 5 mills street, sidewalk improvements 2 mills road equipment .5 mill support ambulance (voter referendum for higher rate) No limit debt service No limit operate parks No limit library Up to 50% of General Fund tax for procuring land and/or erecting building Special taxes must be kept in separate fund and used only for purpose specified</p>	<p>30 mills General Fund (up to additional 5 mills with court approval) 3 mills purchase and maintain fire apparatus (voter referendum for higher rate) 2 mills fire and water districts 5 mills street, sidewalk improvements .5 mill support ambulance (voter referendum for higher rate capped at 2 mills) No limit debt service No limit operate parks No limit library No limit for procuring land or erecting building .5 mill for pensions .1 mill for tree care 1 mill for nonprofit art corporation Special taxes must be kept in separate fund and used only for purpose specified</p>	<p>30 mills General Fund (up to additional 5 mills with court approval) 5 mills street lighting No limit debt service No limit operate parks No limit library .1 mill for tree care 1 mill for nonprofit art corporation \$5 residence tax Special taxes must be kept in separate fund and used only for purpose specified</p>
<b>Act 511 Taxes</b>	<p>1.0 % earned income (.5% shared with levying school district) 1% local realty transfer (shared) 10% amusement \$10 per capita (shared) \$52 local services tax (shared-\$5 school district)</p>	<p>1.0 % earned income (.5% shared with levying school district) 1% local realty transfer (shared) 10% amusement \$10 per capita (shared) \$52 local services tax (shared-\$5 school district)</p>	<p>1.0 % earned income (.5% shared with levying school district) 1% local realty transfer (shared) 10% amusement \$10 per capita (shared) \$52 local services tax (shared-\$5 school district)</p>	<p>1.0 % earned income (.5% shared with levying school district) 1% local realty transfer (shared) 10% amusement \$10 per capita (shared) \$52 local services tax (shared-\$5 school district)</p>

	<b>Boroughs</b>	<b>Second Class Townships</b>	<b>First Class Townships</b>	<b>Third Class Cities</b>
<b>Act 205 Tax</b>	Municipality may levy earned income tax or property tax greater than above limits to fund municipal pension plans	Municipality may levy earned income tax or property tax greater than above limits fund municipal pension plans	Municipality may levy earned income tax or property tax greater than above limits fund municipal pension plans	Municipality may levy earned income tax or property tax greater than above limits fund municipal pension plans

Table 6-13

## Finance

	<b>Boroughs</b>	<b>Second Class Townships</b>	<b>First Class Townships</b>	<b>Third Class Cities</b>
<b>Fiscal Year</b>	January 1 <sup>st</sup> commences	January 1 <sup>st</sup> commences	January 1 <sup>st</sup> commences	January 1 <sup>st</sup> commences
<b>Annual Budget</b>	Prepared by council or manager if authorized Required Projected expenses cannot exceed projected revenues	Prepared by Board Required Projected expenses cannot exceed projected revenues	Prepared by Board Required Projected expenses cannot exceed projected revenues	Prepared by director of accounts and finances Required Projected expenses cannot exceed projected revenues
<b>Public Inspection</b>	Advertise at least once Proposed budget must be available for 10 days before adoption	Advertise at least once Proposed budget must be available for 20 days before adoption	Advertise at least once Proposed budget must be available for 20 days before adoption	Advertise at least once Proposed budget must be available for 20 days before adoption
<b>Adoption</b>	No later than December 31st	No later than December 31st	No later than December 31st	No later than December 31st
<b>Amended Budget</b>	Adopted budget may be amended in January following municipal election May amend adopted tax ordinances Amended budget must be adopted no later than February 15th	Adopted budget may be amended in January following municipal election May amend adopted tax ordinances Amended budget must be adopted no later than February 15th	Adopted budget may be amended in January following municipal election May amend adopted tax ordinances Amended budget must be adopted no later than February 15th	Adopted budget may be amended in January following municipal election May amend adopted tax ordinances Amended budget must be adopted no later than February 15th
<b>Investment of Funds</b>	As Council may adopt consistent with statutorily authorized investments	As Board may adopt consistent with statutorily authorized investments	As Board may adopt consistent with statutorily authorized investments	As Council may adopt consistent with statutorily authorized investments



Table 6-14

## Contracts

	<b>Boroughs</b>	<b>Second Class Townships</b>	<b>First Class Townships</b>	<b>Third Class Cities</b>
<b>Power</b>	Council may make contracts for lawful purposes Contacts and purchases made from lowest responsible bidder Electronic submission of bids is allowed	Board may make contracts for lawful purposes Contacts and purchases made from lowest responsible bidder Electronic submission of bids not allowed	Board may make contracts for lawful purposes Contacts and purchases made from lowest responsible bidder Electronic submission of bids not allowed	Council may make contracts for lawful purposes Contacts and purchases made from lowest responsible bidder Electronic submission of bids not allowed
<b>Bidding Thresholds</b>	Less than \$11,100: no formal bidding or written/telephonic quotations \$11,100 - \$20,600: 3 written/telephonic quotations Greater than \$20,600: formal bidding Base amounts adjusted annually by PA Labor and Industry	Same as Borough	Same as Borough	Same as Borough
<b>Advertising of Bids in Excess of \$20,600</b>	At least twice	At least twice	At least twice	At least twice
<b>Awarding of Contracts</b>	Public announcement at public meeting	Public announcement at public meeting	Public announcement at public meeting	Public announcement at public meeting
<b>Exemptions to Advertising, Bidding, Price Quotations</b>	Maintenance, repairs or replacements for water, electricity or public works if not new additions or enlargement of facilities or equipment Borough improvements, repairs or maintenance made by Borough employees Patented, manufactured or copyrighted products Purchases from other public entities Insurance policies, utility services Professional services	Same as Borough	Same as Borough	Same as Borough

## Chapter 7

### Municipal Consolidation Comparisons

#### Introduction

The current report represents the fourth attempt that the city of DuBois and Sandy Township have made to merge or consolidation since the 1980s. Prior attempts largely failed because of rejection by township residents and because of concerns about volunteer fire companies that are now the subject of a separate consolidation study. Conditions appear more favorable now because of perceived increased township support and mostly removing the firefighter issue from municipal consolidation. Still, the municipalities face considerable – although not impossible – obstacles.

A review of municipal mergers and consolidations both in Pennsylvania and nationally indicate that it is rare for a host of reasons that are outlined below. But despite the prior unsuccessful attempts by DuBois and Sandy Township, the literature indicates that each attempt provides groundwork that can ultimately result in a successful consolidation. Another important indicator of success is the extent to which the municipalities already operate as one community, from the amount of shared services to the degree of common identity.

The municipalities can look to Princeton, N.J. for a road map, as well as factors that have been identified by the Pennsylvania Economy League (PEL) as contributing to success. The municipalities can also seek to avoid what has been identified below as pitfalls in the process.

#### Terms

**Consolidation** is a combination of two or more municipalities that results in the termination of each of the municipalities and the creation of a new municipality. The new municipality assumes jurisdiction over all the municipalities that have been terminated.

**Merger** is the combination of two or more municipalities resulting in the termination of all but one of the municipalities. The surviving municipality assumes jurisdiction over the municipalities that have been terminated.

#### Background

Boundary change in Pennsylvania is notable for its difficulty. Starting in the 1960s, the commonwealth's larger cities and boroughs argued for modern annexation laws that would allow them to more easily provide urban services to populations that were expanding beyond their borders into the new suburban areas. The rural townships, faced with losing area and tax base, resisted the attempts to "reattach" these populations to the urban areas they had left.<sup>23</sup>

In 1994, the General Assembly passed the Municipal Consolidation or Merger Act, which attempted to alleviate township concerns with a strict process. The essential feature in the legislation is that mergers and consolidations require a positive majority vote by both the governing bodies and

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<sup>23</sup> Municipal Merger/Consolidation and Sharing of Services, the Pennsylvania Economy League, April 2009

municipal residents. In contrast, laws governing school district merger and consolidation require only an affirmative vote by the impacted school boards.<sup>24</sup>

The impetus for consolidation or merger is often financial; one of the municipalities is usually experiencing significant fiscal issues or is not providing significant services to its residents. The assumption is that a merger or consolidation will result in the creation of efficiencies in the delivery of services based upon economies of scale.

### **Roadblocks to Process**

The state's municipal boundary change process allows many opportunities for opponents to prevent a municipal merger or consolidation from happening. The joint ordinance effecting a merger or consolidation must be voted on and approved by the respective councils, commissioners or supervisors at least 13 weeks before the election in order to be placed on the ballot. Defeat of the proposed ordinance by one municipality ends the process.<sup>25</sup>

Most proposed mergers and consolidations in Pennsylvania have failed for reasons outlined below. There has not been a successful merger or consolidation involving a Pennsylvania third class city under the act. Many of the successful combinations involved a small borough merging into a surrounding township. As a result, there are few direct comparisons in Pennsylvania for a proposed consolidation of the city of DuBois and Sandy Township.

Pennsylvania is not alone in its lack of municipal mergers and consolidations. Municipal consolidations are rare nationally, even in other states with large numbers of municipalities like Illinois and despite advocacy at various levels of state government. Reasons for the failure to consolidate municipalities in other states are like those seen in the commonwealth<sup>26</sup>.

### **Boundary Change Considerations**

Key challenges to the consolidation process identified by PEL research<sup>27</sup>:

- Lack of substantial financial support from the Department of Community and Economic Development (DCED) or any other state agency.
- Need to pay for costs associated with the boundary change.
- Perceived loss of identity.
- Opposition by elected officials, the business community and/or other key constituencies.
- Tax considerations, including the need to increase taxes and/or fees.
- Combining separate pension plans and separate collective bargaining agreements.

Other factors that contribute to or impede a successful consolidation based on PEL research:

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<sup>24</sup> *Ibid.*

<sup>25</sup> *Ibid.*

<sup>26</sup> History, Politics and Pride: Why Small Cities, Counties Rarely Merge, Stateline Article, Pew Trust, March 10, 2016

<sup>27</sup> Municipal Merger/Consolidation and Sharing of Services, the Pennsylvania Economy League, April 2009

## ***Contribute to Success***

- Advocacy for the consolidation by local elected and civic leadership.
- Support of those most directly affected by a change, such as police officers, firefighters, municipal employees or tax collectors.
- Preservation of services assured to both municipal populations.
- Shared sense of community; discussions centering around the future and healthy change.
- An understanding that no single municipality will experience a negative financial or infrastructure impact.
- Patience with a process that is often difficult, tedious and sometimes painful.
- Transparency is key – do not ignore the public’s desire and need for information, and do not assume that the facts speak for themselves or assume that the general public has much understanding of local government.

## ***Impediments***

- Emotional responses can derail the effort, including fear of the unknown, responses to rumors or sympathy for locals that will be directly impacted by the consolidation through a job loss or change in status if merger occurs.
- Some may see the current situation as good and would rather support the need to keep what is good and familiar.
- Citizens tend to talk about the past, preserving memories of past leadership, schools, churches, businesses and other nongovernmental elements that they emotionally attach to their communities. These connections also form an identity with the existing local government structures.
- The community may resent so-called outsiders telling them what to do, especially consultants.
- Lack of understanding of local government by residents.

## **Case Studies**

### **Princeton Borough and Princeton Township, New Jersey**

#### ***2013 Consolidation***

The 2013 combination of Princeton borough (pop. 12,000) and Princeton township (pop. 16,000) in New Jersey is one of the few successful municipal consolidations nationwide with a somewhat larger population. The consolidation passed in its fourth attempt over many decades. One factor cited as an early impediment was New Jersey’s reluctance to provide significant funds to assist with the transition<sup>28</sup>. The state ended up paying 20 percent of the \$2 million in transition costs<sup>29</sup>. There was also a sense that the three prior attempts, while failed, provided the groundwork for the ultimate consolidation.

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<sup>28</sup> Princeton Merger Pays off in Property-Tax slowdown, better services, NJspotlight.com, Aug. 7, 2018.

<sup>29</sup> *Ibid.*

At the time of the consolidation, the two communities already had 13 shared services. There was a sense that the services could function even better if the artificial boundaries were erased. In addition, there was a shared community where residents saw themselves as belonging simply to “Princeton” as opposed to the township or borough. Demographics were also similar between the two communities.<sup>30</sup>

The Princeton Joint Consolidation Study Commission held extensive neighborhood and stakeholder meetings and two focus groups to gather input, concerns, goals, etc.<sup>31</sup> These concerns were noted by the commission: the disruption and cost may outweigh the benefits; a larger government might be more impersonal and less responsive; and there may be a potential loss of the value and attention paid to downtown.

The commission responded through the creation of advisory planning districts to provide residents a formal mechanism to be heard on proposals in their neighborhoods.<sup>32</sup> It was also recommended that ordinances in the two communities that reflected a different approach be maintained, as was allowed under New Jersey state law.<sup>33</sup> In terms of financial concerns, the commission identified over \$3 million in net annual savings. The commission maintained that a consolidation would result in cost controls and savings, would result in greater leverage as a larger municipality, and would provide more enhanced services with a more effective government.<sup>34</sup>

Five years later, Spotlight New Jersey reviewed the consolidation outcomes. As of January 2013, the consolidation provided \$3.9 million in gross savings, part of which were used to provide municipal trash pickups to township residents. Police department staffing had dropped from 60 to 54, and overall staffing from 229 to 204. Despite less police officers, the combined department was able to reinstate units for traffic and safe neighborhood policing. Services like policing and snowplowing were improved by removing artificial municipal boundaries.

In terms of municipal finances, Spotlight New Jersey found that the rate of growth in tax increases slowed in the combined municipality from 16 percent in the five years prior to the consolidation to 11 percent between 2013 and 2017. Although taxes increased in Princeton, taxes had also gone up on average across the state. The statewide average at the time was 8.8 percent.

Municipal officials who spoke to Spotlight New Jersey credited their success to the 160 commission meetings that focused on everything from staff size to trash collection, and a focus on the review and analysis of data, making the consolidation a “winner by the numbers.”

## **Clearfield Borough and Lawrence Township, Pennsylvania**

### ***2016 Attempted Consolidation***

In 2015, government and community leaders in Clearfield Borough (pop. 5,882) and Lawrence Township (pop. 7,523) in Clearfield County sought to evaluate the potential benefits of municipal

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<sup>30</sup> Borough of Princeton and Township of Princeton Joint Consolidation/Shared Services Study Commission, July 2011

<sup>31</sup> *Ibid.*

<sup>32</sup> *Ibid.*

<sup>33</sup> *Ibid.*

<sup>34</sup> *Ibid.*

consolidation through creation of a joint committee under the Municipal Merger or Consolidation Act. The committee subsequently hired PEL to staff the effort through the state's Early Intervention Program.

Clearfield and Lawrence had a shared identity with similar populations, budgets, tax bases and public services. Clearfield was considered more urban than the more rural township, and the township was significantly larger in land area. Individually, both municipalities were projected to experience future, growing deficits with similar revenue and expenditure patterns. The borough had limited room to expand its tax base, while the township had room to grow. The township at the time exceeded its general purpose tax rate cap set by the second class township code, and therefore, was required to seek court approval for its millage.

Plans called for the two municipalities to consolidate under a home rule charter, which would give the new municipality greater taxation flexibility and allow for creation of a government structure unique to community needs.

There was recognition by the joint committee that consolidating the municipalities and eliminating artificial boundaries would lead to efficiencies and service delivery improvements that could serve to overcome perceived differences. The committee viewed consolidation as a proactive approach to remaining a vibrant, financially sustainable municipality that had a greater capacity to attract residents and businesses.

The process took over a year and involved extensive educational sessions and public hearings with employees and the general public. PEL developed a written report that examined finances, operations and other issues, as well as a home rule charter, and noted favorable conditions for a consolidation. Some that voiced initial opposition to the consolidation at public meetings – including employees - changed their opinions based on the educational campaign.

Despite support from many elected officials and key community leadership groups, the effort failed when a majority of Lawrence Township supervisors voted against placing the consolidation on the ballot. Among the concerns officially voiced by the supervisors were ownership of township fire company buildings and costs necessary to accomplish the merger, such as sign repainting and the potential need for new facilities. Unofficially, there appeared to be undercurrents of dissatisfaction among some municipal employees regarding the proposed consolidation and concern that the township was financially bailing out the borough.

Clearfield borough, according to a source in DCED, remains high on an internal statewide list of municipalities experiencing financial difficulty. Meanwhile, the biggest difference between the two is that the township receives Marcellus Shale fee revenue of over \$300,000 annually and approximately double the amount that the borough collects in local services tax revenue<sup>35</sup>. As a result, the township's current financial position is largely dependent on continued Marcellus Shale fee revenue and the continued ability to obtain court approval for its millage. Such approval in of itself is a sign of financial distress since it indicates the municipality cannot operate under its respective code without enhanced revenue.

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<sup>35</sup> DCED Annual Financial Reports, 2018

## St. Marys Borough and Benzinger Township

### **1991 Successful Consolidation**

Like Princeton, the borough of St. Marys and surrounding Benzinger Township had a history of cooperation and shared services including joint water and sewer systems, and the same school district and volunteer fire department. Also, like Princeton, the first attempt at consolidation was unsuccessful. The consolidation question was initially placed on the ballot over the objections of the borough solicitor and a legal challenge by a group of borough employees. The proposal failed when it was rejected by borough voters, although 62 percent of the township supported the measure.<sup>36</sup>

Interest remained in consolidation, in part, because another failed consolidation attempt in the region kept the issue in the spotlight and because a new St. Marys city could benefit from an increased state Community Development Block Grant appropriation.

The governing bodies subsequently hired PEL to conduct a study. The study recommended consolidation, saying it was essential to the future growth of the community; but it took a voter initiative petition to get the measure on the ballot. Public meetings were held, backed by the local chamber of commerce and other community groups. A majority of voters in the borough and township approved consolidation in November 1991.

One year later, St. Marys residents approved a new home rule charter with a council manager form of government. In 1994, real estate taxes fell for former borough properties from 26.5 to 18.36 mills, while millage for former township properties increased from 14.55 to 18.36 mills.<sup>37</sup>

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<sup>36</sup> Boundary Change Procedures, Pennsylvania Governor's Center for Local Government Services, May 2014

<sup>37</sup> *Ibid.*

**EXHIBIT B**



# City of DuBois and Sandy Township Consolidation Study

March 16, 2021



**PENNSYLVANIA  
ECONOMY LEAGUE**  
Information, Insight, Integrity.



# Consolidation Report Project Background and Overview

- Conducted by non-profit organizations the Pennsylvania Economy League and Center for Government Research (CGR).
- Studied the financial and operational impacts of consolidating the city of DuBois and Sandy Township into one municipality.
- Examined tax and utility fee implications, service levels, staffing, facilities, collective bargaining, pension plans, CDBG funding and more.
- The report was focused on the feasibility of consolidation; high-level reviews of operations and finances were conducted in that context.
- The decision on whether and how to consolidate is a policy decision that will be made by the municipalities.
- The fire departments of the two municipalities are undergoing a separate study and are not part of this report.

# The Case for Consolidation

# The Case for Consolidation:

## Financial Analysis Historical Trends

City of DuBois General Fund Adjusted\*

	2015		2016		2017		2018		2019	
DuBois	Adjusted		Adjusted		Adjusted		Adjusted		Adjusted	
Revenues	\$7,676,883		\$9,656,020		\$8,027,997		\$12,862,909		\$10,602,197	
Expenditures	\$7,642,769		\$7,725,708		\$9,704,532		\$13,485,645		\$11,263,667	
Surplus/(Deficit)	\$34,114		\$1,930,312		-\$1,676,535		-\$622,736		-\$661,470	

Sandy Township General Fund

	2015		2016		2017		2018		2019	
Sandy	Actual		Actual		Actual		Actual		Actual	
Revenues	\$4,039,739		\$4,146,652		\$4,124,042		\$4,212,537		\$4,547,613	
Expenditures	\$3,676,679		\$4,292,399		\$4,667,034		\$4,352,369		\$4,383,482	
Surplus/(Deficit)	\$363,060		-\$145,747		-\$542,992		-\$139,832		\$164,131	

Both municipalities experienced deficits in three out of five years from 2015 to 2019

\* Sewer and water revenue and expenditures removed from DuBois to better display General Fund operations. The DuBois General Fund includes capital revenues and expenditures.



	2020	2021	2022	2023	2024	2025
	Budget	Projected	Projected	Projected	Projected	Projected
<b>Total Revenues</b>	\$8,897,305	\$7,394,993	\$7,402,021	\$7,409,082	\$7,416,176	\$7,423,303
<b>Total Expenditures</b>	\$9,839,798	\$6,882,118	\$7,036,023	\$7,196,451	\$7,354,800	\$7,519,923
<b>Surplus (Deficit)</b>	<b>-\$942,493</b>	\$512,875	\$365,999	\$212,631	\$61,376	<b>-\$96,621</b>

## Financial Analysis City of DuBois Projections

- Debt service and capital costs drop after 2019.
- Deficit in 2020 followed by surpluses until 2025, when expenditures start to overcome revenues.
- Despite anticipated surpluses, DuBois' inelastic revenue sources are eventually unable to keep up with rising expenses.

		2020	2021	2022	2023	2024	2025
Budget			Projected	Projected	Projected	Projected	Projected
Total Revenues		\$4,488,115	\$4,525,405	\$4,535,940	\$4,546,548	\$4,557,227	\$4,567,980
Total Expenditures		\$4,486,422	\$4,430,620	\$4,522,090	\$4,614,545	\$4,713,033	\$4,804,808
Surplus (Deficit)		\$1,693	\$94,785	\$13,851	-\$67,998	-\$155,806	-\$236,829

# Financial Analysis

## Sandy Township

### Projections

- Deficits anticipated to start in 2023.
- Little revenue growth projected compared to anticipated increases in contractual wages and health care.
- Police Department costs and health care are each anticipated to rise by approximately \$250,000 from 2020 to 2025.

## The Case for Consolidation:

# Sandy Township Taxes

- The township's General Fund property tax millage is 13 mills; the state Township Code cap is 14 mills.
- The township also levies special purpose millage that does not count towards the millage cap; the total millage amount is 18.25 mills.
- The township would be required to seek court approval for millage increases over 14 mills.
- Township millage caps are lower than those for traditionally more dense urban areas; DuBois levies 23.5 mills and has a 30-mill cap.
- Special purpose millage can only be used for its stated purpose; it cannot be used for General Fund expenditures like police.
  - Police are one of the largest cost centers for the township and projected to rise the most.
- The township is unable to raise any other tax rates to generate revenue because it is bound by limits in the Township Code and Act 511.

# Financial Impacts



## Financial Impacts:

# Property Tax Reduction

- **Lower combined municipal tax millage**
  - Estimated range of 16.06 mills to 17.6 mills.
  - Current rate is 23.5 mills in DuBois and 18.25 mills in Sandy Township.
  - Assumes elimination of over \$500,000 annually over time in duplicate position costs through attrition and buyouts.
  - Estimated property tax savings of 25% in DuBois and up to 12% for Sandy township.

Financial Impacts:

## Lower Water and Sewer Utility Rates

- **Lower combined municipal utility rates for most township residents in addition to lower taxes**
  - All Sandy Township residents that receive sewer and/or water services through the township would now pay the city's lower rates.
  - Township residents billed directly by DuBois for water already pay rates lower than the city and township rates.
  - Treasurer Lake residents receive water and sewer services from a private utility so those rates would not change. Property tax savings will still occur.
  - Some Sandy Township residents could see total annual savings in property taxes and utility rates of over \$400 based on the median assessed value of a home in the township.

# Impacts for Treasure Lake Residents and Others Without Public Water and Sewer

- Lower Tax Rates – Approximately 12% reduction.
- Treasure Lake residents who receive water and wastewater services from Aqua America would see no impact on utility rates.
- Rates for Aqua America customers would continue to be set by the PUC.
- Residents with well water and/or on-lot septic systems will have property tax reduction due to the consolidation.
- Treasure Lake residents will experience lower real estate taxes under the report's assumptions.
- Treasure Lake would continue to operate as it does now as a gated community with the same municipal service level under the consolidated municipality.
- Private Assessments paid to Treasure Lake will not be affected by consolidation.

# Other Consolidation Implications

## Other Consolidation Implications:

# Economic and Community Development Advantages

- Lower tax rates in DuBois and lower utility rates in Sandy Township = increased potential for residential and business development.
- Spur downtown revitalization through lower taxes.
- Tap into current renaissance in downtown apartment living for empty nesters and younger adults.
- More downtown residents = more businesses to serve that population.
- Residents seeking vibrant downtown but may want to live in less dense area.
- Additional capacity in a combined municipality could be used to hire a dedicated community and economic development director.
- Provides variety of environments (urban, suburban, rural), pricing levels and housing stock.
- Potential for more clout for grants as a bigger municipality.
- Each municipality brings significant assets including park and recreation facilities, timber and natural resources, and underutilized land for development.



## Other Consolidation Implications:

# Contributions to Long-Term Fiscal Health and Sustainability

- Savings over time from elimination of duplicate positions without service impacts (estimated \$500,000 in long-term savings in salaries alone).
- Potential to reduce health care expenditures through Sandy Township lower cost health insurance (estimated \$371,000).
- Savings would help to maintain or improve current service levels that could otherwise face cuts from projected deficits.
- Employees benefit from larger departments that have increased opportunities for advancement and specialization.

## Other Consolidation Implications:

# No Impact or Assumed by the New Municipality

- Stormwater system management: PennDOT will continue maintenance of township roads status quo.
- Existing debt: assumed by new municipality.
- Landownership and timber values: assumed by new municipality.
- DuBois Redevelopment Authority: assumed by new municipality.
- Hunting and discharge of firearms: status quo.
- Other boundaries: no impact on other boundaries such as those for school district, mail delivery or county services.
- CDBG: the new municipality will receive a single appropriation based on municipal class. The combined municipality would receive the most CDBG funds under a city classification.
- Consider asking local state legislators for hold harmless CDBG funding during the transition to a single municipality.

# Government Structure



## Government Structure:

# Home Rule Advantages

- The city of DuBois and Sandy Township operate under antiquated state codes for cities and townships.
- Home Rule
  - Residents develop their own local constitution.
  - Operate outside of state municipal code mandates.
- Residents would select a government structure for the consolidated municipality
  - Reflects community needs.
  - Function as a modern municipality.
- Decisions are made on the size of the governing body, how the municipality runs day-to-day, the number and type of elected officials and more.
- Tax structure could also be determined based on local needs as opposed to state municipal code.
- The recommendation is to remain a city in name to maximize CDBG funds.

Government  
Structure:

## Home Rule Advantages

### Tax Flexibility Example

- A slightly higher earned income tax only available under home rule would grow more naturally as people's wages increase.
- Potentially lessens or eliminates the need for property tax increases or can be used to lower property taxes.
- Retired individuals on fixed income would not pay a higher earned income tax but could benefit from a property tax decrease.
- Businesses also would benefit since they do not pay earned income tax.
- **Right now, increases on property taxes are the only way to obtain a higher amount of tax revenue since all other taxes are at their maximum levels under state codes.**

# Consolidation Case Studies

## Consolidation Case Studies:

# Case Study Princeton, N.J.

- One of the few successful consolidations with a somewhat larger population.
- Consolidation of Princeton borough (pop. 12,000) and Princeton township (pop. 16,000) passed on its fourth attempt.
- The state paid 20 percent of the \$2 million in transition costs.
- Three prior attempts failed but provided groundwork for success.
- Advisory planning districts created to provide residents a formal mechanism to be heard on proposals in their neighborhoods.
- Ordinances in the two communities that reflected a different approach were maintained, as was allowed under New Jersey state law.

## Consolidation Case Studies:

# Case Study Princeton, N.J.

- As of January 2013, the consolidation resulted in \$3.9 million in gross savings.
- Savings used to provide municipal trash pickups to township residents.
- Police department staffing dropped from 60 to 54, and overall staffing from 229 to 204.
- Despite less police officers, the combined department was able to reinstate units for traffic and safe neighborhood policing.
- Services like policing and snowplowing were improved by removing artificial municipal boundaries.
- Rate of growth in taxes slowed.



# Next Steps

## Next Steps:

# Timeline to Consolidation

Timeline Assumes  
Bi-Monthly Meetings of the  
Joint Committee

### **April 2021:**

- DuBois City Council and Sandy Township Board of Supervisors vote to authorize the formation of a Joint Committee made up of community and elected representatives

### **May 2021 to December 2021**

- Joint Committee creates a Joint Agreement and drafts Home Rule Charter (as applicable)
- Considerations for form of government, municipal name and boundaries, disposition of assets and assumption of debts, transition plan, language directing the treatment of fire protection within the consolidated municipality, etc.

### **December 2021 to January 2022**

- Governing bodies review and consider whether to put the Joint Agreement and Home Rule Charter (as applicable) on the May ballot

### **February 2022**

- Ballot question must be submitted to Board of Elections

### **Through May 2022**

- Public meetings held for comments on the ballot question

### **May 2022**

- Proposed date for public vote on consolidation

Next Steps:

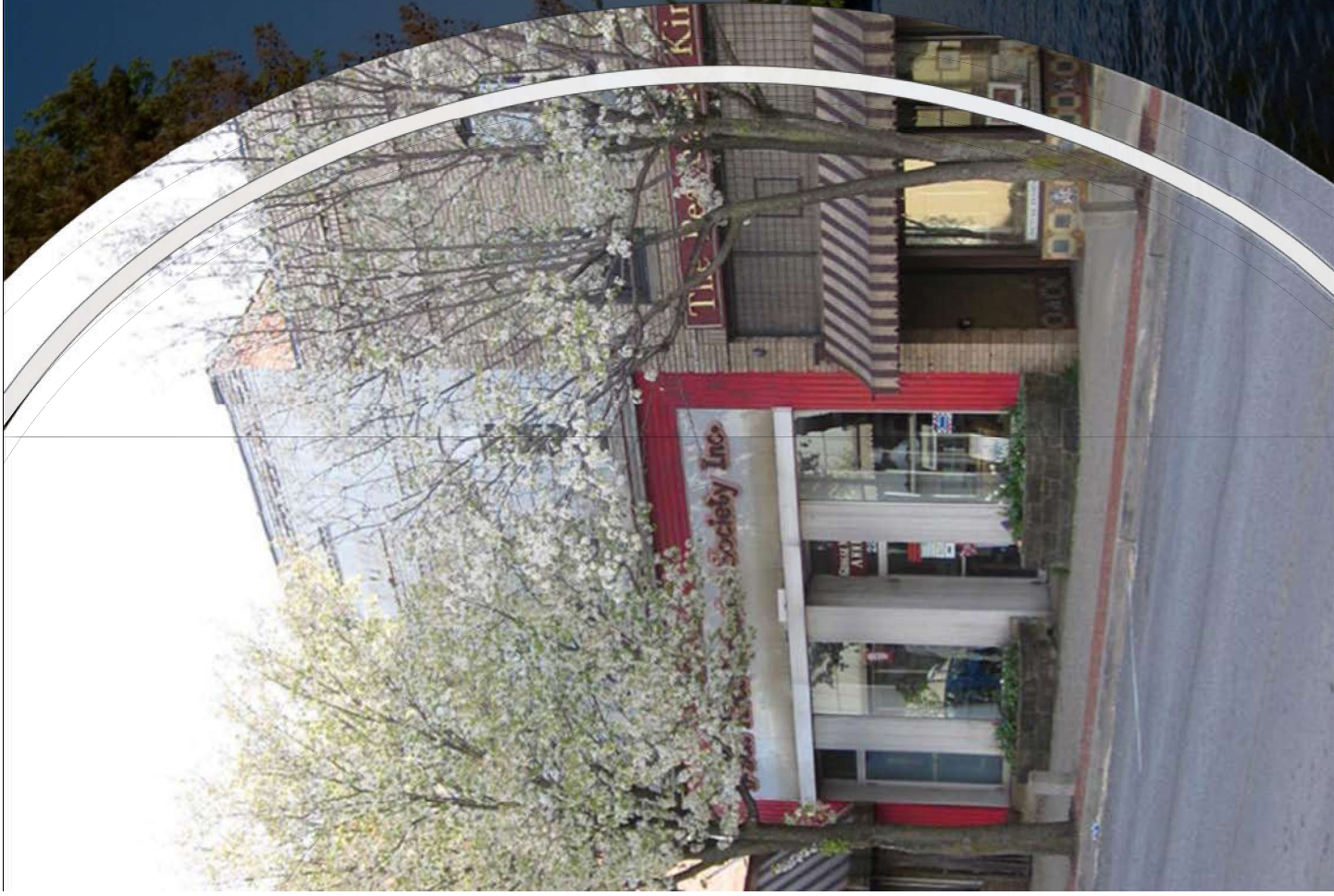
## Timeline to Consolidation

### Why May 2022?

- Home rule charter development is typically an 18-month process for a single municipality
- PEL does not recommend consolidating under outdated municipal codes that would not give the community an opportunity to develop a government structure that best fits the community's needs
- Using the current municipal codes in the interest of shortening the process would eliminate the opportunity for tax flexibility
- The consolidation adds the additional complications of developing a Joint Agreement on top of the already lengthy home rule process
- Consolidation also means the two municipalities with two different styles of government must come to consensus on the new form, which could take time
- Given the complexity and the typical length of time for the process, PEL would normally recommend November 2022 but understands the sense of urgency
- The May 2022 date already assumes an aggressive timetable of bimonthly meetings



# Questions and Public Comment



**EXHIBIT C**

October 12, 2021

# City of DuBois and Sandy Township Consolidation Study




PENNSYLVANIA  
ECONOMY LEAGUE  
Information, Insight, Integrity.

# Consolidation Background

- Spring 2021 report conducted by non-profit organizations the Pennsylvania Economy League and Center for Government Research (CGR).
- Studied the financial and operational impacts of consolidating the city of DuBois and Sandy Township into one municipality.
- Examined tax and utility fee implications, service levels, staffing, facilities, collective bargaining, pension plans, CDBG funding and more.
- Consolidation question will be on November ballot after successful citizen petition.
- Question is to join DuBois and Sandy Township as a new third-class city operated under the council-manager form of government.

# Ballot Question



*“Shall the Township of Sandy and the City of DuBois consolidate to form a new Third Class City to be called the City of DuBois and governed by the Council-  
Management form of government as provided in the Home Rule Charter and Optional Plans Law and including a seven-member Council, elected at large (one of whom shall be Mayor), an elected Treasurer, an elected Controller, and an appointed Manager?”*



# The Case for Consolidation

# The Case for Consolidation:

## Financial Analysis Historical Trends

### City of DuBois General Fund Adjusted\*

	2015		2016		2017		2018		2019	
DuBois	Adjusted		Adjusted		Adjusted		Adjusted		Adjusted	
Revenues	\$7,676,883		\$9,656,020		\$8,027,997		\$12,862,909		\$10,602,197	
Expenditures	\$7,642,769		\$7,725,708		\$9,704,532		\$13,485,645		\$11,263,667	
Surplus/(Deficit)	\$34,114		\$1,930,312		-\$1,676,535		-\$622,736		-\$661,470	

### Sandy Township General Fund

	2015		2016		2017		2018		2019	
Sandy	Actual		Actual		Actual		Actual		Actual	
Revenues	\$4,039,739		\$4,146,652		\$4,124,042		\$4,212,537		\$4,547,613	
Expenditures	\$3,676,679		\$4,292,399		\$4,667,034		\$4,352,369		\$4,383,482	
Surplus/(Deficit)	\$363,060		-\$145,747		-\$542,992		-\$139,832		\$164,131	

Both municipalities experienced deficits in three out of five years from 2015 to 2019

\* Sewer and water revenue and expenditures removed from DuBois to better display General Fund operations. The DuBois General Fund includes capital revenues and expenditures.

# Financial Analysis

## City of DuBois

### Projections

- Debt service and capital costs drop after 2019.
- Deficit in 2020 followed by surpluses until 2025, when expenditures start to overcome revenues.
- Despite anticipated surpluses, DuBois' inelastic revenue sources are eventually unable to keep up with rising expenses.

	2020	2021	2022	2023	2024	2025
	Budget	Projected	Projected	Projected	Projected	Projected
<b>Total Revenues</b>	\$8,897,305	\$7,394,993	\$7,402,021	\$7,409,082	\$7,416,176	\$7,423,303
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<b>Surplus (Deficit)</b>	-\$942,493	\$512,875	\$365,999	\$212,631	\$61,376	-\$96,621



# Financial Analysis Sandy Township Projections

- Deficits anticipated to start in 2023.
- Little revenue growth projected compared to anticipated increases in contractual wages and health care.
- Police Department costs and health care are each anticipated to rise by approximately \$250,000 from 2020 to 2025.

2020		2021	2022	2023	2024	2025
Budget		Projected	Projected	Projected	Projected	Projected
Total Revenues	\$4,488,115	\$4,525,405	\$4,535,940	\$4,546,548	\$4,557,227	\$4,567,980
Total Expenditures	\$4,486,422	\$4,430,620	\$4,522,090	\$4,614,545	\$4,713,033	\$4,804,808
Surplus (Deficit)	\$1,693	\$94,785	\$13,851	-\$67,998	-\$155,806	-\$236,829

## The Case for Consolidation:

# Sandy Township Taxes

- The township's General Fund property tax millage is 13 mills; the state Township Code cap is 14 mills.
- The township also levies special purpose millage that does not count towards the millage cap; the total millage amount is 18.25 mills.
- The township would be required to seek court approval for millage increases over 14 mills.
- Special purpose millage can only be used for its stated purpose; it cannot be used for General Fund expenditures like police.
  - Police are one of the largest cost centers for the township and projected to rise the most.
- The township is unable to raise any other tax rates to generate revenue because it is bound by limits in the Township Code and Act 511.

# Financial Impacts

## Financial Impacts:

# Property Tax Reduction

- **Lower combined municipal tax millage**
  - Estimated 17.1 millage rate (updated) for new municipality.
  - Current rate is 23.5 mills in DuBois and 18.25 mills in Sandy Township.
  - Assumes elimination of over \$500,000 annually over time in duplicate position costs through attrition and buyouts.



## Financial Impacts:

# Lower Water and Sewer Utility Rates

- **Lower combined municipal utility rates for most township residents in addition to lower taxes**
  - All Sandy Township residents that receive sewer and/or water services through the township would now pay the city's lower rates.
  - Township residents billed directly by DuBois for water already pay rates lower than the city and township rates.
  - Treasure Lake residents receive water and sewer services from a private utility so those rates would not change. Property tax savings will still occur.
  - Some Sandy Township residents could see total annual savings in property taxes and utility rates of approximately \$400 based on the median assessed value of a home in the township.

# **Impacts for Treasure Lake Residents and Others Without Public Water and Sewer**

- Lower Tax Rates
- Treasure Lake residents who receive water and wastewater services from Aqua America would see no impact on utility rates.
- Rates for Aqua America customers would continue to be set by the PUC.
- Residents with well water and/or on-lot septic systems will have property tax reduction due to the consolidation.
- Treasure Lake residents will experience lower real estate taxes under the report's assumptions.
- Treasure Lake would continue to operate as it does now as a gated community with the same municipal service level under the consolidated municipality.
- Private Assessments paid to Treasure Lake will not be affected by consolidation.

# Other Consolidation Implications

## Other Consolidation Implications:

## Economic and Community Development Advantages

- Lower tax rates in DuBois and lower utility rates in Sandy Township = increased potential for residential and business development.
- Spur downtown revitalization through lower taxes.
- Tap into current renaissance in downtown apartment living for empty nesters and younger adults.
- More downtown residents = more businesses to serve that population.
- Residents seeking vibrant downtown but may want to live in less dense area.
- Additional capacity in a combined municipality could be used to hire a dedicated community and economic development director.
- Provides variety of environments (urban, suburban, rural), pricing levels and housing stock.
- Potential for more clout for grants as a bigger municipality.
- Each municipality brings significant assets including park and recreation facilities, timber and natural resources, and underutilized land for development.



## **Other Consolidation Implications:**

# **Contributions to Long-Term Fiscal Health and Sustainability**

- Savings over time from elimination of duplicate positions without service impacts (estimated \$500,000 in long-term savings in salaries alone).
- Potential to reduce health care expenditures through Sandy Township lower cost health insurance (estimated \$371,000).
- Savings would help to maintain or improve current service levels that could otherwise face cuts from projected deficits.
- Employees benefit from larger departments that have increased opportunities for advancement and specialization.

## Other Consolidation Implications:

## No Impact or Assumed by the New Municipality

- Stormwater system management: PennDOT will continue maintenance of township roads.
- Existing debt: assumed by new municipality.
- Landownership and timber values: assumed by new municipality.
- DuBois Redevelopment Authority: assumed by new municipality.
- Hunting and discharge of firearms: no change.
- Other boundaries: no impact on other boundaries such as those for school district, mail delivery or county services.
- CDBG: the new municipality will receive a single appropriation based on municipal class. The combined municipality would receive the most CDBG funds under a city classification.
- Consider asking local state legislators for hold harmless CDBG funding during the transition to a single municipality.

# Government Structure

# Consolidation Agreement



*The governing bodies shall within one year after certification enter into a consolidation agreement as follows:*


- **Financial arrangements:**
  - Disposition of the assets of the existing municipalities
  - Liquidation of existing indebtedness of constituent municipalities
  - Assumption, assignment or disposition of existing liabilities
- **Develop transition plan and schedule for elected officers.**
- **Provide for common administration and uniform enforcement of ordinances.**
- **Provide for uniform tax system.**

*The agreement shall mandate full implementation of the consolidation plan within four years following the date of certification.*

Source: PA Boundary Change Law Section 737



# Transition Process



- Officials take office the first Monday of January following the municipal election designated by the consolidation plan.
- Consolidated municipality begins to function when officials take office, and the former municipalities are abolished.
- Except for employees protected by tenure, civil service or collective bargaining, all appointed offices and positions are subject to the terms of the consolidation agreement.
- The joint agreement must provide for duplicate positions, varying employee contract lengths, different civil service regulations, differing ranks and position clarification.
- A new ordinance book must be used after the consolidation is effective.
- Codification must be completed within two years

Source: PA Boundary Change Law Sections 738, 739 and 740

# Court Review



*Any resident of the municipality to be consolidated may petition the Court of Common Pleas to order the appropriate municipal governing bodies to:*

- Implement the terms of a transitional plan and schedule adopted pursuant to state boundary law; or
- Adopt or amend a transitional plan or schedule if the court finds that the failure to do so will result in the unreasonable perpetuation of the separate forms and classifications of government existing in the affected municipalities prior to the approval of the referendum.

Source: PA Boundary Change Law Section 741

# Next Steps

# Potential Milestones

- **November 2021**
  - Consolidation question is on the ballot
  - Requires majority vote of both electorates for approval
- **November 2022**
  - Within one year of approval the governing bodies of the municipalities create a consolidation agreement
- **November 2023**
  - Earliest potential election of new municipal officers
- **January 2024**
  - Earliest that new municipal officials can take office
- **November 2025**
  - Full implementation of the consolidation plan must take place within four years of certification of election

*These dates are dependent upon a negotiated agreement and subject to change*



# Questions

**EXHIBIT D**

## **CONSOLIDATION AGREEMENT**

This Consolidation Agreement, dated as of November 7, 2022 (the “Consolidation Agreement”), is entered into by and between the Township of Sandy, Clearfield County, Pennsylvania, a Second-Class Township of the Commonwealth of Pennsylvania (the “Township”) and the City of DuBois, Clearfield County, Pennsylvania, a Third-Class City of the Commonwealth of Pennsylvania, governed under the Home Rule Charter and Optional Plans Law as an optional plan city, (the “Existing City,” and together with the Township, collectively, “Municipalities”).

### **BACKGROUND**

WHEREAS, Section 733(a)(2) of Pennsylvania’s Municipal Consolidation or Merger Act (the “Act”), authorizes the consolidation or merger of two or more contiguous municipalities into a single municipal government to be commenced by the initiative of electors of each municipality; and

WHEREAS, Consolidation of the Township and the Existing City into the “City of DuBois” (the “City”) was initiated pursuant to Sections 733(a)(2), 735, and 736 of the Act and was approved by electors in a referendum in November 2021; and

WHEREAS, Pursuant to Section 733(c) of the Act, the voters also approved an optional plan to govern the City; and

WHEREAS, the result of the referendum was certified on November 18, 2021; and

WHEREAS, Section 737 of the Act sets forth the required elements to be included in an agreement as to the consolidation of the governing bodies and the approval of an optional plan to govern the consolidated municipality; and



WHEREAS, In January 2022, the Board of Supervisors of the Township and the Council of the Existing City (the “Governing Bodies”) set out to examine the municipal consolidation of the Township and the Existing City and to develop a consolidation agreement in conformity with Sections 733, 735, and 737 of the Act.

WHEREAS, the Governing Bodies formed a “Joint Board” consisting of the elected officials of each Governing Body to develop the consolidation agreement; and

WHEREAS, the Joint Board engaged Consolidation Consultants (hereafter defined) to provide a financial review and legal technical support in the development of a consolidation agreement, paid for in part by funds from the Pennsylvania Department of Community and Economic Development Governor’s Center for Local Government Services.

NOW THEREFORE, Pursuant to Section 737 of the Act, the Township and the Existing City agree as follows:

1.     **Recitals.** The above set forth recitals are incorporated herein by reference and made a part hereof as though fully set forth herein.
2.     **Parties.** The parties to this Consolidation Agreement are the Township and the Existing City.
3.     **Professionals.** The professionals selected to assist with the consolidation process are Eckert Seamans Cherin & Mellott, LLC and Pennsylvania Economy League (collectively, the “Consolidation Consultants”) and Christopher Gabriel, Esquire, from the firm Gabriel Fera, P.C. (the “Joint Board Solicitor”).
4.     **Territorial Boundaries.**
  - (a) Both Municipalities are located within Clearfield County, Pennsylvania, and are contiguous municipalities.

(b) The Municipalities will consolidate to form a new municipality which shall be called the “City of DuBois” and herein referred to as the “City.”

(c) The territorial boundary of the City shall be the combined outer border of what is currently the Township and the Existing City. The boundary distinguishing the Township from the City shall no longer exist.

5. **Governance.**

(a) The City shall be governed by a Council-Manager form of government as provided in the Optional Third-Class City Charter Law (herein, the “Plan”). The Plan is attached hereto as Appendix A and is incorporated as part of this Consolidation Agreement.

(b) The governing body of the City shall be a Council composed of seven (7) members, elected at large, one of whom shall be the Mayor. There shall be an elected Treasurer, and an elected Controller. There shall be no other elected officials.

(c) The City Council may appoint a Manager, assistant Manager, and such other professionals as it deems necessary to function efficiently.

(d) The transitional plan and schedule applicable to the City’s elected officers shall be as set forth in Section 19 of this Consolidation Agreement.

6. **Effective Date.** This Consolidation Agreement shall be effective as of the date that it is approved by the respective Governing Bodies (the “Effective Date”). The effective date of the municipal consolidation shall be upon the swearing-in of the elected officials of the City on January 5, 2026 (the “Consolidation Date”). The period between the Effective Date and the Consolidation Date shall be referred to herein as the “Transition Period.” Upon the occurrence of the Consolidation Date, the City shall begin to function, and the governments of the Township and the Existing City shall be abolished.

7. **Municipal Classification.** The City shall be classified as a Third-Class City with an optional plan form of government under the Home Rule Charter and Optional Plans Law, when required for any legal purpose or for any interaction with, but not limited to, any agency of the United States of America, the Commonwealth or any other governmental agency or entity.

8. **Organizational Structure.** The Municipalities have included a proposed departmental organization structure for the City in Appendix B which is incorporated as part of this Consolidation Agreement.

9. **Continuation of Ordinances.**

(a) Except as provided herein, all ordinances, resolutions, rules and regulations, including, but not limited to, planning, zoning, building, health, taxation, license, nuisance, traffic, parking, outdoor burning, etc., in effect in the Township and the Existing City on the day before the Consolidation Date shall continue in force and effect and shall continue to apply within the territorial limits of the Township and Existing City, respectively, until amended or repealed by Council as required by the Plan.

(b) Codification of all City ordinances must be completed within two years of the Consolidation Date, i.e., by December 31, 2027.

(c) To facilitate the development of a comprehensive and uniform Code of Ordinances for the City, the Municipalities agree that, during the Transition Period, they shall engage in a joint review of the Codes of Ordinances of the Municipalities, to resolve any conflicts between the respective Codes, and to make recommendations for a uniform Code of Ordinances for the City. The Municipalities may engage professional consultants or firms to undertake this process, and may seek grant or other funding for the work. The Municipalities agree to begin this process as soon as practical during the Transition Period.



(d) During the Transition Period, the Municipalities agree to identify the appropriate professionals, staff and other individuals within their respective governments to meet to identify conflicting ordinances and recommend a resolution with respect to any conflict. The Municipalities agree to work together to resolve conflicts in their respective Ordinances during the Transition Period, with the intent that, as of the Consolidation Date, all such conflicts are resolved. In the event that the Municipalities have not resolved any conflict between the Codes of Ordinances of the Existing City and the Township on or before the Consolidation Date, then the following process shall apply for resolution of the conflict after the Consolidation Date and until the City codifies a uniform set of ordinances:

- (1) With respect to any ordinance that imposes a fine or a fee upon any person, if there is a conflict between the Township Ordinance and the Existing City Ordinance, the higher fine or fee shall prevail.
- (2) With respect to any ordinance that imposes any restriction on any activity or which imposes an affirmative duty to act on any person, if there is a conflict between a Township Ordinance and an Existing City Ordinance, then the least restrictive ordinance shall prevail.

(e) All zoning ordinances and rules of the Municipalities shall continue in full force and effect during the Transition Period and after the Consolidation Date. The Municipalities agree, however, that during the Transition Period they will explore comprehensive planning with respect to zoning, with the goal of developing a new zoning and land use comprehensive plan to be adopted by the City in connection with the Codification of Ordinances that is described in Section 9(b), above. The Municipalities may jointly engage such consultants and professionals as deemed necessary and appropriate, and to seek such grant and other funding as may be available to accomplish this objective.

10. **Assets, Liabilities, Property and Equipment.**

(a) All of the existing assets of the Township and the Existing City of any kind whatsoever, including, but not limited to, individually and collectively, any and all real and personal properties, and rights of any nature, tangible or intangible, in which the Township or the Existing City has an interest, shall become the assets of the City on the Consolidation Date.

(b) The Municipalities shall compose a complete and detailed inventory of all assets, liabilities, property and equipment by May, 2025.

(c) As of the Consolidation Date, the City will assume all of the outstanding indebtedness of the Township and the Existing City by way of assumption documentation and/or refinancing of the then-outstanding debt.

(d) The City will assume all other outstanding contractual obligations and liabilities included in any agreement or contract of the Township and the Existing City.

(e) The Municipalities agree to jointly engage appropriate professionals to assist with the process of the transfer and assumption of such assets, property, equipment, outstanding debt, contractual obligations and liabilities, and to seek such grant and other funding as may be available to accomplish this objective.

11. **Water and Sewer Utilities.** The Existing City owns and operates water and wastewater utilities for the benefit of its residents. Water and wastewater services in the Township are provided by the Sandy Township Municipal Authority (the “Sandy Township Authority”), a municipality authority created under the Pennsylvania Municipality Authorities Act of 1945, as amended. The Municipalities have agreed that, upon Consolidation, the City will provide water and wastewater service to all residents of the City upon uniform terms, conditions, and rates. The Municipalities agree that, during the Transition Period, they will undertake steps to enable the City



to offer municipal water and wastewater services to residents, including, as feasible, preparation for the abandonment of the Existing City's Certificate of Public Convenience from the Public Utility Commission, updating existing agreements regarding bulk service customers of the Existing City, and entering into such transactions with the Sandy Township Authority to ensure that the provision of water and wastewater utility services to residents is uninterrupted and uniform throughout the City. The Municipalities further agree to engage such professionals as necessary to review the steps required for this and to educate the Board about them, and to structure and effectuate transactions necessary to implement this Section, and to seek such grant and other funding as may be available to accomplish this objective.

12. **Taxes and Fees.**

(a) As required by Section 737(a)(5) of the Act, the City shall implement a legally consistent uniform tax system throughout the City which will provide the revenue necessary to fund required municipal services and debt service.

(b) All uncollected taxes and assessments levied or assessed, all fines and penalties imposed, and all other uncollected obligations owing to the Township and the Existing City which are uncollected on the Consolidation Date shall continue in full force and effect and shall be collected by and remunerated to the City.

(c) During the Transition Period, the Municipalities shall jointly engage a firm or consultant to study and recommend both the tax structure and the tax rates for the City. Upon the advice of such consultant, the two Municipal Managers and one elected official from each of the Township and the Existing City shall determine and provide a recommended tax structure and tax rates by February 1, 2025.

13. **Employment of Current Employees.**

(a) The Municipalities agree that all non-union employees of the Municipalities on the Consolidation Date shall become employees of City, subject to the usual terms and conditions of employment with the City. The Municipalities agree that on the Consolidation Date, the managers of the Existing City and the Township shall assume roles for the City as interim manager and interim assistant manager of the City, consistent with the Organizational Structure described in Exhibit B, hereto, for a period not to exceed two years beyond the Consolidation Date, to facilitate the consolidation process. The interim manager and interim assistant manager may be considered by the City for permanent appointments.

(b) The Municipalities agree that they each shall work with the collective bargaining units for all uniform and non-uniform employees to discharge any applicable bargaining obligations and to endeavor to negotiate extensions of existing collective bargaining agreements through the Consolidation Date.

(c) During the Transition Period, the Municipalities agree to work with all collective bargaining units and employees to identify and, if required, recognize collective bargaining units that will represent employees beginning on the Consolidation Date. Further, the Municipalities will endeavor to negotiate the terms of new collective bargaining agreements that will be presented to and accepted by the City on the Consolidation Date. The Municipalities agree that the Joint Board Solicitor will work with the Township manager and the Existing City manager to resolve the collective bargaining agreements and appropriate bargaining units and related issues for contracts with the City to be effective after the Consolidation Date.

(d) The Municipalities agree that they shall cooperate in the preparation of amended civil service rules and regulations for those employees covered by civil service and under which

the City retains authority over staffing levels. Further, the Municipalities shall work with the Joint Board Solicitor to recommend an agreed-to mechanism for transition through which police officers of both the Township and the Existing City shall have (i) continued employment with the City, as well as (ii) continued civil service status and protection.

14. **Administrative Services and Programs.** The Municipalities agree to coordinate and cooperate, through each Municipality's respective staff in each administrative discipline, department or area of expertise, including, but not limited to, information technology, payroll, and insurance and recommend a plan for consolidating these services and programs by June 1, 2024.

15. **Municipal Services to Residents.**

(a) All municipal services, including but not limited to, the fire department (as addressed in Section (b) below), police protection, public works maintenance and repair, recycling, leaf collection, etc., being offered to the residents of the Township and the Existing City on the day before the Consolidation Date shall continue to be provided in the same manner to the residents of the City on the effective date of the City and thereafter.

(b) The Municipalities Agree to coordinate fire response activities as soon as practical during the Transition Period, with the intention of having a City fire department on the Consolidation Date. During the Transition Period, the Municipalities agree to develop a system for coordination of box alarms and call systems that will coordinate fire and emergency response activities for all volunteer fire departments within the Municipalities. The Municipalities further agree to identify those volunteer fire companies that will continue to provide services to the City after the Consolidation Date to ensure adequate and efficient coverage to the City. The current intention is to have five fire stations. All such volunteer fire departments that the Municipalities agree shall participate in the City Fire Department after the Consolidation Date shall be offered by



the City to continue to provide fire protection services within the City. The Municipalities may jointly engage such consultants and professionals as deemed necessary and appropriate, and to seek such grant and other funding as may be available to accomplish this objective.

(c) The Municipalities agree to develop and establish a plan for the coordination of municipal services to residents of each Municipality. The Municipalities agree, during the Transition Period, to cooperate in the delivery of municipal services, and to coordinate in the provision of services to all residents without regard to territorial boundaries. To facilitate such cooperation, the Municipalities designate the Transition Committee and any appropriate subcommittees to establish a transition framework by examining tasks that can be done immediately and target complete integration of operations by December 31, 2025. Upon completion of the integration plan, such proposed plan should be presented to the Joint Board for review and comment.

(d) The Municipalities agree to integrate their respective police departments into a single, cohesive police force for the City. The Municipalities agree, during the Transition Period, to establish a transition framework by outlining the method in which the departments can achieve total integration by December 31, 2025. The Municipalities may jointly engage such consultants and professionals as deemed necessary and appropriate, and to seek such grant and other funding as may be available to accomplish this objective.

**16. Transition Committee**

(a) The Municipalities, through the Joint Board, have established a Transition Committee to assist the Governing Bodies in the implementation of this Consolidation Agreement through the Transition Period up to the Consolidation Date and, thereafter, and to assist Council

with the orderly and seamless transition to the new consolidated municipality. The Transition Committee shall terminate no later than six months after the Consolidation Date.

(b) The Transition Committee shall assist the transition process by: coordinating and reviewing the work of the various subcommittees, volunteers, and professionals to accomplish the objectives set forth in this Agreement and making recommendations to the Joint Board.

(c) The Transition Committee shall be responsible for arranging and advertising, in accordance with this Agreement and applicable law, the first meeting of the newly elected Council, which shall be held on January 5, 2026.

17. **Accounting, Budget, and Audit.**

(a) The Municipalities agree that, during the Transition Period, they shall undertake steps to align their respective accounting and budgeting systems to facilitate consolidation of all financial, accounting, and budgeting operations on or before the Consolidation Date.

(b) The Municipalities currently utilize distinct methodologies for accounting and budgeting with respect to certain expenditures and receipts. To align their respective accounting and budgeting systems, the Municipalities agree that during calendar year 2023, they shall jointly engage appropriate professional consultants to evaluate the respective accounting systems and to recommend steps to be taken by the Municipalities to align accounting procedures, and to seek such grant and other funding as may be available to accomplish this objective.

(c) The Municipalities further agree that, during calendar year 2024, they shall implement the recommendations for alignment of the their accounting systems, and in calendar year 2025 shall maintain their respective books of account on this basis, and to seek such grant and other funding as may be available to accomplish this objective.

(d) The Municipalities further agree that they shall engage their respective municipal auditors to perform audits of the financial statements for calendar years 2023 and 2024 that are prepared on the basis of the accounting system to be implemented pursuant to subparagraph (c) of this section, and to seek such grant and other funding as may be available to accomplish this objective.

(e) The Municipalities further agree that, during calendar year 2025, they shall develop and prepare a joint budget for operations for calendar year 2026, which joint budget shall be approved by the Joint Board. Such joint budget shall only be required to meet the requirements of the Home Rule Charter and Optional Plans Law (Council-Manager Plan), Act of 1996, 53 Pa. C.S.A. § 3051, et seq. The joint budget shall be implemented and used by the City for operational expenses and any other contingencies, consistent with the applicable laws.

**18. Elections.**

(a) At the municipal primary and general election cycle in 2025, the registered voters of the Municipalities shall elect one (1) Mayor for a 4-year term, three (3) Council members for 2-year terms, and three (3) Council members for 4-year terms. The properly elected and certified Mayor and six (6) Council Members shall constitute a seven (7) member Council and shall assume all rights and responsibilities on the Consolidation Date. The length of term for City Council positions shall be determined by vote totals in the general election, with the highest vote getters serving the longer terms.

(b) At the municipal primary and general election cycle in 2025, the registered voters of the Municipalities shall elect the Treasurer for a 4-year term and a Comptroller for a 2-year term. The properly elected and certified Treasurer and Comptroller shall assume all rights and responsibilities on the Consolidation Date.



(c) The appropriate officials from each Municipality shall be responsible for coordinating with the County Board of Elections for the orderly administration of the elections set forth in this section in accordance with state and federal law.

19. **Limitation of Activities During Transition Period**

(a) The Municipalities agree that, upon execution of this Consolidation Agreement, neither Municipality shall incur any municipal debt the term of which extends beyond the Consolidation Date without the approval of the Joint Board.

(b) The Municipalities agree that, upon execution of this Consolidation Agreement, neither Municipality may enter into a contract having a term that extends beyond the Consolidation Date, and neither Municipality may cause or permit the renewal of any contract that would extend the term beyond the Consolidation date, without the approval of the Joint Board.

(c) The Municipalities agree that, upon execution of this Consolidation Agreement, each Municipality shall provide written notification to the other about any grants received, and the Municipalities shall cooperate in making joint grant applications where deemed appropriate by the Joint Board.

(d) The Municipalities agree that, upon execution of this Consolidation Agreement, , neither Municipality may create any new, full-time employment positions without the approval of the Joint Board, except that the Existing City may hire a full-time Recreation Director without the approval of the Joint Board. The Municipalities further agree that, after January 1, 2024, neither Municipality may hire any full-time employee in any position (including replacements for departing employees) without the approval of the Joint Board.

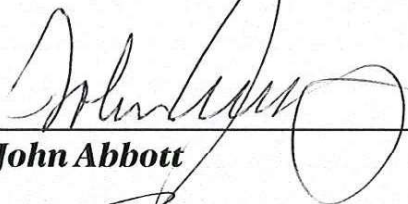
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

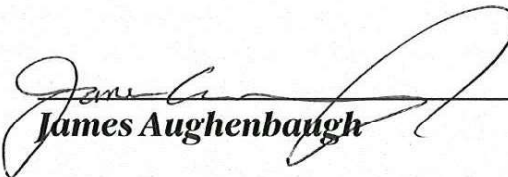



**IN WITNESS WHEREOF, and intending to be legally  
bound, the Parties have executed the**

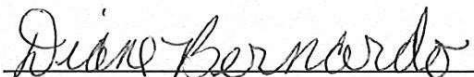
# *Consolidation Agreement*

**as presented at the  
DuBois/Sandy Joint Board Meeting on  
*Monday, November 7, 2022***

  
\_\_\_\_\_  
**John Abbott**

  
\_\_\_\_\_  
**James Aughenbaugh**


  
\_\_\_\_\_  
**William Beers**

  
\_\_\_\_\_  
**Diane Bernardo**


  
\_\_\_\_\_  
**Shane Dietz**

  
\_\_\_\_\_  
**Shannon Gabriel**


  
\_\_\_\_\_  
**Samuel Mollica**

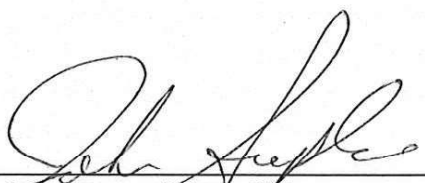
  
\_\_\_\_\_  
**Kevin Salandra**

  
\_\_\_\_\_  
**Mark Sullivan**

  
\_\_\_\_\_  
**Edward Walsh**

**WITNESS:**

  
\_\_\_\_\_  
**Shawn Arbaugh**  
**Sandy Township Manager**

  
\_\_\_\_\_  
**John "Herm" Suplizio**  
**City Manager**

## **Appendix A**

### **Governance Plan under Optional Third-Class City Charter Law**

## Proposed Departmental Organization Structure



**EXHIBIT E**

**MARCH 20, 2023 | TOPIC:****CRIMINAL  
SHARE**

HARRISBURG—Attorney General Michelle Henry announced today that the City Manager for the City of DuBois and Executive Director of the DuBois Area United Way, John “Herm” Suplizio, was arrested on [charges](#) related to stealing hundreds of thousands of dollars from public accounts.

Suplizio, 62, of Clearfield County, allegedly committed \$620,815 in fraudulent transactions, using funds from city bank accounts and the Dubois Area United Way account to pay his personal credit card bills, make political donations, and gamble. The majority of the funds came from accounts for Community Days, an annual summer event presented by the DuBois Volunteer Fire Department, for which Suplizio and his secretary were the sole signatories.

“Suplizio was a trusted public official who should have been acting in the best interests of his community,” said AG Henry. “Instead, he betrayed that trust by stealing hundreds of thousands of taxpayer dollars for his own personal use. This egregious violation of the trust Pennsylvanians put in their officials is disgraceful. Today’s arrest is a reminder that no one is above the law, and that everyone who holds public office in Pennsylvania is accountable to the people.”

A Grand Jury investigation found that, in addition to the fraud, Suplizio used his position as City Manager to enter into contracts with businesses for which he received personal benefits. From 2014-2021, Suplizio also provided false information on his tax returns, paying for numerous charges with public money and claiming those charges as unreimbursed expenses on his taxes.

Suplizio was charged with five counts of Theft by Unlawful Taking; one count of Conflict of Interest; one count of Misapplication of Entrusted Property; and eight counts of Fraudulent Return.

This case is being prosecuted by Senior Deputy Attorney General Summer Carroll. All charges are accusations. The defendant is presumed innocent unless and until proven guilty.

###



## COUNTY OF: CLEARFIELD

Magisterial District Number: 46-3-01

MDJ: Hon. David Meholick

Address: 309 Maple Avenue, PO Box 452  
Dubois, PA 15801

Telephone: (814)371-5321



## COMMONWEALTH OF PENNSYLVANIA

VS.

DEFENDANT:

(NAME and ADDRESS):

JOHN

FRED

SUPLIZIO

First Name

Middle Name

Last Name

710 Munro Street, Dubois, PA 15801

## NCIC Extradition Code Type

- ☒ 1-Felony Full ☐ 5-Felony Pending Extradition ☐ C-Misdemeanor Surrounding States ☐ Distance: \_\_\_\_\_  
☐ 2-Felony Limited ☐ 6-Felony Pending Extradition Determ. ☐ D-Misdemeanor No Extradition  
☐ 3-Felony Surrounding States ☒ A-Misdemeanor Full ☐ E-Misdemeanor Pending Extradition  
☐ 4-Felony No Extradition ☐ B-Misdemeanor Limited ☐ F-Misdemeanor Pending Extradition

## DEFENDANT IDENTIFICATION INFORMATION

Docket Number CR-100-23 Date Filed 3/20/23 OTN/LiveScan Number R 450482-4 Complaint/Incident Number PCS-21-0005-1 Request Lab Service ☐ YES ☒ NO  
 GENDER ☒ Male ☐ Female DOB 06/06/1960 POB Pa Add'l DOB / / Co-Defendant(s) ☐  
 First Name Middle Name Last Name Gen  
 AKA HERM SUPLIZIO

RACE ☒ White ☐ Asian ☐ Black ☐ Native American ☐ Unknown

ETHNICITY ☐ Hispanic ☒ Non-Hispanic  
 Hair Color ☒ GRY (Gray) ☐ RED (Red/Aubn.) ☐ SDY (Sandy) ☐ BLU (Blue) ☐ PLE (Purple) ☐ BRO (Brown)  
☐ BLK (Black) ☐ ONG (Orange) ☐ WHI (White) ☐ XXX (Unk./Bald) ☐ GRN (Green) ☐ PNK (Pink)  
☐ BLN (Blonde / Strawberry)

Eye Color ☐ BLK (Black) ☐ BLU (Blue) ☒ BRO (Brown) ☐ GRN (Green) ☐ GRY (Gray)  
☐ HAZ (Hazel) ☐ MAR (Maroon) ☐ PNK (Pink) ☐ MUL (Multicolored) ☐ XXX (Unknown)

DNA ☐ YES ☐ NO DNA Location WEIGHT (lbs.)  
 FBI Number MNU Number

Defendant Fingerprinted ☐ YES ☐ NO Ft. HEIGHT In.

Fingerprint Classification:

## DEFENDANT VEHICLE INFORMATION

Plate # State Haz mat Registration Sticker (MM/YY) / Comm'l Veh. Ind. ☐ School Veh. ☐ Oth. NCIC Veh. Code Reg. same as Def. ☐  
 VIN Year Make Model Style Color

Office of the attorney for the Commonwealth ☐ Approved ☐ Disapproved because:

(The attorney for the Commonwealth may require that the complaint, arrest warrant affidavit, or both be approved by the attorney for the Commonwealth prior to filing. See Pa.R.Crim.P. 507).

(Name of the attorney for the Commonwealth)

(Signature of the attorney for the Commonwealth)

(Date)

I, (Name of the Affiant)

(PSP/MPOETC -Assigned Affiant ID Number &amp; Badge #

of Pennsylvania Office of Attorney General

PA0222400

(Identify Department or Agency Represented and Political Subdivision)

(Police Agency ORI Number)

do hereby state: (check appropriate box)

1. ☒ I accuse the above named defendant who lives at the address set forth above  
☐ I accuse the defendant whose name is unknown to me but who is described as \_\_\_\_\_

☐ I accuse the defendant whose name and popular designation or nickname are unknown to me and whom I have therefore designated as John Doe or Jane Doe  
 with violating the penal laws of the Commonwealth of Pennsylvania at [ ] Dubois, Pa-170303  
 (Subdivision Code) (Place-Political Subdivision)

in CLEARFIELD County

[17]

on or about MISC TIMES JAN. 1, 2014 TO FEB. 28, 2022

(County Code)



Docket Number:	Date Filed:	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

The acts committed by the accused are described below with each Act of Assembly or statute allegedly violated, if appropriate. When there is more than one offense, each offense should be numbered chronologically.

(Set forth a brief summary of the facts sufficient to advise the defendant of the nature of the offense(s) charged. A citation to the statute(s) allegedly violated, without more, is not sufficient. In a summary case, you must cite the specific section(s) and subsection(s) of the statute(s) or ordinance(s) allegedly violated. The age of the victim at the time of the offense may be included if known. In addition, social security numbers and financial information (e.g. PINs) should not be listed. If the identity of an account must be established, list only the last four digits. 204 PA.Code §§ 213.1 – 213.7.)

Inchoate Offense	<input type="checkbox"/> Attempt 18 901 A	<input type="checkbox"/> Solicitation 18 902 A	<input type="checkbox"/> Conspiracy 18 903	Number of Victims Age 60 or Older _____
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<input checked="" type="checkbox"/>	1	3921	(A)	of the	TITLE 18	5	F3		
Lead?	Offense #	Section	Subsection		PA Statute (Title)	Counts	Grade	NCIC Offense Code	UCR/NIBRS Code
PennDOT Data (if applicable)		Accident Number			<input type="checkbox"/> Interstate	<input type="checkbox"/> Safety Zone		<input type="checkbox"/> Work Zone	

Statute Description (include the name of statute or ordinance): **THEFT BY UNLAWFUL TAKING**

Acts of the accused associated with this Offense: In that the Defendant John Fred SUPLIZIO did unlawfully takes, or exercises unlawful control over movable property (Cash, Currency) of another (Public Funds) with intent to deprive him thereof as described in the attached affidavit and as follows: Count #1 City of DuBois General Fund Account = \$3,000.00, Count # 2 DAUW Checking Account = \$21,293.30, Count #3 DuBois VFD Parade Committee Account = \$99,108.40, Count #4 DVFD Flex CD Community Fund Account = \$95,000.00, Count #5 DVFD Checking Community Fund Account = \$46,243.54

Inchoate Offense	<input type="checkbox"/> Attempt 18 901 A	<input type="checkbox"/> Solicitation 18 902 A	<input type="checkbox"/> Conspiracy 18 903	Number of Victims Age 60 or Older _____
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<input type="checkbox"/>	2	1103	(a)	of the	TITLE 65	1	F		
Lead?	Offense #	Section	Subsection		PA Statute (Title)	Counts	Grade	NCIC Offense Code	UCR/NIBRS Code
PennDOT Data (if applicable)		Accident Number			<input type="checkbox"/> Interstate	<input type="checkbox"/> Safety Zone		<input type="checkbox"/> Work Zone	

Statute Description (include the name of statute or ordinance): **Restricted activities**

Acts of the accused associated with this Offense: In that the defendant John Fred SUPLIZIO a public employee and public official of the City of Dubois in the Commonwealth of Pennsylvania engaged in a course of conduct that constitutes a conflict of interest.

Inchoate Offense	<input type="checkbox"/> Attempt 18 901 A	<input type="checkbox"/> Solicitation 18 902 A	<input type="checkbox"/> Conspiracy 18 903	Number of Victims Age 60 or Older _____
------------------	--	---	---	---

<input type="checkbox"/>	3	7268	(a)	of the	TITLE 72	8	M		
Lead?	Offense #	Section	Subsection		PA Statute (Title)	Counts	Grade	NCIC Offense Code	UCR/NIBRS Code
PennDOT Data (if applicable)		Accident Number			<input type="checkbox"/> Interstate	<input type="checkbox"/> Safety Zone		<input type="checkbox"/> Work Zone	

Statute Description (include the name of statute or ordinance): **FRAUDULENT RETURNS**

Acts of the accused associated with this Offense: In that the defendant John Fred SUPLIZIO did with intent to defraud the Commonwealth shall willfully make, or cause to be made, any return required by this article, which is false, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be sentenced to pay a fine not exceeding two thousand dollars (\$2000), or undergo imprisonment not exceeding three years, or both.



Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name	First: JOHN	Middle: FRED	Last: SUPLIZIO

The acts committed by the accused are described below with each Act of Assembly or statute allegedly violated, if appropriate. When there is more than one offense, each offense should be numbered chronologically.

(Set forth a *brief* summary of the facts sufficient to advise the defendant of the nature of the offense(s) charged. A citation to the statute(s) allegedly violated, without more, is not sufficient. In a summary case, you must cite the specific section(s) and subsection(s) of the statute(s) or ordinance(s) allegedly violated. The age of the victim at the time of the offense may be included if known. In addition, social security numbers and financial information (e.g. PINs) should not be listed. If the identity of an account must be established, list only the last four digits. 204 PA.Code §§ 213.1 – 213.7.)

Inchoate Offense	<input type="checkbox"/> Attempt 18 901 A	<input type="checkbox"/> Solicitation 18 902 A	<input type="checkbox"/> Conspiracy 18 903
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<input type="checkbox"/>	4	4113	(A)	of the	TITLE 18	1	M2		
Lead?	Offense#	Section	Subsection	PA Statute (Title)	Counts	Grade	NCIC Offense Code	UCR/NIBRS Code	
PennDOT Data (if applicable)	Accident Number				<input type="checkbox"/> Interstate	<input type="checkbox"/> Safety Zone	<input type="checkbox"/> Work Zone		

Statute Description (include the name of statute or ordinance): MISAPPLICATION OF ENTRUSTED PROPERTY

Acts of the accused associated with this Offense: In that the Defendant John Fred SUPLIZIO, a public employee and public official of the City of Dubois in the Commonwealth of Pennsylvania, misapplied government property that was entrusted to him as a fiduciary.

Inchoate Offense	<input type="checkbox"/> Attempt 18 901 A	<input type="checkbox"/> Solicitation 18 902 A	<input type="checkbox"/> Conspiracy 18 903
------------------	--	---	---

<input type="checkbox"/>				of the					
Lead?	Offense#	Section	Subsection	PA Statute (Title)	Counts	Grade	NCIC Offense Code	UCR/NIBRS Code	
PennDOT Data (if applicable)	Accident Number				<input type="checkbox"/> Interstate	<input type="checkbox"/> Safety Zone	<input type="checkbox"/> Work Zone		

Statute Description (include the name of statute or ordinance):

Acts of the accused associated with this Offense:

Inchoate Offense	<input type="checkbox"/> Attempt 18 901 A	<input type="checkbox"/> Solicitation 18 902 A	<input type="checkbox"/> Conspiracy 18 903
------------------	--	---	---

<input type="checkbox"/>				of the					
Lead?	Offense#	Section	Subsection	PA Statute (Title)	Counts	Grade	NCIC Offense Code	UCR/NIBRS Code	
PennDOT Data (if applicable)	Accident Number				<input type="checkbox"/> Interstate	<input type="checkbox"/> Safety Zone	<input type="checkbox"/> Work Zone		

Statute Description (include the name of statute or ordinance):

Acts of the accused associated with this Offense:



Locket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

2. I ask that a warrant of arrest or a summons be issued and that the defendant be required to answer the charges I have made.
3. I verify that the facts set forth in this complaint are true and correct to the best of my knowledge or information and belief. This verification is made subject to the penalties of Section 4904 of the Crimes Code (18 Pa.C.S. § 4904) relating to unsworn falsification to authorities.
4. This complaint consists of the preceding page(s) numbered 1 through    .
5. I certify that this filing complies with the provisions of the *Case Records Public Access Policy of the Unified Judicial System of Pennsylvania* that require filing confidential information and documents differently than non-confidential information and documents.

The acts committed by the accused, as listed and hereafter, were against the peace and dignity of the Commonwealth of Pennsylvania and were contrary to the Act(s) of the Assembly, or in violation of the statutes cited.  
**(Before a warrant of arrest can be issued, an affidavit of probable cause must be completed, sworn to before the issuing authority, and attached.)**

03/20/23  
 (Date)

RR [Signature]  
 (Signature of Affiant)

AND NOW, on this date March 20, 2023 I certify that the complaint has been properly completed and verified.  
 An affidavit of probable cause must be completed before a warrant can be issued.

40-3-01  
 (Magisterial District Court Number)

[Signature]  
 (Issuing Authority)



DAVID S. MEHOLICK  
 Magisterial District Judge  
 State of Pennsylvania  
 46th Judicial District Clearfield County  
 Term Expires January 3, 2028

Complaint Number		Complaint Number	
/ /		PCS-21-0005-1	
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

## AFFIDAVIT of PROBABLE CAUSE

Your affiants, Trooper Eric Guido of the Pennsylvania State Police (PSP) and Special Agent Terrence R. Sweeney of the Pennsylvania Office of Attorney General (OAG), being duly sworn to law, depose and say:

### I. AFFIANTS' and INVESTIGATORS' BACKGROUND

Your affiant, Trooper Guido, is a member of the Pennsylvania State Police and has been so employed since 2004 and is currently assigned to the Bureau of Criminal Investigation Organized Crime Unit. Trooper Guido's duties include but are not limited to undercover investigations involving theft, gambling, embezzlement, human trafficking, prostitution, and white collar crime, within the northwestern region of Pennsylvania. Previously, Trooper Guido spent 9 years in an undercover capacity conducting narcotics investigations in the central region of Pennsylvania. Trooper Guido has received specialized training in Intellectual Property Theft, Illegal Video Gambling, Financial Investigations, Money Laundering, Virtual Currency, Human Trafficking, Street Gangs, Motorcycle Gangs, and Identifying Deceptive Behavior, from agencies including but not limited to the Pennsylvania State Police, the National White Collar Crime Center, and the Northeast Counterdrug Training Center.

Your affiant Special Agent Sweeney is employed by the Pennsylvania Office of Attorney General, Bureau of Criminal Investigation, and is empowered by law to conduct investigations and make arrests relating to public corruption, white-collar crimes, theft, fraud, election code violations and other violations of Pennsylvania Law. SA Sweeney has conducted numerous investigations involving financial crimes. SA Sweeney has been so employed since November, 2020, and is currently assigned to the Financial Crimes Section in Pittsburgh, Pennsylvania.

SA Sweeney was previously employed by the Federal Bureau of Investigation for 24 years. During that time, SA Sweeney investigated the criminal activity of Drug Trafficking Organizations and New York City based Italian Organized Crime Families. Based upon SA Sweeney's law enforcement training and experience from conducting large criminal enterprise investigations, SA Sweeney is familiar with the methods used by those organizations and members to disguise and/or launder the proceeds from their criminal activity. SA Sweeney has reviewed and analyzed voluminous bank and financial records associated with the targets of those investigations and has become knowledgeable of techniques used by them. SA Sweeney is aware that offenders committing crimes in the Commonwealth relating to public corruption, white collar crimes, theft, and fraud, use those same techniques. Based upon the foregoing training and experience, SA Sweeney has special expertise regarding the practices of, and techniques used by, these offenders.





Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

In addition to your affiants, Trooper Jeffrey Walters of the Pennsylvania State Police and Detective Kontaxes of the Fayette County Bureau of Investigation were full participants in this investigation.

During his twenty five years with the PSP, Trooper Walters was involved with investigations into the activities of individuals and groups involved in criminal enterprises, including organized thefts, public corruption, embezzlement, rapes, assaults, narcotics distribution, conspiracy, theft, homicide, political corruption, official oppression, organized crime, human trafficking, and burglary

Detective Kontaxes is employed as a County Detective with the Fayette County District Attorney's Office Bureau of Investigation, and is Captain of the Perryopolis Police Department in Fayette County, Pennsylvania. Detective KONTAXES has over 27 years of law enforcement experience concurrent with over 36 years of experience in accounting and financial management in private practice, and in the government sector as a Corporate Controller / Treasurer for Department of Defense and Department of Energy funded contracts (aggregate \$3.00 billion annual). Detective KONTAXES has a Bachelor's degree in business finance from California University of Pennsylvania, combined with a combination of specialized Master's Program accounting, taxation, and law courses from Robert Morris University. Detective KONTAXES is a graduate of the Pennsylvania Municipal Police Academy and is PA Act 120 certified as a police officer in the Commonwealth of Pennsylvania. Additionally, Detective KONTAXES is a Certified Financial Crimes Investigator as certified by the International Association of Financial Crimes Investigators. Detective KONTAXES has attended more than sixty (60) training seminars and classes conducted by colleges and universities, private training corporations, the Federal Bureau of Investigation, the Pennsylvania State Police and other law enforcement agencies on various aspects of accounting, law, financial investigations, investigations of computer crimes, interview techniques, narcotic investigation and tactical interdiction. Detective KONTAXES has been involved in numerous complex financial and cyber-crime investigations involving organized crime, narcotics, embezzlements, white-collar crime, credit card fraud, computer crime, and thefts. Based upon his training and experience, Detective KONTAXES has developed an expertise in the area of complex financial and cyber-criminal investigations. Detective KONTAXES is a member of the International Association of Financial Crimes Investigators, the National White Collar Crime Network, and participates with other national financial crime law enforcement networks involved with data collection, reporting, and providing technical expertise related to money laundering, racketeering, and other federal financial crimes. During the course of his law enforcement career, Detective KONTAXES has been the affiant on and has participated in numerous federal and state search warrants and criminal complaints.



Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

During the course of this investigation, witnesses have provided information that will be contained in this affidavit. Your affiants have specifically ascertained these witnesses' identities. Your affiants have verified the witness identities through positive proof of identification. These witnesses have indicated below that they have personal knowledge regarding the criminal incidents that transpired or information that they have relayed and provided to law enforcement officers and your affiants as more fully detailed below. These witnesses will be available for any further court proceedings.

All of the information contained in this affidavit was learned directly by your affiants or related to your affiants by other agents, police officers or investigators involved in this investigation.

## **II. INTRODUCTION**

The 48<sup>th</sup> Statewide Investigating Grand Jury conducted an investigation into the misappropriation of funds from a Clearfield County non-profit agency that ultimately led to the discovery of fraudulent activity in connection with bank accounts held by the City of DuBois. It was determined that beginning in 2014, John F. "Herm" Suplizio, who was the Executive Director of the DuBois Area United Way (DAUW), but who separately served as the City Manager for the City of DuBois, stole hundreds of thousands of dollars from these public accounts over which he had signatory authority. He also provided false information on his personal income tax returns for several years, claiming that he incurred unreimbursed expenses in connection with his work for the DAUW and the City of DuBois, in order to receive a greater refund from the government.

## **III. BACKGROUND OF INVESTIGATION**

Trooper Walters appeared before the Grand Jury and testified that the City of DuBois is a third-class city, meaning that it is one of two cities in the Commonwealth of Pennsylvania that have adopted the optional

"council-manager plan." This form of government is led by elected council members who then appoint a City Manager.  
AOPC 412A – Rev. 7/18





Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

Manager to run the day-to-day business of the city. The City Manager oversees everything except for the operations of the fire department. The City Manager has control over the police department; notably, the City Manager appoints the Chief of Police and then he/she reports directly to the City Manager. The Mayor also reports to the City Manager. Suplizio has been the City Manager since 2010. When he became City Manager, he was given a substantial pay increase (approximately \$23,000 per year more than his predecessor received) and his yearly salary exceeded \$80,000. He also received substantial bonuses at the end of each year from City Council and the Mayor. In contrast to the City Manager, City Council members and the Mayor are not compensated for their service. The Grand Jury learned that Suplizio also received a sizable additional salary of \$30,000 in his separate capacity as Executive Director of the DAUW.

The Grand Jury heard testimony that on March 13, 2020, an anonymous letter was sent to PSP advising that although DAUW has 25 non-profit groups that are to receive a portion of the money that is donated, Suplizio was directing the donations to a non-member and a non-profit entity: The City of DuBois. The writer enclosed tax form 990's for the United Way for years 2013-2017; a one-page spreadsheet listing the DAUW beneficiaries for the years 2013-2017; the monetary amounts provided to each entity; and, the totals for the funds listed in the Schedule I form (funds distributed by the DAUW) and the 990 Part IX form (reports of funds distributed by the DAUW that was prepared by the IRS). The letter was signed "Anonymously Yours, Concerned Citizens." Trooper Jeffery Walters testified that he ultimately confirmed the identity of the writer of the anonymous letter and was able to corroborate the information contained in the letter through witness interviews and a review of financial records.

Trooper Walters contacted Suplizio and a meeting was arranged to take place at the DAUW building at 223 S. Jared Street on April 9, 2022. Several DAUW board members were also in attendance. Trooper Walters was informed that the organization was audited annually and that donors specifically earmarked donations for the



Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

numerous City of DuBois athletic field projects. Trooper Walters confirmed with state and national United Way officers that a local United Way Chapter may allocate funds to a municipality as long as the original donor designates his/her specific donation to be used for a particular project within the community.

Although the funds earmarked for City of DuBois projects were permissible if the donor so designated, this initial meeting led to subsequent investigation into the DAUW's finances as well as accounts associated with the City of Dubois and tax returns where Suplizio's fraudulent activity was ultimately discovered.

### Structure and Finances of the DVFD

#### *Robert Bojalad- current DVFD Treasurer*

In addition to serving as the DuBois City Manager and the Executive Director of the DAUW, Suplizio was also affiliated with the DuBois Volunteer Fire Department (DVFD). The Grand Jury learned that the DVFD is funded by the City of DuBois and, over the course of several years, Suplizio withdrew large sums of cash from the DVFD bank accounts associated with the Dubois Community Days. Because these are municipal bank accounts, they should have been monitored by City officials. The lack of oversight allowed Suplizio to carry out his theft scheme undetected.

The Grand Jury received testimony from Robert Bojalad. Bojalad has been a volunteer firefighter for the DVFD since July 1992 and currently works for the Friendship Fire Company. Bojalad has been the Treasurer of the DVFD since 2011 or 2012.

There are five companies that make up the DVFD: the Volunteer Hose Company, No. 1; the Friendship Hose Company, No. 2; the J.E. DuBois Hose Company, No. 3; the Fourth Ward Company Hose, No. 4; and, No. 5 Hose Company. Bojalad testified that the Fire Chiefs of the five companies were responsible for putting together the





Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

proposed budget each year and that the majority of funds came from the City of DuBois. When the DVFD received the allotted budget amount from the City, the money was divided and distributed to the fire companies.

Bojalad told the Grand Jury that all DVFD expenses are paid by check for record-keeping purposes and that the checks must be signed by two signatories. Bojalad testified that prior to issuing and signing a check, he must review the invoice and it must be approved at the monthly meeting of the board of directors. Bojalad testified that the Treasurer creates an invoice in connection with any expenses and that the Financial Secretary records each transaction at the meeting.

Bojalad testified that, in addition to his other positions, Suplizio is currently the Captain of the Friendship Fire Department, which means that he is the supervisor of the fire hall. All financial transactions are approved by the company's board of directors, of which the Captain is not a member. The Grand Jury learned that two self-audits are performed each year for the Friendship Fire Company. Bojalad testified that the company has a general fund checking account, which is where the allotment from the City and funds distributed by the DVFD are to be deposited. The company also provides a snack stand for firefighters to purchase items while at the station and the trustees involved with stocking the snack stand have their own checking account, which is referred to as the "kitchen account." The Friendship Fire Company also makes donations to the DAUW.

Bojalad testified that while the DVFD has made donations to the Community Days<sup>1</sup> event in the past, the DVFD has no oversight or control over the DVFD-Community Days bank accounts. The DVFD-Community Days and Parade Committee accounts are not affiliated with the DVFD. Additionally, the DVFD does not receive any of the proceeds from the event. He explained that each individual fire company may choose to set up a booth to raise

<sup>1</sup> The Grand Jury learned that Community Days occurs over a weekend in June. The event is free to the public and includes a parade, entertainment and fireworks.

**POLICE CRIMINAL COMPLAI**

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

money for their own company. While the DVFD assists with aspects of the actual event, the planning and budgeting are done by a separate committee that is not affiliated with the DVFD.

The Grand Jury learned that Community Days is funded by local businesses, the City of DuBois and donations from members of the community. There are four bank accounts associated with Community Days funds: DuBois VFD Parade Committee Account, DuBois VFD Flex CD Community Fund, DuBois VFD Money Market Comm. Fund and DuBois VFD Checking Community Fund. Community Days is not a separate non-profit entity and all bank accounts utilize the tax identification number for the City of DuBois and should be subject to oversight by City officials.

*James Corby- Former DVFD Chief*

The Grand Jury also received testimony from James Corby. Corby has been a DuBois volunteer firefighter for 33 ½ years and presently works at the J.E. DuBois Hose Company No. 3. He is presently a trustee at the company, a delegate to the DVFD, and a delegate to the board of directors for the DVFD Relief Association. He previously served as the elected Chief of the DVFD. In that capacity, Corby answered to the Mayor and City Council and his duties were to oversee the fire grounds, training, daily operations, and the budget.

Corby testified that the DVFD's board of directors is comprised of 25 members and one alternate member from the five DuBois fire companies and is responsible for administering grant money for equipment and death benefits.

Corby testified that when he was the DVFD Chief, there would be an annual meeting with the Mayor to establish a proposed budget. All expenditures were pre-approved by the board at a meeting. After the approval was





Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

granted, the expenditure was made and then it would be reviewed again at a meeting and a check would be issued at that time.

Corby noted that there were occasions when an individual firefighter wanted to submit a reimbursement request to the DVFD. In order to receive a reimbursement, the firefighter was required to pay the bill from his or her personal account and produce receipts which were required to be reviewed and approved at the meeting. The DVFD board would then approve the reimbursement. When the reimbursement was approved, the payment would come from the line item in the DVFD budget and the check would be issued by the Finance Director. Corby testified that if a firefighter who sought reimbursement also held a position on the board of directors, he/she would not vote on whether the reimbursement should be approved.

Corby testified that he was previously a member of the Parade Committee several years ago. The Parade Committee is associated with the independent accounts that fund Community Days and not the DVFD. To Corby's knowledge, all the funds related to Community Days went through the Parade Committee account. The appropriate approval process for any expenditure to be paid by the Parade Committee was to be discussed at a monthly meeting. Whoever was sitting on the Committee that evening would review and approve all expenses.

#### City of DuBois Structure and Financial Approvals

##### *Lisa LaBrasca Becker- former City Controller and current Treasurer of the City of DuBois*

The Grand Jury received testimony from Lisa LaBrasca Becker. LeBrasca Becker was elected as Treasurer for the City of DuBois in 2018. She had previously held the position of City Controller since 2012. LaBrasca Becker's duties as Controller were to match all City receipts to the corresponding checks and review the bills submitted to her for all city-related expenses. The packets of checks were sent to her from Delean Shepard, the



# POLICE CRIMINAL COMPLAI

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

Finance Officer. The checks and receipts would be thoroughly reviewed and then stamped. The Grand Jury learned that the Controller does not have an office and is simply contacted by telephone or text message when bills are ready to be reviewed. The Controller is paid \$100 per month.

All expenditures for the City are required to be reviewed and approved by City Council. Council receives a packet of information regarding all expenditures at work session on Thursday afternoons and has three to four days to review the information prior to a public meeting where those items are to be approved or denied. The packet generally includes a list of all of the bills, a description of the amount and underlying details, and any supporting documentation.

Once the paperwork is reviewed, one of the City Council members will make a motion to approve (or deny) the expenditures in the packet. Packets of approved expenditures are then sent to Finance Director to print the checks. Next, the checks are sent to the Controller for final review and then the Treasurer signs the checks.

As Treasurer, LaBrasca Becker's job is to make sure the City's accounts are balanced each day. She and her employees collect any money paid to the City and make sure the funds are deposited into the appropriate bank accounts. LaBrasca Becker testified that all money paid to the City is initially deposited into the General Fund and then sent to the appropriate account. She stated that Deputy Treasurer Tom Nowak generates a monthly report that reflects the current balances for each of the City's bank accounts and that all money flowing in and from the accounts should be noted therein. This report is provided to City Council members for their review and is generated using transaction data. The City accounts are audited every year, but she noted that if there were any bank accounts not included in the monthly report, the auditors would not know about such accounts.

During her time as Controller and Treasurer, LaBrasca Becker testified that she should have seen any and all payments to the City; however, she did not recall any payments in connection with the sale of water to fracking



Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

companies. As will be discussed in more detail below, one particular fracking company reached an agreement with Suplizio with respect to payment for use of city water.

LaBrasca Becker stated that she was aware that the City had a contract with Advanced Disposal Systems (ADS) for waste removal, but was unaware of any administrative payments from ADS to the City. LaBrasca Becker indicated that if such payments existed she should have been made aware of them, that they should have been deposited into the General Fund, and that the payments should have been noted on the Treasurer's monthly report.

Another one of LaBrasca Becker's duties as Treasurer was signing payroll checks. She stated that she deferred to City Council or Supervisor of the various City Divisions to determine if payroll amounts were correct because she did not know what hours people worked or the particulars of the City's employment contracts.

With respect to Community Days, LaBrasca Becker testified that the City provided money for the event. She confirmed her signature on the following three checks issued to Community Days accounts: \$15,000 on June 28, 2018; \$20,000 on June 14, 2019; and, \$10,000 on June 25, 2021. She noted that, despite these payments being issued from the City, she had no knowledge or oversight of the Community Days bank accounts and that these accounts were not included in the Treasurer's report or within the City's system. She noted that Community Days is run by a committee and that Suplizio was involved in the management of Community Days.

***DeLean Shepherd- Finance Officer of the City of DuBois***

The Grand Jury received testimony from DeLean Shepherd. Shepard is currently employed full time by the City of DuBois as the Finance Officer and has held this position for almost 18 years. As Finance Officer, Shepherd is responsible for the oversight of payroll, benefits and pension. She also pays all invoices and drafts the City's budget. Suplizio is her Supervisor.





# POLICE CRIMINAL COMPLAI

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

Shepherd testified that the Controller and Treasurer, who are both elected officials, are signatories on all City accounts, along with the Deputy Treasurer. If they are unavailable, the City Manager can sign. As Finance Officer, Shepherd stated that she does not have signatory authority or access to any of the City bank accounts.

With respect to the monthly report created by Deputy Treasurer Nowak, Shepard testified that this report should also be used to compare with the budget set at the beginning of the year; however, no one ever reconciled them.

The Deputy Treasurer reconciles the checking accounts and Shepherd, the Finance Officer, uses her computerized finances to ensure that all the accounts balance. Shepard testified that she is aware of several bank accounts associated with the Community Days events, but she noted that the City did not review these accounts and they are not included in the computerized financial system. She noted several donations from the City's General Fund to the Community Days bank accounts.

Shepherd also provided information regarding a contract between ADS and the City which was supposed to result in the City being paid an administrative fee per quarter to handle billing for the company's waste removal. Despite the City not setting up this billing until approximately two years ago, the administrative fees were still being paid every quarter. Those payments to the City, if legitimate, should have been deposited into the General Fund; however, the payments were deposited into the Community Days bank accounts as donations to that event. Special Agent Terrence Sweeney (SA Sweeney) of the Pennsylvania Office of Attorney General informed the Grand Jury that financial records reflected quarterly administrative payments from ADS to the City dating back to January 2014 despite the fact that the City was not engaged in any type of billing activity to justify those payments. In reality, this arrangement for "billing" was simply a way for Suplizio to receive "kick-backs."



Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

Shepard testified that she is aware of a conversation several years ago in which Suplizio asked an official of ADS to make these payments as a donation to Community Days. Upon agreement, the quarterly payments referenced above began.

Due to City money being associated with the Community Days accounts, the money should have been noted in the Treasurer's Report within the City's oversight and included in the City's financial system. Shepard noted that the only accounts that were within the City's computerized system were included in the Treasurer's report and the auditors only pulled information from these documents for purposes of the yearly audits.

Suplizio's responsibilities as City Manager include oversight of the performance reviews for all City employees, employment issues, and bonuses. The City, for the last ten years, has provided bonuses to administrative employees every December. Shepherd stated that Suplizio provided her with a list of the bonuses and stated that City Council had approved them.

Shepherd testified that bonuses for City employees are determined in an executive session of City Council and, since it is a personnel matter, there are no written reports presented to City Council or minutes prepared from the executive session. From the time period of 2014 to 2022, several City employees, including Shepard, received year-end bonuses. Suplizio himself received substantial bonuses.

Although Shepherd is in charge of issuing the checks for reimbursements from the City, she testified that she could not recall a time when Suplizio presented her with any receipts for reimbursement for money he paid out-of-pocket for work-related expenses.





Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

**Financial Analysis**

SA Sweeney testified that search warrants were executed on April 6, 2022 at the following locations: Suplizio's residence- 710 Munroe Street, DuBois; Suplizio's office at the DAUW- 223 S. Jared Street, DuBois; and, Suplizio's office and his secretary's office at the City of DuBois- 16 W. Scribner Avenue, DuBois. Investigators seized the following items of note during execution of the search warrants: A ledger from 2011 to present for the Community Days checking account; budgets including income and expenses for Community Days for the years 2019, 2021 and 2022; Suplizio's tax returns with the corresponding receipts and a significant amount of cash (\$1,000 from Suplizio's office at the DAUW, \$800 from Suplizio's office at the City and \$17,000 from Suplizio's residence).

Search warrants were also obtained to seize records from Suplizio's Battalion One Account and Savings Account held by S&T Bank, and from Suplizio's Janney Montgomery Scott Account and Ameriprise Account. Additionally, SA Sweeney testified that he obtained bank records for 65 bank accounts and a credit card account associated with the City of DuBois, DAUW, Suplizio and local fire companies. A financial analysis was completed on each of the accounts to determine if there were fraudulent transactions. The financial analysis set forth below is based on a review of all the bank records obtained by subpoena or search warrant, as well as a review of all physical evidence seized during the search warrants.

**Suplizio's JP Morgan Chase Visa Account**

During the course of the investigation, SA Sweeney found that Suplizio had a Visa personal credit card with JP Morgan Chase. SA Sweeney analyzed all expenditures made on Suplizio's personal credit card from June 2014 to February 2022. During this time period, a total of \$677,120.51 in purchases were made.



Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

There were numerous charges on Suplizio's credit card that were clearly personal such as vacation expenses, utility expenses for his residence, and department store purchases. The total amount of personal expenditures on his credit card during the time period was approximately \$300,796.17. A review of the records indicated the remaining expenses, \$376,324.34, were most likely public expenses. Of the \$300,796.17 expenditures that were clearly personal, Suplizio paid only \$198,551.51 from his personal accounts. The remainder of the payments, \$102,244.66, made directly to the credit card company, came from public accounts in the following amounts:

DAUW Checking account: \$10,252.72

DVFD Parade Committee account: \$74,108.40

DVFD Community Fund checking account: \$17,883.54

A good portion of the \$376,324.34 public expense charges were used as tax deductions by Suplizio. Review of Suplizio's personal income tax filings for 2014 through 2021 showed Suplizio claimed "Meals and Entertainment" deductions totaling \$134,309 from 2014 through 2017, and "Donations" deductions totaling \$174,359 from 2014 through 2021. Most of those "Meals and Entertainment" and "Donations" deductions were public expenses charged on Suplizio's credit card and paid for from public accounts. Thus, Suplizio used \$308,668 in public expenses as deductions in his personal tax filings. Therefore, the tax fraud involving the use of Suplizio's credit card is approximately \$308,668, paid from public accounts in the following amounts:

DVFD Parade Committee account: \$56,894.77

DVFD Community Fund CD account: \$47,149.56

DVFD Community Fund checking account: \$204,623.67



**POLICE CRIMINAL COMPLAINT**

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

**City of DuBois General Fund Account**

SA Sweeney obtained bank records for 23 accounts associated with the City of DuBois. Of those accounts, he found fraudulent transactions linked to one account: The City of DuBois General Fund Account held by S&T Bank. On January 3, 2014, a cash transfer of \$3,000 was made from the City's General Fund to Suplizio's personal savings account that was not associated with a reimbursement request. A receipt for this transaction was seized from Suplizio's residence.

From 2014 through 2021, Suplizio received reimbursement from the General Fund Account for his mileage and personal cellular telephone use despite the fact that he did not submit any reimbursement forms. And, despite receiving reimbursement monies, he would go on to claim on his tax returns that the expenses were never reimbursed. The chart below reflects the reimbursements paid by the City of DuBois.

YEAR	AMOUNT PAID
2014	\$3,090
2015	\$3,000
2016	\$3,090
2017	\$3182.76
2018	\$3,278.16
2019	\$3,376.56

**POLICE CRIMINAL COMPLAINT**

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

2020	3,477.84
2021	\$3,582.24
	<b>TOTAL: \$26,077.56</b>

It should be noted that Toni Cherry, Esquire, Solicitor for the City of DuBois, provided investigators with a May 11, 2020 letter that she authored in response to a Right-To-Know (RTK) request received by the City of DuBois. The requested information included "cell phone bills for XXX-XXX-XXXX" including "detail listing of calls and text messages." The responsive letter stated in part, "...the number for which you seek information is the cell phone number privately owned by John F. Suplizio." The RTK requestor also sought "expense reports and back up documentation for John Suplizio for 2019." Attorney Cherry advised that no expense reports and back up documentation existed for the year 2019 because Suplizio had not filed for any reimbursement in 2019 and, in fact, Suplizio had never filed for any reimbursement from the City of DuBois during the prior 15 years.

In sum, theft from this account was \$3,000.00 and tax fraud involving this account was \$26,077.56, thus totaling \$29,077.56 in fraudulent transactions associated with this City of Dubois General Fund account.

**DAUW Checking Account**

SA Sweeney obtained and reviewed records for six accounts associated with the DAUW. Of those accounts, he found fraudulent transactions linked to one account: The DAUW checking account held by S&T Bank on which Suplizio was a signatory. SA Sweeney testified that on January 3, 2014 (the same date as the \$3000 cash transfer

**POLICE CRIMINAL COMPLAINT**

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

from the City's General fund), a cash transfer of \$2,940.58 was made from the DAUW checking account to Suplizio's personal savings account that was not associated with any reimbursement request. The receipt for this transaction was also seized during the search of Suplizio's residence.

From 2014-2021, Suplizio also received reimbursement payments from the DAUW for his mileage and personal cellular telephone in the amount of \$2,580 per year.

The Grand Jury learned that for the years 2014-2017, Suplizio submitted the total amounts received from the DAUW and the City for mileage and personal cellular telephone reimbursements as "unreimbursed" business expenses on his personal taxes, essentially triple-dipping for those expenditures.

The chart below reflects a total of \$20,640 in reimbursements paid by DAUW, which is also the total of tax fraud transactions within this account.

YEAR	AMOUNT
2014	\$2,580.00
2015	\$2,580.00
2016	\$2,580.00
2017	\$2,580.00
2018	\$2,580.00
2019	\$2,580.00



**POLICE CRIMINAL COMPLAI**

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

2020	\$2,580.00
2021	2,580.00
	<b>TOTAL: \$20,640</b>

SA Sweeney also testified to two additional questionable checks associated with this account: One dated April 30, 2015 in the amount of \$3,900, payable to "cash" and cashed by Suplizio; and another dated March 30, 2018 in the amount of \$4,200, that Suplizio wrote to himself and cashed.

It was determined that between October 2015 and January 2020, Suplizio paid his Visa personal credit card bill with eight checks written on the DAUW account totaling \$10,252.72 (Reference Chase Visa credit card analysis above). The checks were written to Visa and DAUW auditors advised that there should never have been any payments to a personal credit card. The payments to Visa are summarized in the chart below.

DATE	AMOUNT
10/3/2015	\$2,354.63
3/3/2016	\$193.45
4/6/2016	\$283.20
8/1/2016	\$179.75
8/1/2016	\$1,468.29

**POLICE CRIMINAL COMPLAI**

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

10/1/2016	\$1,973.40
6/2/2017	\$1,475.00
1/20/2020	\$2,325.00
	<b>TOTAL: \$10,252.72</b>

In sum, theft from this account was \$21,293.30 and tax fraud involving this account was \$20,640.00, thus totaling \$41,933.30 in fraudulent transactions associated with this DAUW checking account.

**DVFD Community Days Accounts**

SA Sweeney obtained and reviewed records for four accounts associated with DVFD Community Days and found fraudulent transactions in three of the four accounts: The DVFD Parade Committee Account; The DVFD Flex CD Community Fund Account; and the DVFD Checking Community Fund Account. Suplizio was one of the signatories on all three accounts.

- **Parade Committee Account**

SA Sweeney testified that a review of Suplizio's personal Visa credit card account revealed that between April 2014 and June 2019, Suplizio had written 15 checks to Visa totaling \$131,003.17 from the Parade Committee account. Investigators found 6 of those 15 checks totaling \$56,894.77 were payments to Visa for public charges

**POLICE CRIMINAL COMPLAINT**

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

used as deductions in his personal tax filings and 9 of those 15 checks totaling \$74,108.40 were payments to Visa for personal charges (Ref Visa credit card analysis above). Those 9 payments are summarized in the chart below.

DATE	AMOUNT
5/30/2014	\$2,596.11
6/19/2014	\$750.00
2/8/2016	\$420.83
5/29/2016	\$23,331.66
9/18/2016	\$923.22
5/29/2017	\$10,434.95
6/24/2017	\$17,124.80
7/15/2018	\$16,183.59
6/26/2019	\$2,343.24
	<b>TOTAL: \$74,108.40</b>

Additionally, on June 9, 2015, Suplizio's secretary used a counter-check to withdraw \$25,000 in cash from this account. She and Suplizio signed the check, and his secretary cashed it. SA Sweeney testified that investigators have been unable to determine the disposition of that \$25,000. SA Sweeney also testified that a counter-check (or starter check) is typically only used when the account has just been opened prior to checkbooks being issued on the





# POLICE CRIMINAL COMPLAINT

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

account. He also noted that counter-checks are not numbered like traditional checks making them very difficult to track.

In sum, total theft from this account was \$99,108.40 and tax fraud involving this account was \$56,894.77, thus totaling \$156,003.17 in fraudulent transactions associated with this DVFD Parade Committee account.

- **DVFD Community Days CD Account**

Detective Kontaxes reviewed the DVFD Community Days CD account and prepared a Profit and Loss detail for the time period of January 2014 to July 2021.

The Grand Jury learned that Suplizio made numerous questionable withdrawals from the CD account.

On March 27, 2014, Suplizio obtained a \$12,000 Cashier's check from the CD account. The remitter on the check was listed as DVFD and the payee was identified as Suplizio. Almost nine months later, on December 15, 2014, that check was deposited into Suplizio's personal savings account at S&T Bank.

On March 27, 2015, a \$20,000 cash withdrawal was made from the CD account by Suplizio. Several days later, on March 31, 2015, a \$6,000 Cashier's check was obtained with funds from an unknown source (but suspected to consist of monies from the cash withdrawal four days earlier). The remitter on the Cashier's check was listed as DAUW and the payee was identified as Suplizio. Shortly thereafter, on April 6, 2015, another \$20,000 cash withdrawal was made from the CD account by Suplizio. On April 20, 2015, another \$6,000 Cashier's check was obtained with funds from an unknown source (but suspected to consist of monies from the cash withdrawal on April 6, 2015). The remitter and payee on the Cashier's check was listed as Suplizio. Similarly, approximately nine months later, both \$6,000 Cashier's checks were deposited into Suplizio's personal savings account.



**POLICE CRIMINAL COMPLAINT**

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

On June 14, 2016, a \$65,000 Cashier's check was obtained with funds from the CD account, the remitter was listed as DVFD, and, the payee was Suplizio's secretary. The next day that check was cashed and, on June 16, 2016, Suplizio deposited \$30,000 in cash into the DVFD Parade Committee account. Your affiants believe a portion of the remaining \$35,000 cash was used to pay for Community Days performers and celebrity appearances, and \$15,000 of that \$35,000 cash was put into Suplizio's personal bank accounts as evidenced by the December 16, 2016 cash deposit of \$8,000 into Suplizio's savings account at S&T Bank and the December 20, 2016 cash deposit of \$7,000 into Suplizio's savings account at S&T Bank.

On June 15, 2017, Suplizio transferred \$40,000 from the CD account to the Community Fund checking, issued Check #276 for \$40,000 payable to Suplizio, and then cashed that check at S&T Bank. Your affiants believe a portion of that \$40,000 cash was used to pay for Community Days performers and celebrity appearances, and \$15,000 of that \$40,000 cash was put into Suplizio's personal bank accounts as evidenced by the December 26, 2017 cash deposit of \$8,000 into Suplizio's checking account at S&T Bank and the December 27, 2017 cash deposit of \$7,000 into Suplizio's savings account at S&T Bank.

On June 5, 2018, a \$35,000 Cashier's check was obtained with funds from the CD account and deposited into the DVFD Parade Committee account. On that same day, a check for \$35,000 was written on the Parade Committee account to "Cash-Community Days," and authorized by Suplizio and his secretary. Suplizio endorsed and cashed the check on the same day. Your affiants believe a portion of the \$35,000 cash was used to pay for Community Days performers and celebrity appearances, and \$13,000 of that \$35,000 cash was put into Suplizio's personal bank accounts as evidenced by the December 27, 2018 cash deposit of \$8,000 into Suplizio's checking account at S&T Bank and the December 31, 2018 cash deposit of \$5,000 into Suplizio's checking account at S&T Bank.

**POLICE CRIMINAL COMPLAINT**

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

On June 5, 2019, Suplizio transferred \$30,000 from the CD account to the Community fund checking. On June 13, 2019, Suplizio issued Check #316 for \$30,000 payable to Suplizio, and then cashed that check at S&T Bank. Your affiants believe a portion of that \$30,000 cash was used to pay for Community Days performers and celebrity appearances, and \$22,000 of that \$30,000 cash was put into Suplizio's personal bank accounts as evidenced by the November 13, 2019 cash deposit of \$7,000 into Suplizio's checking account at S&T Bank, the December 17, 2019 cash deposit of \$8,000 into Suplizio's savings account at S&T Bank, and the December 24, 2019 cash deposit of \$7,000 into Suplizio's checking account at S&T Bank.

Additional fraudulent transactions were discovered within this account when SA Sweeney obtained and reviewed copies of documents seized from the search warrants. Specifically, on October 16, 2015, Suplizio withdrew \$600 from the CD account and obtained a Cashier's check with the payee listed as DuBois Central Catholic Alumni Game and remitter listed as Suplizio. He subsequently used that donation as a deduction on his personal income tax return. On the same date, he withdrew \$185 and obtained a Cashier's check with the payee listed as Greater Dubois Area Chamber and Suplizio as the remitter. Similarly, he subsequently used that donation as a deduction on his personal income tax return.

SA Sweeney also determined that Suplizio had withdrawn funds from the CD account to make political contributions to local politicians. On September 10, 2014, three Cashier's checks were obtained by Suplizio in the amounts of \$2,000, \$1,000 and \$1,000, respectively. Suplizio was a remitter on each one of these checks and they were made payable to three specific politicians. On November 2, 2017, Suplizio obtained another \$2,000 Cashier's check with funds from the CD account. He was the remitter and the check was made payable to one of the three politicians.



**POLICE CRIMINAL COMPLAINT**

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

A review of the campaign finance reports (CFRs) for these three politicians revealed that on September 30, 2014, Suplizio contributed \$1,000 and another individual contributed \$1,000. A review of a second politician's CFRs showed that on September 25, 2014, Suplizio contributed \$500 and another individual contributed \$500. A review of a third politician's CFRs showed that on September 15, 2014, Suplizio contributed \$333, and two other individuals each contributed \$333. A review of the CFRs also revealed that on November 9, 2017, Suplizio once again contributed \$2,000 to one of these politicians.

Investigators found Suplizio made payments totaling \$47,149.56 from the CD account to Visa for public charges used as deductions in his personal tax filings (Reference Chase Visa credit card analysis above).

In sum, total theft from this account was \$95,000.00 and tax fraud involving this account was \$47,934.56, thus totaling \$142,934.56 in fraudulent transactions associated with this DVFD Community Days CD account.

- **DVFD Community Fund Checking Account**

SA Sweeney prepared an analysis of all credits and debits for the DVFD Community Fund checking account. He stated that on September 26, 2017, Suplizio used a counter-check from the checking account to obtain a \$360 Cashier's check. The ledger for the checking account seized during the execution of the search warrant indicated that this Cashier's check was used to pay for a "Republican Dinner."

On June 8, 2021, a check was written for \$28,000 and authorized by Suplizio and his secretary. It was made payable to "cash" with "Community Days- Performers/Expenses" written in the memo section. Suplizio endorsed the back of the check and cashed it. Your affiants believe a portion of that \$28,000 cash may have been used to pay for Community Days performers and celebrity appearances, but there was no evidence of such payments with this \$28,000 cash withdrawal in the 2021 budget and ledger.

**POLICE CRIMINAL COMPLAINT**

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

The review of Suplizio's personal Visa credit card account revealed that between March 2014 and June 2021, Suplizio had written 80 checks to Visa totaling \$388,523.55 from the DVFD Community Fund checking account. Investigators found \$17,883.54 of the total Visa payments from the DVFD Community Fund checking account were made for personal charges and \$204,623.67 of the total Visa payments from the DVFD Community Fund checking account were made for public charges used as deductions in his personal tax filings (Reference Chase Visa credit card analysis above).

In sum, total theft from this account was \$46,243.54 and tax fraud involving this account was \$204,623.67, thus totaling \$250,867.21 in fraudulent transaction associated with this DVFD Community Fund checking account.

The Financial Analysis conducted by investigators showed Suplizio used 5 public bank accounts for theft and tax fraud. The following three charts summarize Suplizio's total theft from those public accounts and total tax fraud associated with those public accounts:

**Theft From Public Accounts:**

City of DuBois General Fund Account = \$3,000.00  
DAUW Checking Account = \$21,293.30  
DuBois VFD Parade Committee Account = \$99,108.40  
DVFD Flex CD Community Fund Account = \$95,000.00  
DVFD Checking Community Fund Account = \$46,243.54

**Total Theft = \$264,645.24**

**Tax Fraud associated with Public Accounts:**

City of DuBois General Fund Account = \$26,077.56  
DAUW Checking Account = \$20,640.00  
DuBois VFD Parade Committee Account = \$56,894.77  
DVFD Flex CD Community Fund Account = \$47,934.56  
DVFD Checking Community Fund Account = \$204,623.67

**Total Tax Fraud = \$356,170.56**



**POLICE CRIMINAL COMPLAINT**

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

**Fraudulent Transactions associated with Public Accounts:**

City of DuBois General Fund Account = \$29,077.56  
DAUW Checking Account = \$41,933.30  
DuBois VFD Parade Committee Account = \$156,003.17  
DVFD Flex CD Community Fund Account = \$142,934.56  
DVFD Checking Community Fund Account = \$250,867.21

**Total Fraudulent Transactions = \$620,815.80**

**Payments from Advanced Disposal (ADS)/ Waste Management**

As part of their contract with the City of Dubois for collection of waste and recycling, ADS, now Waste Management, was required to pay a quarterly \$15,000 Administration Fee to the City of Dubois. The Grand Jury obtained bank account records from 2014 through 2022 as records prior to that time period were unavailable. Records from the DVFD Community Days CD Account revealed that five \$15,000 checks from ADS and made payable to the City of Dubois were deposited into that account on January 14, 2014, March 24, 2014, June 25, 2014, September 10, 2014 and December 11, 2014. From March, 2015 through June, 2016, those quarterly \$15,000 payments continued to be deposited into the CD Account, but the checks were made payable to the Parade Committee or the Dubois Community Days. In July 2016, ADS started to wire their quarterly \$15,000 payments to the Community Days checking account. Thereafter, from October 2016 through October 2017, Suplizio, on four occasions, and his secretary, on one occasion, used "counter-checks" to move funds from five of the ADS quarterly payments of \$15,000 from the Community Days checking account to the CD Account. Since that checking account had been already open for several years, there did not appear to be a legitimate reason to use counter-checks to move those funds.



Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

From February 2018 through June 2021, the quarterly \$15,000 payments from ADS were deposited into either the Community Days checking account or the CD Account, without any quick transfers of those funds from the Checking Account to the CD Account.

On January 24, 2022, a \$30,000 check for two quarterly payments made payable to the "City of Dubois" and issued by Waste Management, was deposited into the Community Days Money Market Account, which had replaced the CD Account.

SA Sweeney testified that he reviewed the written budgets for Community Days for the years 2019, 2021 and 2022. He stated that in each of these budgets, the donation listed from ADS was a small amount (usually around \$1,000) despite the fact that the bank records revealed that ADS was paying \$15,000 per quarter (or \$60,000 per year). Additionally, SA Sweeney noted from the budgets and all the sponsorships listed, Community Days took in enough sponsorships or money from booths that it should have been a self-sustaining event.

#### Comingling of Funds within Personal Accounts

SA Sweeney obtained and reviewed 26 personal accounts held by Suplizio alone or jointly with family members. Of those accounts, the following four accounts appeared to be comingled with public funds: a checking account held by S&T Bank; a savings account held by S&T Bank; a Janney Montgomery Scott Account; and, an Ameriprise Account. Suplizio also held an investment account with Ameritrade and there was an incredible amount of movement of money between Suplizio's checking account, savings account and that investment account at Ameritrade. He noted that the Ameritrade account looked more like a checking account than an investment account with the balance being run down to a small number and then replenished rather than steadily growing like a typical



# POLICE CRIMINAL COMPLAI

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

investment account. He also noted near constant movements between these three accounts, most of which appeared to serve no legitimate purpose.

With respect to the Janney Montgomery Scott account, the Grand Jury learned that on February 7, 2020, Suplizio deposited a check for \$75,000 from his personal checking account (that had deposits of public monies) into this account.

The Grand Jury learned that on February 9, 2018, Suplizio had opened an investment account with Pershing LLC by depositing \$300,000 from his personal savings account. He closed the Pershing LLC account on September 17, 2018 and deposited the balance of \$307,000 into an Ameriprise account. The personal checking and savings accounts used to fund these investment accounts were linked back to the fraudulent transactions involving public funds as set forth above.

## Gambling Transactions

During the review of the financial records, Trooper Walters noticed some unusual transactions at a casino, the Allegany Seneca Nation Casino in Salamanca, New York. The Grand Jury learned that casinos keep track of transactions for individuals who have a player's card. While a gambler is not required to have a player's card in order to gamble at the casino, the benefit is that they will receive perks when they use a player's card. Since Suplizio had a player's card at this casino, a record of his transactions was maintained.

The casino provided Trooper Walters with the history of Suplizio's player's card. This information is summarized in the chart below.



**POLICE CRIMINAL COMPLAINT**

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

YEAR	NUMBER OF VISITS WHEN SUPLIZIO'S PLAYER'S CARD USED	TOTAL CASH "BUY-IN" AMOUNT
2014	5	\$5,500
2015	4	\$7,730
2016	12	\$28,450
2017	7	\$25,980
2018	?	\$28,980
2019	2	\$2,200
2020	1	\$400
2021	3	\$2,550
		<b>TOTAL: \$101,790</b>



Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

EOG Transactions with the City of DuBois

During the course of the investigation, Trooper Walters learned that the City of DuBois had engaged in water sales to several fracking companies, one of which was EOG Resources, Inc. (EOG). EOG is a drilling company that was engaged in fracking and natural gas extraction around DuBois. EOG entered into contracts with the City to buy water to assist in these operations. Trooper Walters testified that when he learned of the agreement, a subpoena was issued to EOG for all contracts and documentation regarding the City of DuBois.

To Trooper Walters' surprise, the only "contracts" that existed between EOG and City were one page letters from the City to EOG memorializing prior telephone conversations regarding the price per gallon the City would charge for the water. The letters were signed by Suplizio. EOG then received invoices from the City and paid the bills with checks.

Documentation, including endorsed checks, for all transactions between EOG and the City of DuBois was obtained from EOG and from 2004 to 2015, 22 payments were made from EOG. There were several large payments for the water sales from EOG during the time period, including three payments that each exceeded \$1 million.

SA Sweeney testified that he attempted to obtain the bank records to correspond to those transactions; however, the largest payments were in 2010 and 2011 and the banks no longer had any records of those transactions. The large checks from this time period were made out to the City of DuBois, but they were stamped and deposited into an unknown account (not noted on the back of the check).

SA Sweeney also testified that there were five different transactions involving payments from EOG directly to Suplizio. He explained that this was a conflict of interest because Suplizio was making agreements on behalf of the City and then benefitting financially from sales to the company in a personal capacity. Invoices and copies of



Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

endorsed checks were provided by EOG and involved the sale of equipment by Suplizio to EOG. The invoices included Suplizio's home address for payment. The transactions were listed as follows:

- 5/11/10- \$3,885 for "NON CONTROLLABLE MATERIAL COM";
- 11/23/10- \$2,020.24 for "UNIBODY HYDRANT VALVES";
- 2/28/11- \$1,372.58 for "COMP OTHER COMPLETION EXPENSE";
- 11/14/11- \$3,023.47 for "UNIBODY HYDRANT VALVES;" and
- 2/21/12- \$2,022.28 for "COMP OTHER COMPLETION EXPENSE"

The total amount paid by EOG to Suplizio was \$12,323.57.

## CONCLUSION

Based on the facts contained herein, and a combination of your affiants' training, education and experience, and knowledge of this investigation, your affiants believe there is Probable Cause to charge John F. "Herm" Suplizio with the following offenses:

Theft by Unlawful Taking, Felony 3, 18 Pa.C.S.A. § 3921(a) – 5 Counts

Misapplication of Entrusted Property, Misdemeanor 2, 18 Pa.C.S.A. § 4113(a) – 1 Count

Conflict of Interest, Felony, 65 Pa.C.S.A. § 1103(a) – 1 Count

Fraudulent Return, Misdemeanor, 72 P.S. § 7268(a) – 8 Counts







# POLICE CRIMINAL COMPLAINT

Docket Number:	Date Filed: / /	OTN/LiveScan Number	Complaint/Incident Number PCS-21-0005-1
Defendant Name:	First: JOHN	Middle: FRED	Last: SUPLIZIO

I, , BEING DULY SWORN ACCORDING TO THE LAW, DEPOSE AND SAY THAT THE FACTS SET FORTH IN THE FOREGOING AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

I CERTIFY THAT THIS FILING COMPLIES WITH THE PROVISIONS OF THE CASE RECORDS PUBLIC ACCESS POLICY OF THE UNIFIED JUDICIAL SYSTEM OF PENNSYLVANIA THAT REQUIRE FILING CONFIDENTIAL INFORMATION AND DOCUMENTS DIFFERENTLY THAN NON-CONFIDENTIAL INFORMATION AND DOCUMENTS.

TPR.   
(Signature of Affiant)

Sworn to me and subscribed before me this 20th day of March, 2023  
Date , Magisterial District Judge

My commission expires first Monday of January, 2028



DAVID S. MEHOLICK  
Magisterial District Judge  
State of Pennsylvania  
46th Judicial District Clearfield County  
Term Expires January 3, 2028

**EXHIBIT F**

[https://www.thecourierexpress.com/news/local/dubois-city-manager-put-on-paid-leave-after-recent-charges/article\\_14416b90-ca4f-11ed-86d5-e3d42d610250.html](https://www.thecourierexpress.com/news/local/dubois-city-manager-put-on-paid-leave-after-recent-charges/article_14416b90-ca4f-11ed-86d5-e3d42d610250.html)

FEATURED

BREAKING

## DuBois city manager put on paid leave after recent charges

By Elaine Haskins ehaskins@thecourierexpress.com

Mar 24, 2023



Shown in this file photo is DuBois City Manager John "Herm" Suplizio, who was put on paid administrative leave, effective Friday, after recent charges filed by the Pennsylvania Attorney General's office.



DuBOIS — In light of recent allegations, DuBois City Manager John "Herm" Suplizio has been put on paid administrative leave, effective immediately, pending a full investigation, DuBois Mayor Ed Walsh said Friday morning.

"Until yesterday (Thursday), the city was not fully informed of the allegations," said Walsh, who is also president of DuBois City Council. Walsh said to their (council) knowledge, "there is no money missing. A forensic accountant will analyze all of the city's accounts."

City Engineer Chris Nasuti has been named interim manager.

Nasuti has a civil engineering degree from Penn State University, a master's degree of leadership in business ethics and municipal government from Duquesne University. He has been employed with the city for the last 12 years.

The city council held an executive session Thursday evening. Officially, the vote on Suplizio's employment status can't be made until the council's meeting Monday at the DuBois City Council Chambers at 6 p.m.

"In light of all of us receiving the documents yesterday (Thursday), we feel it was privy to just make it effective immediately and we will vote officially on Monday evening," said Walsh.

Suplizio has been the city manager for the last 13-plus years, said Walsh. Prior to that, he served as the DuBois mayor.

Suplizio is accused of committing more than \$620,000 in fraudulent transactions from public accounts associated with the City of DuBois, DuBois Area United Way and DuBois Volunteer Fire Department, according to a criminal complaint filed at Magisterial District Judge David Meholick's office.

Suplizio is charged with five third-degree felony counts of theft by unlawful taking, a felony count of restricted activities, eight misdemeanor charges of fraudulent returns and a second-degree misdemeanor of misapplication of entrusted property, according to court documents.

Suplizio, who also served as the executive director of the DuBois Area United Way, waived his preliminary hearing Monday, with unsecured bail set at \$100,000. His formal arraignment is scheduled for April 12 in the Clearfield County Annex Courtroom.

According to a press release from the Attorney General's office, Suplizio, 62, of DuBois, "allegedly committed \$620,815 in fraudulent transactions, using funds from city bank accounts and the DuBois Area United Way account to pay his personal credit card bills, make political donations and gamble. The majority of the funds came from accounts for Community Days, an annual summer event presented by the DuBois Volunteer Fire Department, for which Suplizio and his secretary were the sole signatories."

"A Grand Jury investigation found that, in addition to the fraud, Suplizio used his position as city manager to enter into contracts with businesses for which he received personal benefits. From 2014-2021, Suplizio also provided false information on his tax returns, paying for numerous charges with public money and claiming those charges as unreimbursed expenses on his taxes," according to the press release.

The Clearfield County Commissioners released the following statement regarding Friday's announcement of Suplizio being put on leave:

"Clearfield County is monitoring recent events in the City of DuBois. While we agree with the principle of 'innocent until proven guilty,' the fact that the allegations involve misuse of city finances concerns us. As such, we support council's decision to put Mr. Suplizio on administrative leave. We will be postponing any decisions on grant funding for the City of DuBois until we have further clarification regarding supervision and reconciliation of city funds and accounts."

Elaine Haskins

**EXHIBIT G**

# City of DuBois 3/31/23 initiates full forensic audit of all accounts

DuBOIS — As mentioned in the original statement released by City of DuBois Solicitor Toni Cherry regarding the allegations against city Manager John "Herm" Suplizio, the DuBois City Council has started the process of a full forensic audit of city accounts, according to a news release issued Thursday.

"In addition to performing an ongoing internal review of our practices and policies, city council has initiated the process of completing a full forensic audit of all DuBois accounts, funds and other financial documents through the offices of the Pennsylvania Department of Community and Economic Development," according to a statement released from the city. "We ask for your continued patience as we carefully and thoughtfully progress through our in-

vestigation." City council is committed to completing this investigation with full transparency and encourages all residents to ask questions and attend all public meetings."

Suplizio is accused of committing more than \$620,000 in fraudulent transactions from public accounts associated with the city, DuBois Area United Way and DuBois Volunteer Fire Department.

Suplizio, 62, has been placed on paid administrative leave from his role as city manager. He is charged with five third-degree felony counts of theft by unlawful taking, a felony count of restricted activities, eight misdemeanor charges of fraudulent returns and a second-degree misdemeanor of misapplication of entrusted property, according to court documents.

**EXHIBIT H**

# Attachment A

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## **Governing Bodies' Authorizing Resolution**

Township of Sandy

Resolution Number 10 - 2023

WHEREAS THE Township of Sandy and City of DuBois are currently engaged in a project under the Strategic Management Planning Program grant contract C000084531 for the fiscal management and consolidation of the City of DuBois and Township of Sandy; and

WHEREAS THE Township of Sandy and City of DuBois wish to amend said grant to include a forensic analysis of the City of DuBois financial records; and

WHEREAS THE City of DuBois agrees to allocate local resources in the amount of 10% of the grant monies used to complete the forensic analysis and 5% of the grant monies used to complete the original scope of work for the management and consolidation of the City of DuBois and Sandy Township; and

WHEREAS THE Pennsylvania Department of Community and Economic Development makes available grants-in-aid to such projects through the Strategic Management Planning Program; and

NOW THEREFORE, BE IT RESOLVED that the Board of Supervisors of the Township of Sandy hereby authorizes the City of DuBois, *City Manager, Chris Nasuti* to amend grant C000084351 to include said forensic analysis.

AND BE IT FURTHER RESOLVED that the Board of Supervisors of the Township of Sandy hereby allocates local resources in the amount of 5% of the grant monies used to complete the original scope of work for the management and consolidation of the City of DuBois and Sandy Township.

Adopted this 3<sup>rd</sup> Day of April 2023 by the Board of Supervisors of The Township of Sandy

Attest

  
(SIGNED)

  
Township of Sandy

  
William Beers Jr.



**EXHIBIT I**

## Official confirms DuBois solicitor delivers \$100K from United Way to city building

By Elaine Haskins ehaskins@thecourierexpress.com

May 9, 2023

DuBOIS — Those in attendance at DuBois City Council's meeting on Monday night learned that about \$100,000 in cash was recently removed from the DuBois Area United Way office and delivered to the city building by city Solicitor Toni Cherry, yet no other city official knows where that money originated from, according to acting city Manager Chris Nasuti.

"At previous meetings we've had this solicitor (Cherry) speak on behalf of the United Way," said resident Jennifer Jackson during the public comment portion of the meeting. "I'm kind of questioning that — she has no jurisdiction over the United Way and she has stated that there was no money missing from United Way, but she ordered almost \$100,000 in cash be removed from the United Way office months ago? That money showed up here (city) just two weeks ago and said it belongs to the city.

"So first off, why is city cash down at the United Way office and then why is it showing up here and why does she have control of it?" said Jackson. "You don't need to answer the question. I know I'm only allowed to comment, but you just had the chance to vote to remove Toni Cherry. She is irrational, she is unprofessional, she is unethical. And I ask you again, to terminate her services and that of Gleason Cherry and Cherry. That is for the taxpayers of the City of DuBois. There was \$100,000 in cash ... that came into this city that came out of the United Way office. I think that needs some explaining..."

“That is accurate,” said Nasuti. “Actually came last week, not two weeks ago, but I don’t know where the money originated. It was brought here. (Police) Chief (Blaine) Clark and I took it to the bank. We secured it, opened a new account and the money is secured there. The Attorney General knows we have the money, that’s where it is (at the bank).”

“Who was it brought in here by?” said Jackson.

“Toni (Cherry),” said Nasuti.

When contacted, via email, by the Courier Express on Tuesday regarding the comments made at Monday’s city council meeting, DuBois Area United Way Executive Director Neil Hanes said he had “no comment at this time.”

At the beginning of the meeting, a motion was made by Councilwoman Shannon Gabriel, but failed to receive a second, to terminate Cherry’s contract as the city solicitor.

Gabriel then made a motion to name Nasuti as the new right-to-know officer for the city, a role Cherry has held since Manager John “Herm” Suplizio was placed on paid administrative leave in March. The motion passed 5-0, with James Aughenbaugh, Diane Bernardo (by phone), Shane Dietz, Gabriel and Mayor Ed Walsh voting in favor.

On Tuesday, Gabriel told the Courier Express that her reasons for seeking the termination of Cherry include “untimely responses to assigned tasks, ie., right-to-knows, loan documents, unprofessional behavior during public meetings, incorrect statements released to the media (and) an unprofessional phone call to a family member of mine.”

Cherry was not in attendance at Monday’s meeting at the request of council, according to Nasuti.

Citizens have been questioning the city council at every meeting since the March 20th indictment of Suplizio, who was charged by the Pennsylvania Attorney General’s Office with allegedly committing more than \$620,000 in fraudulent transactions using public accounts associated with the city, the DuBois Area United Way and the DuBois Volunteer Fire Department.

Suplizio, 62, is charged with five third-degree felony counts of theft by unlawful taking, a felony count of restricted activities, eight misdemeanor charges of fraudulent returns and a second-degree misdemeanor of misapplication of entrusted property, according to court documents.

Elaine Haskins

**EXHIBIT J**

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## Breaking News: DuBois United Way Provided More Details on Money Delivered to DuBois City Building

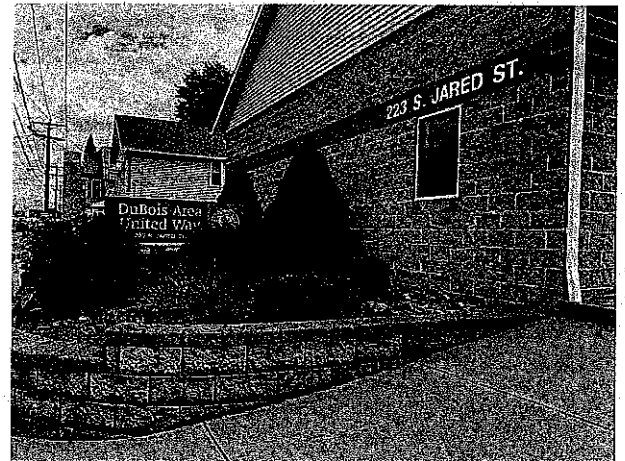
📅 Fri, May 12, 2023 by [Sonya Fetterhoff](#)



The following is a statement from the DuBois United Way.

### DuBois Area United Way Dedicated to Transparency While Supporting Member Agencies

DuBois, PA, 05/11/2023 – The DuBois Area United Way (“DAUW”) remains focused on maintaining the integrity of the organization and successfully supporting its member agencies. To do so effectively, since learning about the allegations against the former executive director, and upon discovering additional information regarding related matters, the DAUW has – from day one – cooperated with law enforcement to allow a proper and complete investigation to take place. The DAUW is dedicated to providing full and complete transparency regarding all matters, not only to solidify the public trust in the DAUW's mission, but also to maintain the organization's integrity within the community.



To provide complete transparency, the DAUW board of directors has decided to release the following information regarding these matters. Below are the highlights of the release:

- The DAUW believes, with a reasonable degree of certainty, that the \$21,293.30, which is alleged to have been misappropriated from the DAUW's S&T Bank checking account, is an allegation that lacks merit.
- The DAUW does not believe that the \$93,000 in cash, which was reported to have been removed from the DAUW office, were funds that belonged to the DAUW.
- The DAUW is not a cash-intensive organization, as a majority – if not all – of DAUW donors contribute to the DAUW by paper check or direct deposit.
- The DAUW, after learning of the non-DAUW cash maintained at and removed from the DAUW office building, promptly contacted a bonded locksmith to change all locks at the DAUW building.
- The DuBois City solicitor represented to DAUW counsel that the non-DAUW cash belonged to the “Community Fund” and was removed from the DAUW office building at the instruction of the city solicitor.
- For purposes of clarity, the city solicitor neither represents the DAUW nor speaks for the DAUW in any manner whatsoever.

**Full Story:** After the arrest of the former executive director on March 20, 2023, the DAUW board of directors convened a special meeting on May 22, 2023, to discuss matters related to the indictment, as it pertains to DAUW funds. After reviewing the criminal complaint and affidavit of probable cause filed against the former executive director, the DAUW has worked with its outside accountant and independent auditor, while also performing internal investigatory measures, to determine the veracity of the allegations against the former executive director – as those allegations

pertain to the alleged theft of DAUW funds. As a result of these efforts, and based on documentation identified by and in possession of the DAUW, the DAUW believes, with a reasonable degree of certainty, that the \$21,293.30, which is alleged to have been misappropriated from the DAUW's S&T Bank checking account, lacks merit.

On March 22, 2023, however, for the first time, DAUW representatives became aware of cash that was removed from a safe at the DAUW office building and the existence of non-DAUW lockboxes located within the DAUW building. Until this time, DAUW representatives were unaware of any cash being maintained within the building – let alone any cash being removed from the building. The DAUW is not a cash-intensive organization, as a majority – if not all – of DAUW donors contribute to the DAUW by paper check or direct deposit. The DAUW also utilizes an outside accountant to maintain its accounts and write checks (i.e., no checks are maintained or written by the DAUW at its office building); all DAUW checks, after written by the outside accountant, always have required two signatories. For these reasons, the DAUW does not believe that the \$93,000 in cash, which was reported to have been removed from the DAUW office, were funds that belonged to the DAUW. The DAUW, however, cannot state with certainty why non-DAUW cash was ever maintained within the DAUW office building; why it was removed from the DAUW building without the knowledge of the DAUW board; or where the non-DAUW cash originated.

The DAUW board, on March 22, 2023, promptly after learning about the non-DAUW cash that was maintained at and then removed from the DAUW office building, as well as the non-DAUW lockboxes located within the building, made initial contact with the Pennsylvania Office of Attorney General ("AG"), to disclose these facts. Since then, the DAUW continues to cooperate with the AG's office regarding these matters. As an additional measure to protect the DAUW and its integrity, the DAUW promptly contacted a bonded locksmith to change all locks at the DAUW building.

In addition, for the sake of complete transparency, DAUW representatives also became aware on March 22, 2023, that at least one of the non-DAUW lockboxes located within the DAUW building may have been accessed at some time between March 20 and March 22, 2023. The DAUW is unaware, to the extent that one or more of the lockboxes were indeed accessed, who accessed them. This information, together with all other relevant information in the possession of the DAUW regarding these matters, was promptly disclosed and turned over to the AG's office.

The DAUW reconvened for another special meeting on March 28, 2023, to further discuss, among other things, the status of these matters and DAUW's continued cooperation with law enforcement. After the conclusion of this meeting, during the evening hours of March 28, 2023, counsel for the DAUW, C.J. Zwick of Zwick & Zwick LLP, was contacted by the DuBois City solicitor regarding the cash that was removed from the DAUW building. The city solicitor, via voicemail left with DAUW's counsel, indicated that the non-DAUW cash belonged to the "Community Fund," and that, at the instruction of the city solicitor, the cash was removed from the DAUW building and brought into her hands for purposes of delivering it to a forensic accountant. The DAUW remains unaware of the exact timing of when the non-DAUW cash was removed from the DAUW building. For purposes of clarity, the city solicitor neither represents the DAUW nor speaks for the DAUW in any manner whatsoever.

The DAUW's current executive director, Neil Hanes, stated, "we want to assure the DuBois community and surrounding communities that the DuBois Area United Way is dedicated to transparency regarding these issues." Hanes continued, "as I have said since I began with the DuBois Area United Way, under my leadership, the important mission of our organization, to support member agencies and positively impact local community members, will remain the foundation of who we are, what we do, and why we do it."

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## Related Articles

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**EXHIBIT K**

## DuBois councilwoman: Legal fees for accused city manager came from general fund

By Elaine Haskins ehaskins@thecourierexpress.com

May 1, 2023

DuBOIS — The money to pay for criminally-charged DuBois City Manager John “Herm” Suplizio’s private legal fees, totaling more than \$270,000, came from the city’s general fund, not a “community fund,” as previously stated by Solicitor Toni Cherry, according to Councilwoman Shannon Gabriel.

“The ‘community fund’ was not used. There is no logical way that there was \$274,409.85 in ‘community funds’ to pay that bill,” said Gabriel. “The ‘community fund’ — as it previously was with the DuBois Volunteer Fire Department — has been frozen,” said Gabriel.

“Any money received now from Waste Management will go into the general fund,” said Gabriel.

That change, she said, was just made after Chris Nasuti was appointed, on March 27, as acting city manager after Suplizio was placed on paid administrative leave from his role as city manager on March 23.

With the money now going into the general fund, Gabriel said, the council and the treasurer will be able to see the balance and where that money is being spent. Gabriel said council previously did not have visibility on transactions involving the “community fund.”

Nasuti confirmed that Gabriel’s statements are true.

In an article published in the April 29th Courier Express/Tri-County Weekend, Cherry said, prior to indictment, \$270,000 in legal fees was paid by the city toward the defense of Suplizio, who was charged on March 20 by the Pennsylvania Attorney General's Office with allegedly committing more than \$620,000 in fraudulent transactions using public accounts associated with the city, the DuBois Area United Way and the DuBois Volunteer Fire Department.

In that article, Cherry said the money to pay the legal fees came from "what we have always called a 'community fund' from (donations) by Waste Management to be used as we see fit."

According to a copy of a contract obtained by the Courier Express, Waste Management pays an "administrative fee" of \$5,000 per month paid in quarterly payments of \$15,000 to the city. Also referred to as a "donation," these fees "can be used to benefit the residents of the City of DuBois through Community Days projects, City of DuBois Fire Departments, or other projects at the discretion of the City of DuBois," a cover letter in the contract reads.

Though council approved the payment of a bill that included legal fees, in a 4-1 vote, at its March 27 meeting, Cherry said it was for legal charges incurred prior to Suplizio being charged on March 20 and after search warrants were executed on April 6, 2022, at the following locations: Suplizio's residence, Suplizio's office at the DuBois Area United Way and Suplizio's office and his secretary's office at the City of DuBois. Council members approving the paying of the bill included Diane Bernardo, James Aughenbaugh, Shane Dietz and Mayor Ed Walsh. Gabriel voted no. At their meetings, the council does not announce the cost of the bills or to what vendors.

On Monday, Gabriel said that there were a total of three checks approved by the council for Suplizio's legal fees at a total cost of \$274,409.85 to date: At the Feb. 27 meeting, \$18,635 was approved; March 13 meeting, \$243,999.85 was approved; and March 27, \$11,775 was approved.

"I will be diligent in assuring that the residents of DuBois have accurate information," said Gabriel.

Suplizio, 62, has been charged with five third-degree felony counts of theft by unlawful taking, a felony count of restricted activities, eight misdemeanor charges of fraudulent returns and a second-degree misdemeanor of misapplication of entrusted property, according to court documents. He is being represented by Michael Anthony Comber, Esq. of the law firm of Reisinger Comber & Miller, LLC, based in Pittsburgh, and William A. Shaw Jr., Esq., from Clearfield.

Elaine Haskins

**EXHIBIT L**

## Financial update presented to public at DuBois Council meeting

By Elaine Haskins ehaskins@thecourierexpress.com

May 11, 2023

DuBOIS — City of DuBois acting Manager Chris Nasuti presented a financial update at Monday's council meeting in light of questions the city has received from the public since criminal charges were filed on March 20 against Manager John "Herm" Suplizio, who is on paid administrative leave.

The city does have bonded personnel for specific individuals who handle the municipality's money, said Nasuti. Those individuals include DeLean Shepherd, Joe Mitchell, Lisa LaBrasca Becker, Tom Nowak and Becky Hoover.

"We also have a blanket fidelity bond that covers general crime coverage for all employees," said Nasuti. "Actually, while this was going on, we were getting our quotes from our suppliers ... we were actually getting policy renewal quotes. They pulled their quote back. We assured them that there would be no claim filed on this against them. They did end up writing the policy for us. The deductible for the crime and fidelity portion of that policy did increase from \$500 to \$2,500."

With regard to account oversight, Nasuti said the city has identified all of the accounts, including the "community fund" and every account such as general fund, checking, savings — "are now properly in our control."

Nasuti said all monies are received by the finance office, which is controlled by Shepherd.



"She (Shepherd) writes the checks. Checks are signed by two people, either the treasurer or deputy treasurer. The second signature is the controller or me. So DeLean is managing the money, but she cannot write any of the checks. All the checks are signed by two independent people," said Nasuti. "So that oversight is taken care of. All of the signature cards have been changed on all of the accounts on all of the banks."

Nasuti said the city is still in good financial shape with a net operating cash of \$1,204,769 as of May 1.

"I know circumstances might say otherwise, but relatively speaking, we're in good shape with our general fund, water fund, sewer fund, liquid fuels, CDBG, PennVEST, and health insurance," said Nasuti. The city still has its capital fund accounts for items such as field maintenance, heavy equipment, dump trucks, sweepers, recycling truck, K-9, water projects ... "they're all still accounted for," he said. "They're all under that umbrella that we talked about earlier with the signatures."

With regard to the 2023 budget, he said, "We know we have some unexpected expenditures that came through here. So by the end of May, we will have a new 2023 budget to present to you ... showing you how we're going to cover some of those unexpected expenditures."

During the public comment portion of the meeting, Kevin Salandra, though a Sandy Township supervisor, said he wanted to speak as a city taxpayer because he owns rental properties in DuBois.

"I'm a little bit confused as to why there wouldn't be a claim if there is money missing or there's found to be money missing from any fund that would be covered by that insurance," said Salandra.

Councilwoman Shannon Gabriel said the only way the city could get insurance is if they guaranteed they would not offer a claim.

"So the choice was to either take the loss and not file the claim and have coverage moving forward or file a claimant and then not cover us ... that is the reason for not filing the claim," said Gabriel.

Salandra also said that he filed a right-to-know request approximately three years ago and asked for some expense reports for Suplizio. He said the request was answered by city Solicitor Toni Cherry, who told him that Suplizio never turned in an expense report for 2019 and, therefore, was never reimbursed for any expenses incurred by him or on behalf of the city for 2019. Salandra said he was told the city searched records of the city for a period going back an additional 15 years before 2019 and could find no instances during the entire 16-year period when Suplizio ever requested reimbursement from the city for any of his expenses.

"And then she (Cherry) says, as you might conclude, Mr. Suplizio is a very generous man and cares very deeply about the citizens of DuBois. Most of what he does for them is never made public because he never asks to be reimbursed," said Salandra. "Yet I've seen numerous articles in the media saying that he gets reimbursed according to his contract. So that's conflicting information."

Salandra also said that he had requested to see Suplizio's financial disclosure forms.

"I have four years of financial disclosures, and on the financial disclosure forms, you have to report any source of income over \$1,300, and for bank accounts, that includes interest, dividends, and capital gains," said Salandra. "So the financial disclosure disclosed no accounts, yet I also saw in the media that hundreds of thousands of dollars were confiscated. And I find it highly unlikely that if there were hundreds of thousands of dollars, it's possible, but highly unlikely that there was no account that produced over \$1,300 in income in one year. So I think there's some inconsistencies."

In response, Gabriel said, "This is an absolute breakdown in policy and procedure that needs to be corrected going forward. So first of all, per Mr. Suplizio's contract, he was automatically built in his contract for reimbursement for cell phone and gas. So you're not going to see a reimbursement form for that. But

anything else? So I was being told, and a lot of these years preceded me being on council, but I know since I've been on anytime, let's just use the example of going out to eat. You go out to eat at my old company, I would go out to eat, I would buy my food, I would fill out a reimbursement form, turn that in with my receipt to the financial department. They would make sure that what I purchased was allowable for a reimbursement, match it with the receipt and then cut me a check. That never occurred. There was no reimbursement forms ever turned in to reimburse for anything. So in the affidavit where it clearly states there was \$3,000 allegedly taken and no reimbursement form, there wasn't a reimbursement form because it was part of his contract."

"My right-to-know request ... or the information was not provided because the city did not pay for the bills, and based on what you're saying, the city was paying for the bills, it was just not on a reimbursement basis, it was on a contract basis. So I don't feel that my right-to-know request was handled properly," Salandra said.

"And I would agree with you," said Gabriel.

Elaine Haskins

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## LOCAL GOVERNMENT

## A DuBois official was arrested on corruption charges. Then nearly \$100K in cash arrived at city hall.

by Angela Coulombis of Spotlight PA and Min Xian of Spotlight PA State College | May 30, 2023



DANIEL FISHEL / SPOTLIGHT PA

This story was produced by the [State College regional bureau of Spotlight PA](#), an independent, nonpartisan newsroom dedicated to investigative and public-service journalism for Pennsylvania. [Sign up for our regional newsletter, Talk of the Town.](#)

DUBOIS — On an otherwise routine Tuesday in early May, DuBois' solicitor showed up at City Hall with \$93,920 in cash tucked inside a cardboard box and packaged in a gift bag.

The solicitor, Toni Cherry, pulled DuBois' Interim City Manager Chris Nasuti and Police Chief Blaine Clark out of a meeting. According to Nasuti, she handed the gift bag to the two men and told them that the cash — in bills of \$20s, \$50s, and \$100s — belonged to the city. She advised them to deposit the money and did not explain why or how it came into her possession.

"Of course, it was a surprise," Nasuti told Spotlight PA. He said he and Clark immediately put the cash into a new bank account isolated from other city funds, and alerted the state attorney general's office.

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The mysterious origin and handling of the bag full of cash is now at the center of yet another storm in a community already reeling from a distressing corruption scandal.

Earlier this year, one of DuBois' most politically connected government officials, former City Manager Herm Suplizio, was arrested.

Suplizio is accused by the state attorney general's office of stealing more than \$600,000 in taxpayer money over nearly a decade, charges that raise troubling questions about how such [a large-scale theft](#) could play out in a city of about 7,400 without anyone noticing.

Attorneys for Suplizio have declined requests for comment from Spotlight PA, and he has yet to enter a plea in the case or appear in court.

The sudden appearance of almost \$100,000 in cash has only intensified the feeling of unease in DuBois — a small city about two hours northeast of Pittsburgh — and sows doubts about the efficacy of accountability mechanisms in place for local governments in Pennsylvania.

## 'Absolutely not normal'

DuBois residents learned about the cash at a City Council meeting on May 8, when Nasuti was asked about it by a resident in attendance.

"I don't know where the money originated," Nasuti said. "It was brought here. Chief Clark and I took it to the bank. We secured it, opened a new account. [The] money is secured there. The attorney general knows we have the money. So that's where it is."

Cherry declined to comment when reached by Spotlight PA.

Interviews with Nasuti, a now former city council member, and several DuBois residents, as well as a local nonprofit's statement, have revealed some additional details. But it is clear that most city officials, gobsmacked by the money's discovery, can't answer fundamental questions about it.

Nasuti said Cherry told him only that the money belonged to the city's "Community Fund," referring to bank accounts associated with DuBois' annual summer celebration called Community Days. She didn't divulge how or when she got it, from whom, or from where.

City officials learned from other sources that the cash had been stored at an area nonprofit: the DuBois Area United Way, where Suplizio, until recently, served as executive director.

Shannon Gabriel, who until late last week was a DuBois City Council member, was told that cash lockboxes were also discovered hidden in the United Way's ceilings. The charity confirmed, in a statement, that it found lockboxes in its building. Both the charity and city officials say they do not know who placed the boxes there, or why. They also say they do not know if any of the \$93,920 was in those lockboxes, or whether the cash was stored somewhere else at the nonprofit.



One thing is certain, Gabriel told Spotlight PA: "It's absolutely not normal."

In the days after the city acknowledged the cash at the public City Council meeting, the DuBois Area United Way released a statement providing a painstaking timeline of when it learned that cash had been stored in its building, and the steps it took afterward.

But the statement raised as many questions as it tried to answer.

In it, United Way officials said they "became aware" on March 22, two days after Suplizio's arrest, that cash had been removed from the group's building near downtown DuBois.

Officials said the cash was not United Way money, and that they didn't know how or why it came to be stored in their building.

Cherry, according to the statement, also knew about the cash in late March — a full six weeks before she dropped it at City Hall.

United Way officials said Cherry left a voicemail with the nonprofit's lawyer on March 28 in which she said the cash was from the "Community Fund," and that she had instructed it be removed from the building and brought to her.

The statement did not say who Cherry gave the removal order to or when. United Way officials and an attorney representing the nonprofit did not respond to requests for comment.

The "Community Fund" refers to bank accounts associated with the Community Days celebration. The weekend extravaganza, which celebrates the town's history — particularly its volunteer fire department — is underwritten by city dollars and private donations.

In the corruption case against Suplizio, law enforcement officials alleged he siphoned tens of thousands of dollars from those accounts, diverted them into personal bank accounts, and used them to pay his credit card bills and make political contributions. The charges against Suplizio alleged he would write checks from those accounts, and then cash them, using some of the money for festival expenses and diverting a portion of it to himself.

Those accounts were not part of the city's computerized financial system prior to Suplizio's arrest, making it difficult to trace money flowing in and out of them.

Gabriel resigned from the City Council last week, saying it was in the best interests of her personal safety and overall well-being. She previously said she was frustrated by Cherry's silence on the money. The City of DuBois, she said, generally does not deal with large amounts of cash, normally receiving payments by check or electronic means.

The solicitor, she said, has left city officials in the dark, even though her job requires her to advise them.

"It's mind-boggling," Gabriel said.

Cherry has refuted the corruption allegations against Suplizio, and told city residents at public meetings that there is "no money missing." She [told the Courier Express](#) that investigators ignored information provided to them that would contradict the charges.

The attorney general's office is "not interested in truth. They're not interested in common sense. They're interested in grandstanding," Cherry told the publication in April.

Gabriel, who has spoken critically about the issues in city oversight brought to light by Suplizio's arrest, said Cherry left a voice message with one of her relatives in which she complained about Gabriel's candor on social media.

“I’ve asked you to keep Shannon off Facebook, and you don’t do it,” Cherry told Gabriel’s relative in the voicemail, which was shared with Spotlight PA. “I don’t think the little girl understands she’s her own worst enemy.”

At the May 8 City Council meeting, Gabriel made a motion to terminate Cherry’s employment, but the effort was not seconded by any of her colleagues and failed.



MIN XIAN / SPOTLIGHT PA

The municipal building of the City of DuBois on 16 W. Scribner Avenue:

## ‘Internal control problem’

Like other municipal governments in Pennsylvania, DuBois has adopted a system that in theory has built-in mechanisms for tracking funds coming in and going out of local coffers.

The city has a treasurer whose primary responsibility is to ensure its municipal accounts are balanced at the end of each day, according to court records in Suplizio’s case. The treasurer also collects all money paid to the city, and makes sure those funds are placed in the correct bank accounts. A deputy creates a monthly report that details money flowing in and out of city accounts and is submitted to the City Council. The city’s controller and finance manager also help ensure taxpayer dollars are correctly accounted for.

There are also annual audits. Pennsylvania requires municipalities file yearly reports to disclose their revenues, expenditures, and cash balances, including petty cash, among other financial information. Separately, municipalities can, and often do, hire private firms to conduct even more detailed annual audits.

State records show the City of DuBois has [regularly filed](#) those reports to the Pennsylvania Department of Community and Economic Development (municipalities that fail to do so are not eligible for coveted and frequently used state grant funding). DuBois also hired a third-party accounting firm to perform additional annual audits, documents Spotlight PA accessed through a public records request.

In one of those reports, released in 2020, auditors found that the city had in the previous year erroneously deposited “a significant amount of donations” made for a city ball field into the DuBois Area United Way’s account. The mistake was “not detected by the City’s internal controls,” according to the audit.

The audit noted that the city immediately corrected the error upon notice, but did not say how much money had been misplaced. Spotlight PA asked the city to provide

that information but has not received a response.

Additionally, at least 10 city audits for the past 12 years found DuBois' internal controls over financial reporting to be a "material weakness." The city's financial personnel, the audits said, "do not currently possess an appropriate level of technical knowledge and experience of generally accepted accounting principles."

The City of DuBois uses what's called a cash basis of accounting, under which "it's technically not city money until you deposit it into your account," said Greg Primm, president of the Association for Pennsylvania Municipal Management, which advocates for ethical and professional management in local governments.

The cash basis accounting method is less favored because it may not reflect actual balances at any given moment.

"Your auditors aren't there to find problems. ... It's not their job to go digging and doing forensic audits, to make sure that things aren't being done illegally. They make observations, they make findings," Primm said. "The power comes from the council people elected to look at that audit report, understand that audit report, and take positive steps to implement recommendations and findings."

Carol E. Roland, a partner and certified public accountant with Trout CPA in Lancaster, echoed that sentiment. That the city did not take corrective action after its audits highlighted potential problems signals "a breakdown with the city government," she said.

"That is a city internal control problem," said Roland, whose practice areas now include fraud investigations and fraud risk management. "The internal control is the responsibility of the city's management team."

Strong internal controls become even more important because there is no state entity that oversees how local governments are run, Primm said.

It is why, he told Spotlight PA, his association "preaches the gospel to have good professional management."

In the recent primary election, city residents registered their apparent dissatisfaction with the way DuBois' government has been run.

Though the outcome may not be certified until next month, [unofficial results](#) show three incumbent members of City Council, including the mayor, were trailing significantly in votes behind challengers.

In the lead: write-in candidates running on a promise to "restore integrity and trust."

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**Angela Couloumbis**

Investigative Reporter



**Min Xian**

Local Accountability Reporter

**CERTIFICATE OF COMPLIANCE**

I certify that this filing complies with the provision of the *Public Access Policy of the Unified Judicial System of Pennsylvania: Case Records of the Appellate and Trial Courts* that require filing confidential information and documents differently than non-confidential information and documents.

Date: June 1, 2023

By:

  
Scott T. Wyland