

HONESDALE BOROUGH STRATEGIC MANAGEMENT PLANNING PROGRAM REPORT

OCTOBER 2025



**Pennsylvania Economy League, Central PA, LLC
Camp Hill, PA**



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Executive Summary

In 2025, the Pennsylvania Economy League Central Division (PEL) undertook an analysis of the financial condition of Honesdale borough under the Commonwealth's Strategic Management Planning Program. The goals of the analysis were to determine the borough's current and future overall financial condition.

The current analysis involved a review of the borough's financial reports, independent audits, debt payment schedules, pension obligations, the 2024 and 2025 budgets, other fiscal data, and additional relevant information and factors that may affect the current and future financial condition of the borough, including sociodemographic data. Furthermore, PEL staff participated in discussions with borough officials.

PEL acknowledges and appreciates the full cooperation of all who contributed to the preparation of this study, including the Honesdale elected officials and staff. The analysis could not have been successfully completed without their assistance.

Demographics

The demographic profile of Honesdale Borough reveals a community in transition, shaped by long-term population decline, economic shifts, and changing housing and income patterns. Once peaking at 5,687 residents in 1940, Honesdale's population has steadily decreased, falling by 14.5 percent from 1970 to 2023, reaching just 4,465 residents. In contrast, Wayne County, which surrounds the borough, experienced a 73 percent population increase over the same period.

Age distribution trends show a shrinking youth population, with residents under 18 now comprising only 16.5 percent of the total, down from 22.1 percent in 1990. Meanwhile, the working-age population (18–64) has remained relatively stable at around 2,700 residents, now representing 62.2 percent of the borough. The senior population (65 and over) accounts for 21.3 percent, reflecting a community with a significant number of retirees.

Migration patterns have also shifted. Between 1990 and 2009, Honesdale experienced net out-migration, but from 2010 to 2023, the borough saw a modest net in-migration of 99 people, helping to stabilize population loss despite natural decline (more deaths than births).

Housing data underscores the borough's aging infrastructure. Over half of Honesdale's housing stock was built before 1940, and while owner-occupied units have rebounded slightly to 53.2 percent of total housing, renter-occupied units remain substantial at 36.9 percent, with 9.8 percent of units vacant—some likely seasonal due to the borough's location in the Pocono Mountains.

Economic indicators reveal growing disparities. The median value of an owner-occupied home in Honesdale rose by 125.8 percent from 1990 to 2023, reaching \$180,600, but still lags behind Wayne County (\$228,200) and Pennsylvania (\$240,500). Similarly, median household income in Honesdale increased by only 36.4 percent over the same period, compared to 82.4 percent in the county and 84.1 percent statewide.

Educational attainment and employment also reflect challenges. While 21.3 percent of residents hold a bachelor's degree or higher—comparable to Wayne County—Honesdale's employment rate is just 44.3 percent, and its poverty rate stands at 28.0 percent, more than double the county and state averages.

These statistics paint a picture of a borough facing demographic and economic headwinds yet also showing signs of resilience and potential for revitalization. Understanding these trends is essential for shaping policies and investments that support a sustainable and vibrant future for Honesdale.

Historical Financials

Between 2020 and 2024, Honesdale Borough demonstrated a generally stable financial position, marked by consistent surpluses in four out of five years. The only deficit occurred in 2023, largely due to elevated capital expenditures. However, when one-time revenues and expenses—such as grants, asset sales, and interfund transfers—were excluded, the borough maintained surpluses throughout the entire period, underscoring a sound underlying fiscal structure.

Revenue growth was steady, with total revenues increasing by nearly 22 percent over the five years. Tax revenues, which made up over 70 percent of the borough's income, rose by 15 percent, driven primarily by real estate taxes. A county-wide reassessment in 2023 significantly increased assessed property values by 35.4 percent but also triggered a temporary reduction in millage rates due to anti-windfall provisions. Non-tax revenues, including grants, planning and zoning fees, and parking income, grew even more sharply—by over 42 percent—reflecting both increased activity and strategic funding efforts.

On the expenditure side, total spending rose by nearly 39 percent. Personnel costs remained the largest category, accounting for about half of all expenditures. Salaries and wages increased by nearly 47 percent, while retiree healthcare costs became a growing concern, eventually surpassing active employee healthcare costs in 2022. Pension expenses, on the other hand, declined significantly over the period.

Non-personnel expenditures also climbed, particularly in legal services, capital projects, and maintenance. Capital spending peaked in 2023, contributing to that year's deficit. Departmental spending varied, with general government costs rising over 40 percent, police spending increasing modestly, and fire department donations peaking in 2023. Recreation spending saw the most dramatic growth—over 300 percent—largely due to investments in the borough pool. Public works expenditures fluctuated due to capital activity and staffing changes, including a complete turnover of the workforce in 2024.

Finally, the borough's property valuation trends revealed a long-standing mismatch between assessed and market values. From 2005 to 2022, assessed values grew by just 3.9 percent, while market values surged nearly 79 percent. The 2023 reassessment helped close this gap but raised concerns about potential appeals and the sustainability of real estate tax revenues.

Overall, the chapter paints a picture of a borough that has managed its finances prudently, while navigating structural challenges and making strategic investments in infrastructure and services.

Projections

Other than an anticipated deficit in 2025, Honesdale Borough's General Fund operating budget projections show declining annual surpluses through 2029. The borough maintains a sufficient fund balance to support ongoing operations. However, the projections do not account for several significant and uncertain financial obligations, including capital improvements and legal liabilities.

Key Financial Risks

- **Legal Liability:** The borough faces a substantial financial risk from the Smith-Morris judgment. If the appeal is unsuccessful, the borough will need to identify funding sources to cover the \$2.6 million obligation.
- **Stormwater Infrastructure:** Unresolved stormwater issues pose a multi-million dollar liability. The lack of federal disaster designation for 2025 damages limits available relief, and grant funding is uncertain.
- **Facility Safety and Repairs:** The borough's core buildings require urgent safety-related repairs. Delays in securing funding could increase costs and risk operational disruptions.
- **Debt Service Uncertainty:** If the borough finances these liabilities through borrowing, future budgets will need to absorb unknown annual debt service costs.
- **Revenue Limitations:** The borough's current revenue structure lacks diversification. Without an earned income tax, it misses out on a reliable revenue stream that other municipalities have leveraged.
- **Healthcare Cost Growth:** Rising healthcare expenses are a major driver of increasing personnel costs, placing pressure on future budgets.

The borough currently has minimal debt, and there is capacity to increase property tax millage rates to generate more revenue, in addition to implementing an earned income tax.

Over the five-year projection period, tax revenues are expected to grow modestly, while non-tax revenues are projected to decline. Personnel costs are anticipated to increase significantly, driven primarily by rising healthcare expenses. Non-personnel costs are expected to decrease. General government expenditures are projected to rise due to healthcare costs, while public works and recreation spending will likely decline following capital investments made in 2025.

General Government

Honesdale borough has been challenged operationally in recent years with large amounts of turnover and absences across departments. The situation impacts leadership continuity, administrative clarity and organizational structure.

Frequent turnover in the manager's position, outdated ordinances, and undefined departmental roles have created gaps in oversight and efficiency. Financial management, while generally sound, requires

stronger internal controls, clearer policies, and more strategic planning to ensure long-term fiscal health.

Although the current interim manager has been effective, the employment arrangement through a third party vendor comes at significant cost. The borough should immediately seek a permanent borough manager considering factors such as compensation and appropriate experience.

Other recommendations are made throughout this chapter to improve the borough's approach to budgeting, capital planning, technology, insurance, and legal risk management, each of which is essential to sustaining effective government services. Initiatives range from modernizing office operations and digitizing records to evaluating the potential for Home Rule governance.

Facilities are another immediate area of concern. Borough buildings are facing significant health and safety issues such as deteriorating outside staircase, electrical issues, mold, ineffective boilers and air conditioning, and more. The borough should make remediation of these concerns a priority.

Labor and Personnel

Although not affluent, Honesdale borough ("Honesdale" or the "borough"), as noted in previous chapters, currently is in a stable financial condition. Based on PEL's reasonable and modest projections, the borough will remain in that condition for several years to come. The borough's financial position is an enviable one for many municipalities across the Commonwealth of Pennsylvania; however, it is not assured or enduring.

Labor and personnel costs are the highest cost center, accounting for more than 50% of the borough's general fund expenditures annually. That fact is not surprising since the municipality is a service-oriented organization. The good news is that the borough's current fiscal condition does not require drastic short and long-term cuts to the borough's overall compensation and service structure, which would be required if the borough were in or facing imminent fiscal distress. However, municipalities that are today in fiscal distress or worse were once in the same or better condition as the borough, and the borough's fiscal condition can change quickly. As a result, consistent and ongoing judicious, practical, and sensible oversight is a necessity. The recommendations in this report are drafted with that requirement in mind.

In light of the challenge to remain diligent and proactive that faces the borough, it is important for the borough to note that most of its personnel costs emanate from the borough's public safety services, which in this case is the police department. This is not unusual in any municipality, but it is a factor which makes it imperative that the borough remain vigilantly proactive in controlling personnel costs. Reducing the personnel costs of a public safety department can be challenging, so it is imperative that the borough resist and not increase such costs unnecessarily because once the costs are in place, the challenge to reduce and control future increases is magnified.

While the borough's finances have been steady, the same cannot be said of its population. Since its high in 1940, the borough's population has been consistently in decline. This is important not only because of the impact it can have on revenues, but it also dictates the services and the level of services that the borough can and should provide.

In addition, other demographic information reveals that the borough trails the Commonwealth averages in several key areas. This provides a further basis to highlight why the borough needs to be guarded in its fiscal outlook. Household income for a household in the borough was \$32,644, and the median income for a family was \$42,088. Males had a median income of \$33,553 versus \$30,179 for females. The per capita income for the borough was \$20,122. About 19.1% of families and 19.6% of the population were below the poverty line, including 33.4% of those under age 18 and 10.7% of those age 65 or over.

Further, historical and demographic data for municipalities in northeastern Pennsylvania and municipalities of a similar class, i.e., boroughs, reinforce such an approach. This will necessitate that the borough take an objective and candid view of the necessity and practicality of maintaining its services as they currently exist. The borough does not appear to be on the immediate threshold of fiscal distress, but caution is advised to protect the taxpayers and the public purse.

Public Safety

Despite a relatively low crime rate, the Honesdale Borough Police Department grapples with staffing limitations, leadership transitions, and budgetary pressures.

The small department is operating at less than capacity with a chief that has an uncertain return date from workers' compensation, an open full-time officer position and a vacant civilian support staff position. Departmental challenges have led to questions regarding the status of the department. The uncertainty has raised issues of departmental morale and added to the personnel challenges.

Given the borough's position as the county seat with a main hospital, a significant downtown business district and a large amount of tourism, it is prudent to maintain some level of local police services, particularly during the day.

There has been some internal discussion regarding whether to staff the department with full-time officers or use only part-time officers such as in the neighboring borough of Hawley.

Many boroughs have sought to reduce police expenditures through greater use of part-time officers. Recently, however, recruitment and retention for both part-time and full-time officers has become a struggle statewide.

Advantages generally cited for full-time police officers are greater accountability, higher officer retention, consistency of training and stronger ties to the community. In particular, part-time officers often have flexibility issues that can make scheduling a challenge.

However, part-time officers have the advantage of reduced payroll expenditures. In the case of Honesdale, many of the current part-time officers have been stable employees.

It is up to the borough council, weighing the various factors, to make the policy decision regarding the police department's ultimate structure, which could also include regional or contract options, but it should make that decision and commit to implementing the agreed upon vision.

The fire department, composed of four volunteer companies, extends its reach far beyond borough boundaries, serving multiple municipalities with dedication and professionalism, yet faces outdated funding agreements and the need for clearer intergovernmental coordination.

Emergency medical services, once locally based, now rely on external providers, raising concerns about response times and service reliability. Meanwhile, the borough's emergency management efforts benefit from seasoned leadership and interagency collaboration, particularly in response to severe weather and natural disasters.

As the borough looks ahead, proactive measures in staffing, intermunicipal agreements, emergency response, and code enforcement will be essential to sustaining a safe and vibrant community.

Public Works

The Public Works Department in Honesdale has undergone a period of significant transition and rebuilding. Following a complete staff turnover in 2024, the department was left with only its newly appointed director, Dave Nilsen, to manage operations. Through determined recruitment efforts, staffing was restored by mid-2025, bringing the department back to its full complement of five full-time employees. This revitalization has enabled the borough to resume essential services such as road maintenance, stormwater management, winter operations, and park upkeep across its 17.8 miles of roadway and nine parks.

Despite these gains, the department faces ongoing challenges. Equipment needs remain pressing, with no formal replacement schedule in place. Recent purchases, including an asphalt hotbox and a zero-turn mower, have improved efficiency, but a long-term capital plan is needed. Partnerships with contractors and institutions have helped maintain traffic signals and winter services, though renegotiation of agreements is recommended to better reflect borough costs. LED streetlight conversions and grant applications for infrastructure upgrades signal a forward-looking approach.

Facility assessments revealed serious deficiencies at both public works buildings, including plumbing, electrical, structural, and safety concerns. Priority repairs and system upgrades are recommended, along with improved drainage and ongoing maintenance. The borough is also advised to conduct a formal assessment of its secondary facility and address access and storage limitations.

Stormwater management emerged as a critical issue following damage from Tropical Storm Debby and subsequent heavy rains. The borough lacks a comprehensive map of its stormwater infrastructure, complicating emergency response and long-term planning. Mapping efforts are now underway, and a full Stormwater Management Plan is in development. Permanent repairs are estimated to cost between \$2.5 million and \$3 million dollars, and aggressive pursuit of grant funding is essential.

Economic and Community Development and Parks and Recreation

Nestled in the heart of Wayne County, Honesdale Borough stands as a vibrant economic and cultural hub, blending historic charm with forward-looking development. With its scenic rivers, parks, and architectural heritage, Honesdale offers both residents and visitors a unique small-town experience enriched by diverse businesses, dining, and cultural opportunities. Recognizing the

importance of preserving this character while fostering growth, the borough has embraced a collaborative approach to economic and community development.

Central to this effort is the borough's partnership with the Greater Honesdale Partnership (GHP), designated as its official economic development agency. Together, they have spearheaded initiatives such as the Downtown Revitalization Plan, which outlines a shared vision for enhancing the borough's appeal and economic vitality. This plan has already led to significant investments in infrastructure, storefront improvements, and public spaces supported by grants from programs like the state Local Share Account, Keystone Partnership, and Multi-Modal Transportation.

Honesdale's commitment to inclusive development is further reflected in its participation in the Community Development Block Grant (CDBG) program, which targets infrastructure improvements and support for low-income residents. Projects such as the 12th Street Connector and Ridge Street paving exemplify the borough's strategic use of funding to improve accessibility and quality of life.

Beyond economic initiatives, Honesdale is actively engaged in regional planning and recreation development. As part of the Central Wayne Region, the borough contributed to a Multi-Municipal Comprehensive Plan aimed at guiding sustainable growth across neighboring communities. With 15 years since its adoption, the borough should update this plan to reflect evolving needs and priorities.

In the realm of parks and recreation, Honesdale boasts an impressive array of public amenities from Central Park to the Apple Grove Dog Park. A proposed Comprehensive Park Plan and potential partnerships with nearby municipalities like Hawley aim to revitalize recreational offerings and enhance regional connectivity.

Together, these efforts underscore Honesdale's dedication to building a resilient, welcoming, and economically vibrant community. By aligning local initiatives with regional strategies and leveraging public-private partnerships, the borough is well-positioned to shape a future that honors its past while embracing opportunity.

Observations and Recommendations

Honesdale Borough stands at a pivotal moment in its evolution. While the community has demonstrated fiscal stability and resilience in recent years, it faces a complex mix of demographic, economic, and infrastructure challenges that demand strategic action. To ensure a sustainable and vibrant future, three key recommendations emerge from the borough's comprehensive assessment.

First, Honesdale must strengthen its fiscal resilience by diversifying revenue sources and controlling rising costs. Although the borough has maintained consistent budget surpluses, projections show a narrowing financial margin, driven largely by escalating personnel expenses.

The borough's reliance on property taxes alone leaves it vulnerable to economic shifts and legal liabilities, such as the pending Smith-Morris judgment and stormwater infrastructure repairs. Introducing an earned income tax would provide a more balanced and reliable revenue stream, while proactive cost management, particularly in the police department, will be essential to preserving long-term fiscal health.

Second, modernizing governance and administrative operations is critical to improving efficiency and transparency. Frequent leadership turnover, outdated ordinances, and unclear departmental roles have created gaps in oversight and hindered strategic planning. The borough should seek to hire a permanent borough manager to provide stability. In addition, strengthening internal controls, updating financial policies, and investing in technology, such as digitizing records and streamlining office operations, will enhance service delivery and public trust. Exploring Home Rule governance could also offer greater flexibility and autonomy in addressing local needs.

Third, the borough must continue investing in infrastructure and community development to support growth and quality of life. Aging housing stock, deteriorating public facilities, and stormwater vulnerabilities pose significant risks.

A comprehensive Stormwater Management Plan, paired with aggressive pursuit of grant funding, is essential to mitigating future damage. Simultaneously, ongoing collaboration with the Greater Honesdale Partnership and regional stakeholders will help revitalize downtown, expand recreational amenities, and update long-term planning documents like the Multi-Municipal Comprehensive Plan.

Together, these recommendations chart a path toward a more resilient, responsive, and forward-looking Honesdale, one that honors its historic character while embracing the opportunities of tomorrow.

Chapter 1

Government Structure and Demographics

In 2025, the Pennsylvania Economy League Central Division (PEL) undertook an analysis of the financial condition of Honesdale borough under the Commonwealth's Strategic Management Planning Program. The goals of the analysis were to determine the borough's current and future overall financial condition.

The current analysis involved a review of the borough's financial reports, independent audits, debt payment schedules, pension obligations, the 2024 and 2025 budgets, other fiscal data, and additional relevant information and factors that may affect the current and future financial condition of the borough, including sociodemographic data. Furthermore, PEL staff participated in discussions with borough officials.

PEL acknowledges and appreciates the full cooperation of all who contributed to the preparation of this study, including the Honesdale elected officials and staff. The analysis could not have been successfully completed without their assistance.

During this project, PEL:

- Analyzed the borough's financial history from 2020 through 2024 focusing on such factors as revenues, expenditures, tax base, operating positions, and debt structure.
- Examined the historical data and the 2025 budget in relation to ongoing operations, salary and benefit requirements and other obligations of the borough.
- Reviewed all tax bases and revenues, major user fees and other revenue sources.
- Projected, to the extent possible based on known factors and available data, revenues, and expenditures for 2025 through 2029 assuming continuation of obligated levels of wages and operations, existing revenue patterns and other operating trends.
- Made recommendations to assist the borough in developing and improving its administration, public works, economic development, and public safety services.

Government Overview

Introduction

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 of or classifications of municipal governments: cities (of the first, second, second class A 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, among others, 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.

Government Structure

Honesdale operates under Pennsylvania's Borough Code. The form of government established by the code is characterized by a strong and dominant council and a weak executive in terms of duties, responsibilities, and powers.

Honesdale Borough Council is comprised of seven members elected to four-year terms who serve at-large. The powers of the council set forth in the Borough Code are broad and extensive, covering virtually the whole range of municipal functions. The general supervision of borough affairs is in the hands of the council, and many of the roles found in separate branches or levels of the state and federal governments are combined in the council members. The council serves as the legislative body by setting policy, enacting ordinances, and resolutions, adopting budgets and levying taxes.

The council may also perform executive functions, such as developing the budget, enforcing ordinances, approving expenditures, and hiring employees. While the council may also play a large role in administrative activities by overseeing the day-to-day operation of a borough government, that function in Honesdale is handled by an appointed borough manager.

In December 2011, council enacted an ordinance establishing the position, defining its appointment process, qualifications, powers, and duties. The borough manager serves as the chief administrative officer, executing council policies and overseeing day-to-day municipal operations.

The position of mayor has few statutory powers in the Borough Code. The mayor has no vote on the council except to break ties. Borough mayors retain limited administrative powers, chiefly centered on supervising the daily operations of the police department. In addition to Honesdale's elected mayor, there is an elected tax collector.

Location

Honesdale, the county seat of Wayne County, is situated in the scenic Pocono region of Pennsylvania. The Borough is located in central Wayne County and encompasses a total area of 4.0 square miles, of which 3.9 square miles is land and 0.1 square miles is water. The Lackawaxen River flows through the center of Honesdale, where it converges with Dyberry Creek, contributing to the Borough's distinctive landscape and water resources. Honesdale is bordered by Berlin Township to the East; Texas Township to the South and West and Dyberry Township to the North.

History

Originally known as "Dyberry Forks," the Borough of Honesdale played a pivotal role in 19th-century American transportation and industry. The town emerged as the terminus of the Delaware & Hudson (D&H) Canal, a 108-mile waterway stretching from Honesdale to Rondout, New York, on the Hudson River.

The village was laid out in 1826 in conjunction with the canal's construction. In 1829, it was renamed Honesdale in honor of Philip Hone, the first president of the D&H Canal Company and a former Mayor of New York City. Incorporation followed shortly after, on January 28, 1831.

Honesdale was also the site of a landmark event in transportation history. On August 8, 1829, engineer Horatio Allen operated the “Stourbridge Lion,” the first locomotive to run on a commercial track in the Western Hemisphere. The locomotive, imported from England, successfully traveled a three-mile round trip to Seelyville. Though ultimately too heavy for the rails of the time, the Stourbridge Lion marked the dawn of the American railroad era. A full-size working replica built in 1932 for the Chicago Century of Progress exposition is now on display at the Wayne County Historical Society in Honesdale.

The D&H Canal was a vital infrastructure project that facilitated the shipment of anthracite coal from Carbondale’s mines to New York City. Coal was initially brought by a gravity railroad from the mines to Honesdale. From there, it was loaded onto barges for the journey through the canal to Kingston, NY, and finally transported via the Hudson River to New York City. This combination of canal and early rail technologies helped fuel industrial growth in the Northeast and placed Honesdale at the forefront of American innovation and commerce in the 19th century.

Demographic Patterns

Introduction

The demographic profile of Honesdale Borough reveals a community in transition, shaped by long-term population decline, economic shifts, and changing housing and income patterns. Once peaking at 5,687 residents in 1940, Honesdale’s population has steadily decreased, falling by 14.5 percent from 1970 to 2023, reaching just 4,465 residents. In contrast, Wayne County, which surrounds the borough, experienced a 73 percent population increase over the same period.

Age distribution trends show a shrinking youth population, with residents under 18 now comprising only 16.5 percent of the total, down from 22.1 percent in 1990. Meanwhile, the working-age population (18–64) has remained relatively stable at around 2,700 residents, now representing 62.2 percent of the borough. The senior population (65 and over) accounts for 21.3 percent, reflecting a community with a significant number of retirees.

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Housing data underscores the borough’s aging infrastructure. Over half of Honesdale’s housing stock was built before 1940, and while owner-occupied units have rebounded slightly to 53.2 percent of total housing, renter-occupied units remain substantial at 36.9 percent, with 9.8 percent of units vacant—some likely seasonal due to the borough’s location in the Pocono Mountains.

Economic indicators reveal growing disparities. The median value of an owner-occupied home in Honesdale rose by 125.8 percent from 1990 to 2023, reaching \$180,600, but still lags behind Wayne County (\$228,200) and Pennsylvania (\$240,500). Similarly, median household income in Honesdale increased by only 36.4 percent over the same period, compared to 82.4 percent in the county and 84.1 percent statewide.

Educational attainment and employment also reflect challenges. While 21.3 percent of residents hold a bachelor’s degree or higher—comparable to Wayne County—Honesdale’s employment rate is just 44.3 percent, and its poverty rate stands at 28.0 percent, more than double the county and state averages.

These statistics paint a picture of a borough facing demographic and economic headwinds yet also showing signs of resilience and potential for revitalization. Understanding these trends is essential for shaping policies and investments that support a sustainable and vibrant future for Honesdale.

Historical data from this section has been drawn from the U.S. Census and the five-year American Community Survey (ACS). Data from 2023 is from the ACS. For details on how the ACS differs from the U.S. Census, go to <https://www.census.gov/programs-surveys/acs/about/acs-and-census.html>

Population

Honesdale borough’s population has steadily declined since 1970 in keeping with historical patterns. The population declined 14.5 percent from 1970 to 2023. In contrast, Wayne County has grown by 73 percent since 1970. Honesdale’s population peaked in 1940 at 5,687 after seeing a dramatic rise in population between 1920 and 1930.

Table 1.1 Honesdale Borough and Wayne County Population, 1970 to 2023

	1970	1980	1990	2000	2010	2023	Change 1970 - 2023	
							#	%
Borough of Honesdale	5,224	5,128	4,972	4,874	4,580	4,465	-759	-14.5
Wayne County	29,581	35,237	39,944	47,722	52,822	51,189	21,608	73.0

Figure 1.1 Honesdale Borough and Wayne County Population, 1970 to 2023

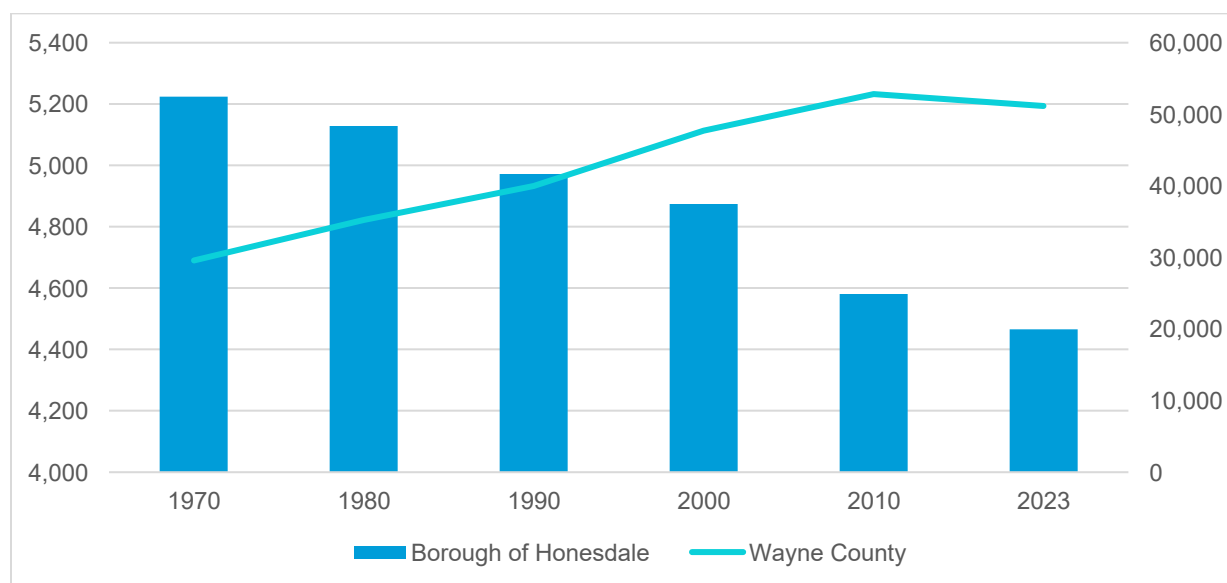
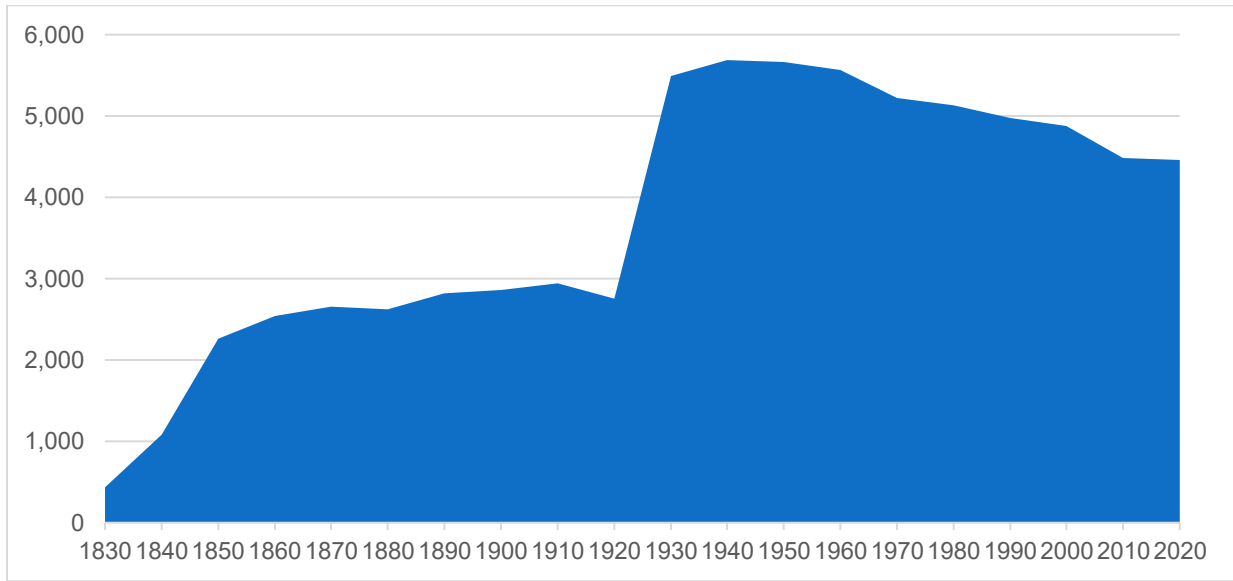


Figure 1.2 Honesdale Historical Population, 1830 to 2020



Population by Age

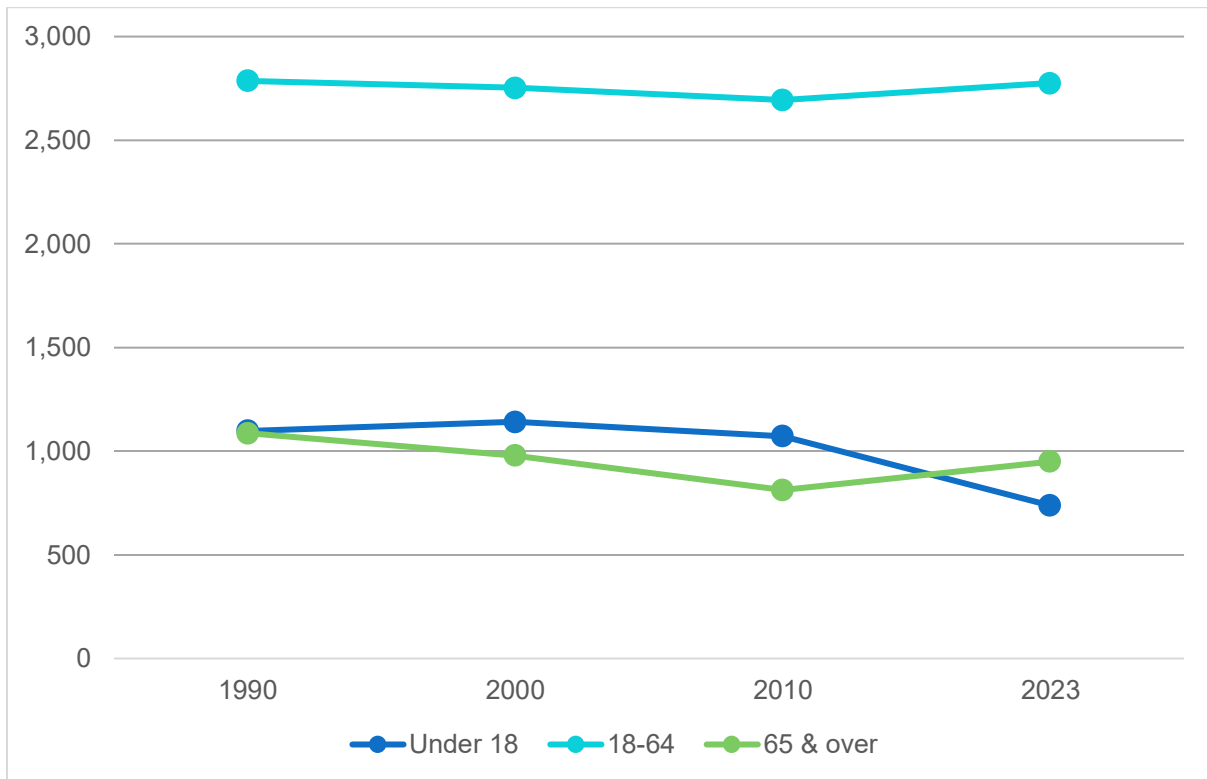
Honesdale’s working age population of 18 to 64 remained at approximately 2,700 residents throughout the historical review period, ranging from 56 percent to 62 percent of the total population. The under 18 population demonstrated the most decline, dropping to 16.5 percent of the total by 2023. The 65 and over population was at roughly 20 percent of the population except for 2010.

The working age population generally supplies a significant proportion of tax revenue, primarily through property and earned income taxes. The under age 18 population can serve as a “feeder” population for the municipality. Those over 65 are more likely to be on a fixed income and not pay earned income taxes.

Table 1.3 Honesdale Population by Age, 1990 to 2023

Age Group	Total Population					Percent of Total			
	1990 #	2000 #	2010 #	2023 #	Change 1990-2023 #	1990 %	2000 %	2010 %	2023 %
Under 18	1,099	1,142	1,073	738	-361	22.1	23.4	23.4	16.5
18-64	2,786	2,753	2,694	2,776	-10	56.0	56.5	58.8	62.2
65 & over	1,087	979	813	951	-136	21.9	20.1	17.8	21.3
Total Population	4,972	4,874	4,580	4,465	-507	100.0	100.0	100.0	100.0

Figure 1.3 Honesdale Population by Age, 1990 to 2023



Net Migration

Honesdale’s births outpaced deaths from 1990 to 2009, when deaths began to outpace births. As a result, the borough’s population loss from 1990 through 2009 is a result of residents moving out of the borough. From 2010 to 2023, however, Honesdale experienced more people moving into the borough, which helped to stabilize the population in the last decade.

Table 1.4 Honesdale Net Migration, 1990 to 2023

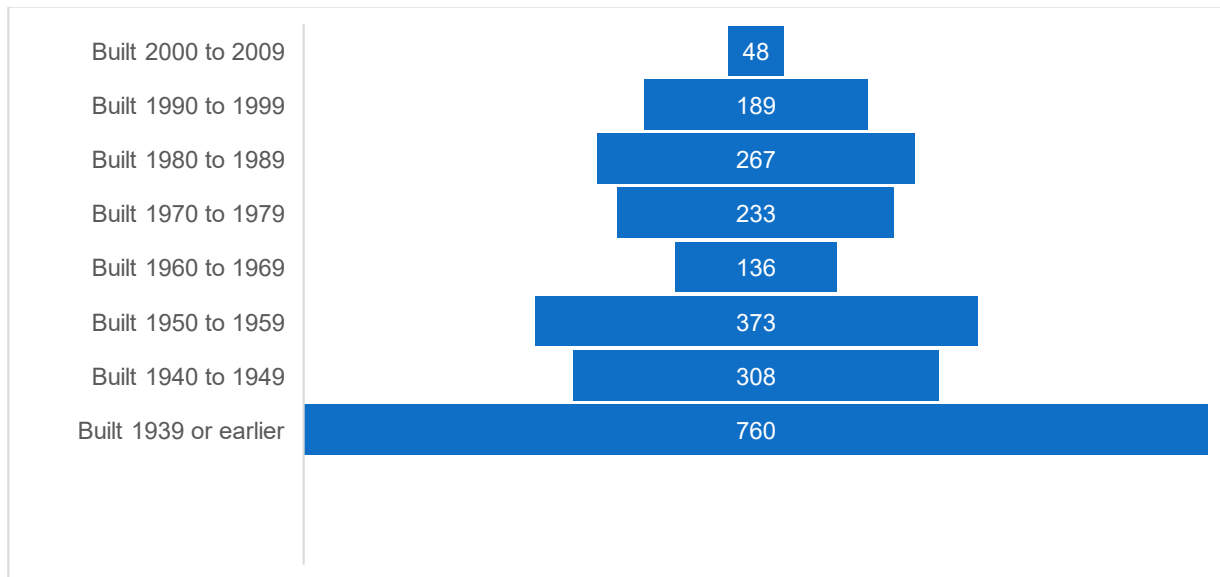
	1990 to 1999	2000 to 2009	2010 to 2023	1990 to 2023
Total Population (start)	4,972	4,874	4,580	4,972
Total Population (end)	4,874	4,580	4,465	4,465
Total Population Change (a)	-98	-294	-115	-507
Births	843	813	699	2,355
Deaths	749	694	913	2,356
Natural Pop. Change (b)	94	119	-214	-1
Net Migration (a minus b)	-192	-413	99	-506

Housing

Age of Housing

The largest percentage of Honesdale’s housing was built prior to 1940. Older housing units can be more prone to blight and often have lower value than newer housing units.

Figure 1-4 Honesdale Age of Housing Stock,



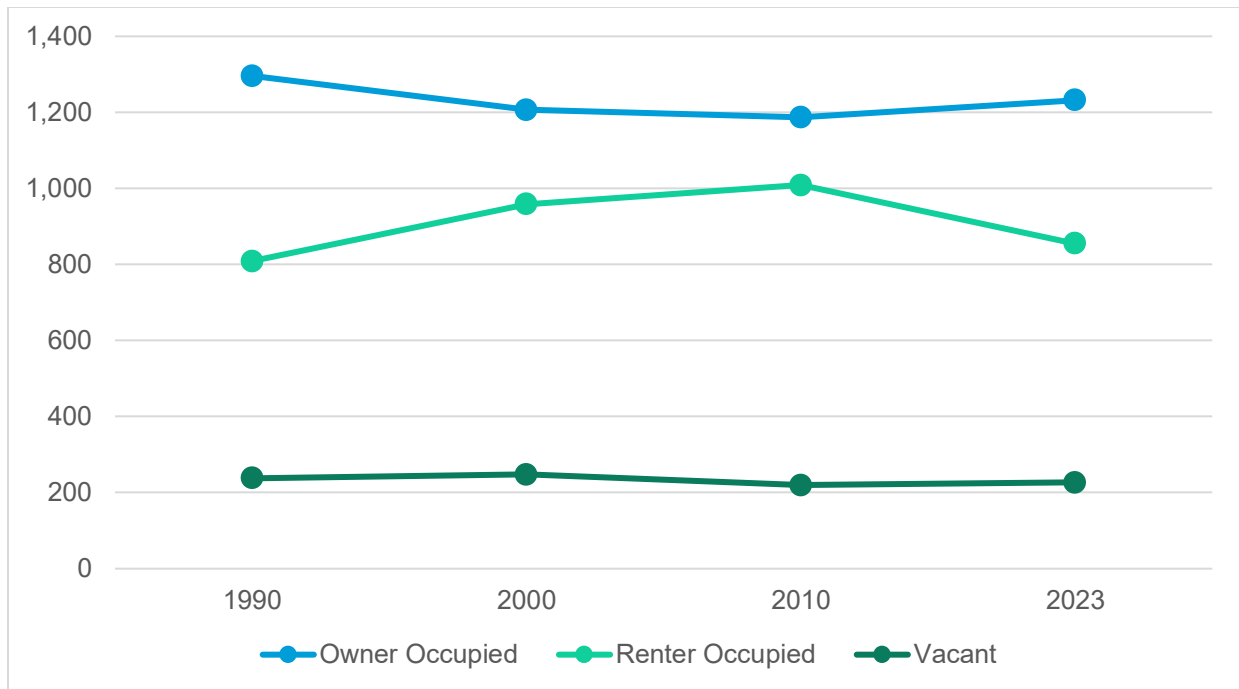
Owner Occupied, Renter Occupied and Vacant Housing Units

Roughly half of housing units are owner occupied while approximately 35 percent to 40 percent are renter occupied, and the remaining units are vacant. Because of its location in the Pocono Mountains, vacant units could be seasonal housing. Owner occupied housing units declined in 2000 and 2010 but since have increased.

Table 1.5 Owner occupied, renter occupied and vacant housing in Honesdale, 1990 to 2023

	Total Housing Units					Percent of Total			
	1990	2000	2010	2023	Change 1990-2023	1990	2000	2010	2023
	#	#	#	#	#	%	%	%	%
Owner Occupied	1,296	1,207	1,187	1,232	-64	55.3	50.0	49.1	53.2
Renter Occupied	809	959	1,009	855	46	34.5	39.7	41.8	36.9
Total Occupied	2,105	2,166	2,196	2,087	-18	89.8	89.7	90.9	90.2
Vacant	238	248	220	227	-11	10.2	10.3	9.1	9.8
Total Units	2,343	2,414	2,416	2,314	-29	100.0	100.0	100.0	100.0

Figure 1.5 Owner occupied, renter occupied and vacant housing units in Honesdale, 1990 to 2023



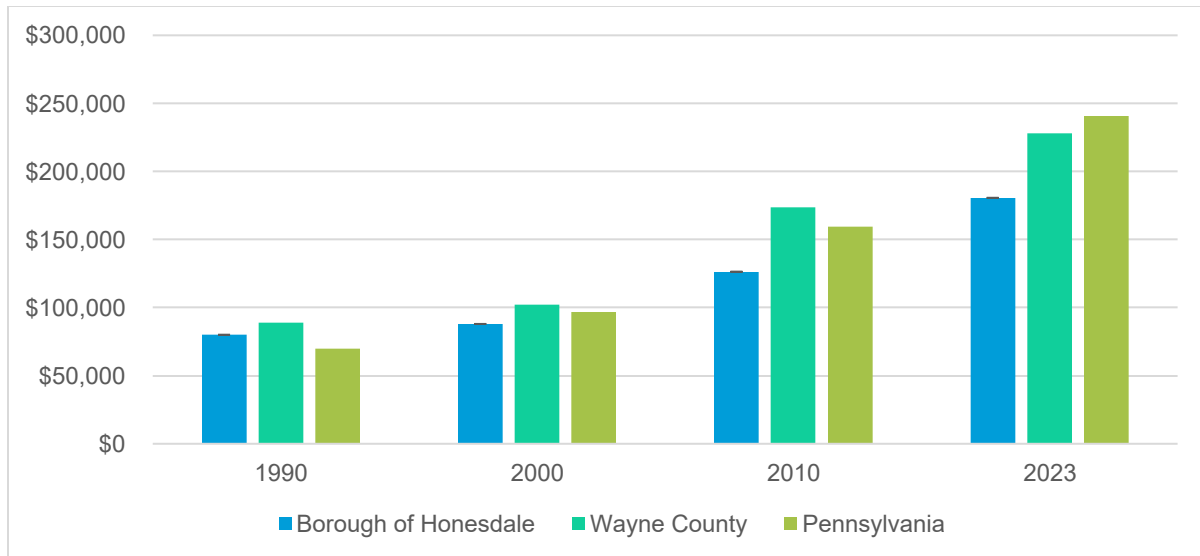
Median Housing Value of an Owner-Occupied Home

In 2023, the median value of an owner-occupied home in Honesdale was below Wayne County and the state. Values in Honesdale from 1990 to 2023 grew by 125.8 percent, while the county grew by 156.7 percent and the state by 245.1 percent. The gap between housing values in Honesdale and in the county and state has grown over time.

Table 1.6 Median Housing Value of an Owner-Occupied Home, Honesdale, Wayne County and Pennsylvania, 1990 to 2023

	1990	2000	2010	2023	Change 1990 - 2023	
					\$	%
Borough of Honesdale	\$80,000	\$88,000	\$126,300	\$180,600	100,600	125.8
Wayne County	\$88,900	\$102,100	\$173,600	\$228,200	139,300	156.7
Pennsylvania	\$69,700	\$97,000	\$159,300	\$240,500	170,800	245.1

Figure 1.6 Median Housing Value of an Owner-Occupied Home, Honesdale, Wayne County and Pennsylvania, 1990 to 2023



Income

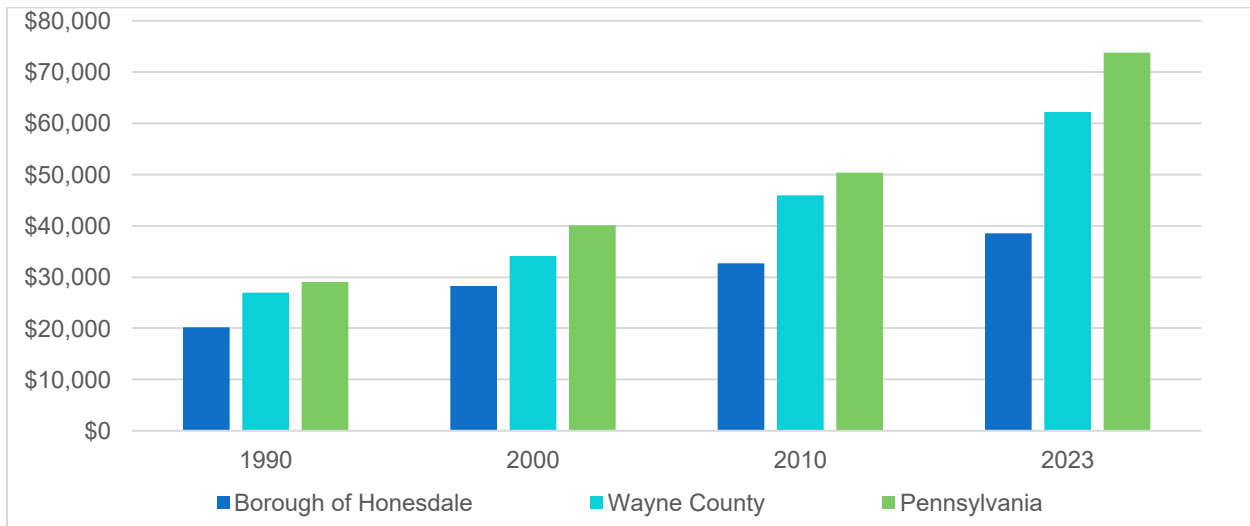
Median Household Income

Honesdale’s median household income is also lower than both the county and the state, and, like housing values, the gap has widened over the last several decades. Median household income in Honesdale from 1990 to 2023 rose by only 36.4 percent compared to 82.4 percent in the county and 84.1 percent in the state for the same time period.

Table 1.7 Median Household Income in Honesdale, Wayne County and Pennsylvania, 1990 to 2023

	1990	2000	2010	2023	Change 1990-2022	
					\$	%
Borough of Honesdale	20,213	28,209	32,644	38,469	10,260	36.4
Wayne County	26,912	34,082	45,930	62,182	28,100	82.4
Pennsylvania	29,069	40,106	50,398	73,824	33,718	84.1

Figure 1.7 Median Household Income in Honesdale, Wayne County and Pennsylvania, 1990 to 2023



Education, Employment, Poverty

Current measures show Honesdale’s residents are similarly educated as the county but less educated than the state. The borough’s employment rate is lower than the county and state, and its poverty rate is higher is more than double.

Table 1.8 Education, Employment and Poverty, 2023

	Bachelor’s Degree or Higher	Employment Rate	Poverty
Honesdale	21.3%	44.3%	28.0%
Wayne County	21.6%	47.5%	12.2%
Pennsylvania	35.3%	60.0%	12.0%

Chapter 2

Historical Projections

Introduction

Between 2020 and 2024, Honesdale Borough demonstrated a generally stable financial position, marked by consistent surpluses in four out of five years. The only deficit occurred in 2023, largely due to elevated capital expenditures. However, when one-time revenues and expenses—such as grants, asset sales, and interfund transfers—were excluded, the borough maintained surpluses throughout the entire period, underscoring a sound underlying fiscal structure.

Revenue growth was steady, with total revenues increasing by nearly 22 percent over the five years. Tax revenues, which made up over 70 percent of the borough's income, rose by 15 percent, driven primarily by real estate taxes. A county-wide reassessment in 2023 significantly increased assessed property values by 35.4 percent but also triggered a temporary reduction in millage rates due to anti-windfall provisions. Non-tax revenues, including grants, planning and zoning fees, and parking income, grew even more sharply—by over 42 percent—reflecting both increased activity and strategic funding efforts.

On the expenditure side, total spending rose by nearly 39 percent. Personnel costs remained the largest category, accounting for about half of all expenditures. Salaries and wages increased by nearly 47 percent, while retiree healthcare costs became a growing concern, eventually surpassing active employee healthcare costs in 2022. Pension expenses, on the other hand, declined significantly over the period.

Non-personnel expenditures also climbed, particularly in legal services, capital projects, and maintenance. Capital spending peaked in 2023, contributing to that year's deficit. Departmental spending varied, with general government costs rising over 40 percent, police spending increasing modestly, and fire department donations peaking in 2023. Recreation spending saw the most dramatic growth—over 300 percent—largely due to investments in the borough pool. Public works expenditures fluctuated due to capital activity and staffing changes, including a complete turnover of the workforce in 2024.

Finally, the borough's property valuation trends revealed a long-standing mismatch between assessed and market values. From 2005 to 2022, assessed values grew by just 3.9 percent, while market values surged nearly 79 percent. The 2023 reassessment helped close this gap but raised concerns about potential appeals and the sustainability of real estate tax revenues.

Overall, the chapter paints a picture of a borough that has managed its finances prudently, while navigating structural challenges and making strategic investments in infrastructure and services.

Methodology

PEL compiled this historical review of the borough's financials through analysis of year-end financial reports, independent audits, annual budgets, salary and benefit data, pension obligations

and other financial obligations, as well as interviews with borough officials. The historical review concentrates on the General Fund.

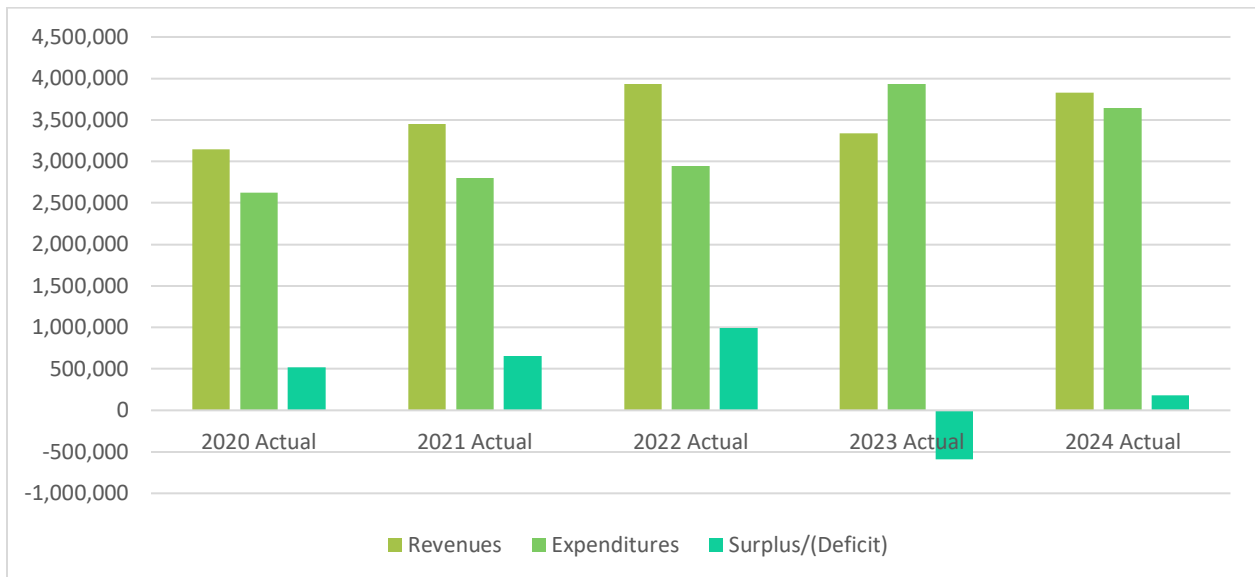
Summary

Honesdale borough experienced mostly surpluses from 2020 to 2024 with one deficit in 2023.

Table 2.1 Revenues, Expenditures and Surplus/(Deficit)

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Revenues	3,146,597	3,454,885	3,935,435	3,342,576	3,829,179
Expenditures	2,626,987	2,800,760	2,944,705	3,933,435	3,646,447
Surplus/(Deficit)	519,610	654,125	990,731	-590,859	182,732

Figure 2.1 Revenues, Expenditures and Surplus/(Deficit)



Adjusted Summary

The adjusted summary removes one-time revenues and expenditures like capital, grant revenue, payroll reimbursement, transfers, sale of assets, heart and lung, and tax anticipation notes. The adjusted summary produces surpluses in all five years.

Table 2.2 Adjusted Revenues, Expenditures and Surplus/(Deficit)

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Revenues	3,146,597	3,454,885	3,935,435	3,342,576	3,829,179
Less:					
Grant Revenue	-149,500	-9,507	-508,134	0	-315,064
Payroll Reimbursement	-37,724	-8,473	0	-6,410	-2,880
Sale of Assets	0	0	-8,191	-3,350	-1,565
Transfers	0	-247,035	-288,234	-148,428	-50,214
TRAN	-75,000	-100,000	0	0	0
Net Revenue	2,884,373	3,089,870	3,130,876	3,184,388	3,459,456
Expenditures	2,626,987	2,800,760	2,944,705	3,933,435	3,646,447
Less:					
Grant Expenses	-145,269	-14,409	-22,911	-15,495	-372,282
Capital	-248,218	-233,444	-288,707	-1,037,354	-544,147
Heart & Lung	-49,428	-24,220	0.00	0.00	0.00
TRAN	-75,724	-100,736	0	-5,410	0
Net Expenditures	2,108,348	2,427,951	2,633,087	2,875,176	2,730,018
Surplus/(Deficit)	776,025	661,919	497,789	309,212	729,438

Assessed Value and Market Value

The assessed value of Honesdale as determined by Wayne County increased by only 3.9 percent from 2005, the last reassessment, to 2022. In contrast, market value as determined by the State Tax Equalization Board (STEB) grew by 78.8 percent during that same time. Wayne County was reassessed in 2023, increasing assessment value in the borough by 35.4 percent. As a result, the borough’s ratio of assessed value to market value is now 137 percent.

Low assessment growth results in the inability of real estate taxation to keep up with inflation absent tax millage increases. On the other hand, assessed value that is above market value often results in appeals.

Table 2.3 Assessed Value and Market Value

Year	Market Value	Change	% Change	Assessed Value	Change	% Change	Ratio of Assessed To Market Value
2005	170,237,000	56,000	0.0	259,233,900	245,162,000	1,742.2	152.3%
2006	216,099,400	45,862,400	26.9	260,729,950	1,496,050	0.6	120.7%
2007	216,600,300	500,900	0.2	261,330,510	600,560	0.2	120.7%
2008	248,527,815	31,927,515	14.7	266,699,490	5,368,980	2.1	107.3%
2009	248,535,660	7,845	0.0	266,702,730	3,240	0.0	107.3%
2010	269,314,017	20,778,357	8.4	267,347,930	645,200	0.2	99.3%
2011	268,329,870	-984,147	-0.4	266,530,530	-817,400	-0.3	99.3%
2012	282,133,499	13,803,629	5.1	267,868,750	1,338,220	0.5	94.9%
2013	283,217,550	1,084,051	0.4	268,729,570	860,820	0.3	94.9%
2014	289,696,705	6,479,155	2.3	269,826,370	1,096,800	0.4	93.1%
2015	291,132,542	1,435,837	0.5	271,293,970	1,467,600	0.5	93.2%
2016	288,483,393	-2,649,149	-0.9	269,046,970	-2,247,000	-0.8	93.3%
2017	288,929,333	445,940	0.2	269,504,670	457,700	0.2	93.3%
2018	281,880,798	-7,048,535	-2.5	267,845,270	-1,659,400	-0.6	95.0%
2019	281,775,087	-105,711	0.0	267,690,070	-155,200	-0.1	95.0%
2020	284,506,621	2,731,534	1.0	268,193,650	503,580	0.2	94.3%
2021	286,800,602	2,293,981	0.8	270,150,950	1,957,300	0.7	94.2%
2022	304,372,432	17,571,830	5.8	269,244,696	-906,254	-0.3	88.5%
2023	304,372,432	0	0.0	416,556,399	147,311,703	35.4	136.9%
Change 2005 - 2022		134,135,432	78.8		10,010,796	3.9	
Average		7,890,320	3.7		588,870	0.2	
Change 2011 - 2023		36,042,562	13.4		150,025,869	56.3	
Average		2,696,801	0.9		11,477,575	2.8	

Revenue

Tax revenue fluctuated but ended the historical review period 15 percent higher. Nontax revenue also varied, ending the review period 42.3 percent higher than in 2020. Generally, tax revenue provided over 70 percent of total revenues, while nontax revenue contributed over one-quarter of total revenues.

Table 2.4 Total Revenues

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	Change 2020-2024	
						\$	%
Tax Revenue	2,382,247	2,499,695	2,478,462	2,424,066	2,741,848	359,601	15.1
Nontax Revenue	764,350	955,190	1,456,973	918,510	1,087,332	322,981	42.3
Total Revenue	3,146,597	3,454,885	3,935,435	3,342,576	3,829,179	682,582	21.7
Tax Revenue	75.7	72.4	63.0	72.5	71.6		
Nontax Revenue	24.3	27.6	37.0	27.5	28.4		
Total Revenue	100.0	100.0	100.0	100.0	100.0		

Tax Revenue

Real estate tax revenue is the borough’s largest source of revenue, providing approximately 80 percent of total tax revenues. Real estate revenue was 12.6 percent or \$245,472 higher in 2024 than in 2020. Wayne County’s reassessment in 2023 triggered a reduction in general purpose millage for that year based on the anti-windfall provision of assessment law. Millage was reduced from 7.26 mills to 4.53 mills. Collections for general purpose real estate revenue in 2023 were lower following the change.

Recreation millage increased in 2023 from 0.3 to 0.36. As a result, with the new assessment values, recreation millage revenue almost doubled the following year. The fire millage rate increased in 2022 and was then lowered in 2023 after the assessment. Fire tax revenues were 23 percent higher in 2024 than in 2020. Debt service millage was added in 2024.

Local services tax revenue, which reflects the number of jobs in the borough, fluctuated but ultimately was approximately 2 percent lower in 2024 than in 2020.

Realty transfer tax varies annually with activity and provided 3 percent to 4 percent of total tax revenue. Per capita revenue, which is less than 1.0 percent of total tax revenue, declined 33 percent from 2020 to 2024. Per capita revenue includes delinquent payments of \$8,198 in 2020 and \$2,457 in 2023. The more aggressive approach to delinquent collections appeared to help current collections in 2024, which were roughly \$2,000 higher than average.

Table 2.5 Total Tax Revenues

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	Change 2020-2024	
						\$	%
Real Estate Taxes	1,943,232	2,039,481	1,972,242	1,865,325	2,188,704	245,472	12.6
Recreation Tax	74,886	77,729	76,901	141,019	146,541	71,655	95.7
Debt Service Tax	0	0	0	0	8,650	8,650	0.0
Fire Tax	99,902	103,638	127,840	125,364	123,274	23,372	23.4
Realty Transfer Tax	71,611	102,228	113,010	108,394	90,809	19,198	26.8
Local Services Tax	174,342	165,742	178,251	172,260	171,617	-2,724	-1.6
Per Capita	18,275	10,816	10,219	11,703	12,253	-6,022	-33.0
Tax Revenue	2,382,247	2,499,695	2,478,462	2,424,066	2,741,848	359,601	15.1
Real Estate Taxes	81.6	81.6	79.6	77.0	79.8		
Recreation Tax	3.1	3.1	3.1	5.8	5.3		
Debt Service Tax	0.0	0.0	0.0	0.0	0.3		
Fire Tax	4.2	4.1	5.2	5.2	4.5		
Realty Transfer Tax	3.0	4.1	4.6	4.5	3.3		
Local Services Tax	7.3	6.6	7.2	7.1	6.3		
Per Capita	0.8	0.4	0.4	0.5	0.4		
Tax Revenue	100.0	99.6	99.6	99.5	99.6		

Table 2.6 Tax Rates

Tax Name	2020	2021	2022	2023	2024
General Purpose (mills)	7.45	7.45	7.26	4.53	5.42
Debt Service (mills)¹	0	0	0.09	0.05	0.12
Fire Equipment & Firehouses (mills)	0.4	0.4	0.5	0.32	0.34
Pensions and Retirement (mills)	0.5	0.5	0.5	0.32	0.32
Recreation (mills)	0.3	0.3	0.3	0.36	0.38
Real Estate - Total (mills)	8.65	8.65	8.65	5.58	6.58
Local Services Tax (LST) (dollars)	52	52	52	52	52
Realty Transfer (percent)	0.5	0.5	0.5	0.5	0.5
Per Capita (dollars)	5	5	5	5	5

Non-Tax Revenue

- Grant revenue, mostly for stormwater projects, was the borough’s largest source of non-tax revenue during the historical review period. The majority of grant money was from state sources including the Local Share Account and the state Department of Community and Economic Development. The borough also received minor recycling grants in three out of five years of less than \$500.
- Planning and zoning charges contribute 15 percent or more to total non-tax revenue. Charges include zoning permits, hearing fees, building permits, rental unit fees, rental inspections and related revenues associated with these services. This category fluctuates with activity but was 43 percent higher in 2024 than in 2020.

¹ Not recorded in the General Fund

- Parking fees and parking ticket revenue provide approximately 15 percent of annual non-tax revenues. Parking revenues were 65 percent higher in 2024 than in 2020.
- Transfers include \$223,944 in 2021 and \$225,461 in 2022 of American Rescue Plan Act funds to the General Fund.
- State aid for pensions peaked at \$87,418 in 2023 and then declined to \$81,790 in 2024. The difference between 2020 and 2024 was an increase of 11 percent.
- Foreign fire revenue, which the borough receives from the state, grew by 8.1 percent. The revenue is given to the borough's volunteer fire company.
- License and permit revenue is mostly cable franchise fees, which are declining in keeping with national trends to eliminate that service.
- Fines and forfeits are court fines received by the borough. Fines and forfeits peaked in 2024 at \$35,651, which was 67 percent higher than in 2020.
- Interest income is from the borough's certificates of deposit, which peaked at \$27,395 in 2024.
- Rents and royalties are from the rental of borough property. This category declined in 2024 when one of the two borough rental properties became empty.
- The largest sources of miscellaneous revenue are refunds that the borough receives from the Pennsylvania Municipal Health Insurance Cooperative (PMHIC). Refunds were: \$9,858, 2020; \$15,397, 2021; \$16,490, 2022; \$99,100, 2023; and \$49,983, 2024.
- Contract fire services include annual payments from Bethany Borough, and the townships of Cherry Ridge, Lebanon, Dyberry, and Oregon.
- Public safety revenue is mostly from false alarm fees, which have declined from 2020 to 2024.
- Parks and recreation include payment from EV Charging Inc. in 2020 of \$10,198.
- Highway and streets declined after a winter service agreement was terminated in 2023.
- Daily admission, memberships, swim lesson fees, and snack bar revenue make up the bulk of the swimming pool category starting in 2022. The average for this category was approximately \$26,000 annually.
- Reimbursements varied based on activity.
- Payroll reimbursements were received on heart and lung claims of \$37,190 in 2020 and \$8,472 in 2021.
- Transfers include American Rescue Plan Act funds of \$223,944 in 2021 and \$225,461 in 2022; and \$127,000 in 2023 and smaller transfers from debt service, liquid fuels and fire escrow funds.

Table 2.7 Total Non-Tax Revenues

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	Change 2020- 2024	
						\$	%
Licenses & Permits	57,226	60,025	61,232	52,349	46,918	10,308	-18.0
Fines & Forfeits	21,358	14,866	15,961	31,232	35,651	14,293	66.9
Interest	3,559	796	415	2,934	27,395	23,836	669.7
Rents & Royalties	9,050	10,750	10,325	9,381	5,525	-3,525	-39.0
Miscellaneous	17,684	29,460	22,075	103,987	55,623	37,940	214.5
Grant Revenue	149,500	9,507	508,134	0	315,064	165,564	110.7
PURTA	2,212	2,502	2,556	2,352	2,344	132	5.9
State Shared Revenue	1,200	2,400	2,337	2,307	4,000	2,800	233.3
State Aid for Pensions	73,857	76,757	72,526	87,418	81,790	7,933	10.7
Foreign Fire	24,853	21,892	26,808	26,535	26,860	2,007	8.1
Local Grants	2,000	0	0	30,000	0	-2,000	-100.0
Contract Fire Services	2,556	2,435	2,519	2,630	3,013	457	17.9
PILOTS	5,690	5,747	5,805	5,863	5,952	261	4.6
Planning & Zoning Charges	116,213	160,782	227,191	228,416	165,770	49,557	42.6
Public Safety	9,273	10,361	6,505	5,940	6,225	-3,048	-32.9
Parking	116,295	165,025	160,433	140,637	192,097	75,803	65.2
Parks & Rec	10,229	624	406	1,579	887	-9,342	-91.3
Highways & Streets	11,094	9,438	9,545	105	1,306	-9,787	-88.2
Swimming Pool	12	2,069	24,824	24,700	28,749	28,737	238481.7
Reimbursements	14,306	14,246	652	572	27,505	13,199	92.3
Donations	3,461	0	300	0	0	-3,461	-100.0
Payroll Reimbursement	37,724	8,473	0	6,410	2,880	34,844	-92.4
Shade Tree	0	0	0	1,387	0	0	0.0
Sale of Assets	0	0	8,191	3,350	1,565	1,565	0.0
Transfers	0	247,035	288,234	148,428	50,214	50,214	0.0
TRAN	75,000	100,000	0	0	0	75,000	-100.0
Total Revenue	764,350	955,190	1,456,973	918,510	1,087,332	322,981	42.3
Licenses & Permits	7.5	6.3	4.2	5.7	4.3		
Fines & Forfeits	2.8	1.6	1.1	3.4	3.3		
Interest	0.5	0.1	0.0	0.3	2.5		
Rents & Royalties	1.2	1.1	0.7	1.0	0.5		
Miscellaneous	2.3	3.1	1.5	11.3	5.1		
Grant Revenue	19.6	1.0	34.9	0.0	29.0		
PURTA	0.3	0.3	0.2	0.3	0.2		
State Shared Revenue	0.2	0.3	0.2	0.3	0.4		
State Aid for Pensions	9.7	8.0	5.0	9.5	7.5		
Foreign Fire	3.3	2.3	1.8	2.9	2.5		
Local Grants	0.3	0.0	0.0	3.3	0.0		
Contract Fire Services	0.3	0.3	0.2	0.3	0.3		
PILOTS	0.7	0.6	0.4	0.6	0.5		
Planning & Zoning Charges	15.2	16.8	15.6	24.9	15.2		
Public Safety	1.2	1.1	0.4	0.6	0.6		

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	Change 2020- 2024	
Parking	15.2	17.3	11.0	15.3	17.7		
Parks & Rec	1.3	0.1	0.0	0.2	0.1		
Highways & Streets	1.5	1.0	0.7	0.0	0.1		
Swimming Pool	0.0	0.2	1.7	2.7	2.6		
Reimbursements	1.9	1.5	0.0	0.1	2.5		
Contributions & Donations	0.5	0.0	0.0	0.0	0.0		
Payroll Reimbursement	4.9	0.9	0.0	0.7	0.3		
Shade Tree	0.0	0.0	0.0	0.2	0.0		
Sale of Assets	0.0	0.0	0.6	0.4	0.1		
Transfers	0.0	25.9	19.8	16.2	4.6		
TRAN	9.8	10.5	0.0	0.0	0.0		
Total Revenue	100.0	100.0	100.0	100.0	100.0		

Expenditures

Personnel vs. Non-Personnel

Personnel expenditures average approximately 50 percent of total expenditures, while non-personnel costs are another one-third. Capital expenditures ranged from 8 percent to 26 percent of total costs depending on activity. Debt service was less than 1 percent.

Table 2.8 Personnel, Non-Personnel, Debt Service and Capital Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	Change 2020-2024	
Personnel	1,446,896	1,539,449	1,615,243	1,511,301	1,710,340	263,444	18.2
Non-Personnel	908,783	1,004,777	1,017,664	1,361,689	1,360,317	451,535	49.7
Debt Service	23,090	23,090	23,090	23,090	31,643	8,553	37.0
Capital	248,218	233,444	288,707	1,037,354	544,147	295,929	119.2
Total Expenditures	2,626,987	2,800,760	2,944,705	3,933,435	3,646,447	1,019,460	38.8
Personnel	55.1	55.0	54.9	38.4	46.9		
Non-Personnel	34.6	35.9	34.6	34.6	37.3		
Debt Service	0.9	0.8	0.8	0.6	0.9		
Capital	9.4	8.3	9.8	26.4	14.9		
Total Expenditures	100.0	100.0	100.0	100.0	100.0		

Personnel Expenditures

- Salary and wages account for approximately 50 percent of total personnel expenditures. Salary and wages steadily increased by 46.9 percent or \$335,167 from 2020 to 2024.
- Pension expenditures declined from a high of \$180,591 in 2020 to a low of \$81,790 in 2024, a decrease of 54.7 percent. Unemployment compensation costs also fell by 10 percent over the historical review period.
- Health care costs peaked in 2022 at \$516,387 in 2022 and then declined to \$425,470 in 2024, an increase over 2022 of 16 percent.
- Table 2.11 shows the breakdown of employee and retiree health care costs. The employee line includes costs for premium, vision, dental, health care savings account, health care opt

out and life insurance. The retiree line includes costs for premium, prescriptions, life insurance, health care savings account, and Medicare reimbursement.

- Retiree healthcare for police officers is a large expenditure for the borough, accounting for over 60 percent of borough health care costs in 2023 and 2024. As of 2022, the borough spent more for retiree health care than for active employee health care.
- Retired police officers receive the same health care as active police officers and are also required to contribute 2.5 percent of their pension benefits to the premium, as per the latest collective bargaining agreement.
- The current CBA eliminates this benefit for police officers hired after 2021; however, there are still two active officers who are eligible when they retire.

Table 2.9 Personnel Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	Change 2020- 2024	
Salary & Wages	715,157	745,986	810,662	822,838	1,050,324	335,167	46.9
Pension	180,591	149,183	151,798	87,418	81,790	-98,801	-54.7
Unemployment Comp	11,602	11,068	11,052	10,367	10,398	-1,204	-10.4
Workers Comp	67,753	53,068	61,955	76,837	74,140	6,387	9.4
Healthcare	366,327	499,176	516,387	447,595	425,470	59,143	16.1
FICA/Medicare	36,291	36,834	40,581	43,993	45,356	9,065	25.0
Other Employee	69,175	44,133	22,808	22,253	22,861	-46,314	-67.0
Total Employee Exp	1,446,896	1,539,449	1,615,243	1,511,301	1,710,340	263,444	18.2
Salary & Wages	49.4	48.5	50.2	54.4	61.4		
Pension	12.5	9.7	9.4	5.8	4.8		
Unemployment Comp	0.8	0.7	0.7	0.7	0.6		
Workers Comp	4.7	3.4	3.8	5.1	4.3		
Healthcare	25.3	32.4	32.0	29.6	24.9		
FICA/Medicare	2.5	2.4	2.5	2.9	2.7		
Other Employee	4.8	2.9	1.4	1.5	1.3		
Total Employee Exp	100.0	100.0	100.0	100.0	100.0		

Table 2.10 Health Care Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Employees	187,521	278,493	214,281	154,678	155,136
Retirees	178,806	220,683	302,106	292,917	270,334
Total	366,327	499,176	516,387	447,595	425,470
Percent of Total					
Employees	51.2	55.8	41.5	34.6	36.5
Retirees	48.8	44.2	58.5	65.4	63.5
Total	100.0	100.0	100.0	100.0	100.0

Non-Personnel Expenditures

- The services category at approximately one-third of total non-personnel expenditures, includes legal costs for solicitor (\$44,556, 2020; \$65,215, 2021; \$92,342, 2022; \$87,313, 2023; and \$79,712, 2024) and labor attorney (\$86,369, 2020; \$81,421, 2021; \$50,071, 2022; \$14,409, 2023; and \$13,053, 2024).
- There were additional labor attorney costs of \$10,356 and \$43,384 in 2020 and 2021, respectively, related to police. Services also include the tax collector's salary of approximately \$12,500 annually and costs for third-party services like codes and zoning.
- Services rose from \$260,628 in 2020 to peak at \$442,545 in 2023, mostly due to codes and zoning activities, and then declined to \$326,841 in 2024. The difference between 2020 and 2024 was an increase of 50 percent.
- Supplies are for general supply expenditures across departments. Supply costs varied but ended the historical period 50 percent higher than in 2020.
- Insurance costs declined from 2020 to 2024 by 34.3 percent or \$39,406. The majority of expenditures were for general liability insurance, but this line item also includes health insurance settlements of \$40,000 in 2021 and \$45,000 in 2022.
- Utility costs are for utility payments across all departments. Utility costs peaked at \$53,623 in 2021 and then declined to \$50,593 in 2024, an increase of 10.8 percent over 2020.
- Hydrants costs and foreign fire payments are made in support of the borough's volunteer fire department. Expenditures for hydrants increased by 21.7 percent from 2020 to 2024. Foreign fire is reflected in state aid revenue that is passed through to the fire department.
- Grant expenses varied with annual activity and the amount of grant revenue received.
- Repair and maintenance expenditures in 2024 were substantially higher due to repairs to the public workers loader and sweeper. Costs over from 2022 through 2024 included funds for parking meter repair and replacement.
- The majority of costs in the Other category are the borough's annual donation to the volunteer fire department, which have increased substantially since 2020.
- Judgements and losses accounts for monetary judgements against the borough and varied with activity. The borough currently has three pending lawsuits.
- Transfers were made in 2021 to the stormwater fund, in 2023 to a CD and the Liquid Fuels Fund, and in 2024 to the stormwater fund.

Table 2.11 Non-Personnel Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	Change 2020-2024	
Uniforms	4,970	5,673	5,629	10,609	14,524	9,554	192.2
Supplies	82,951	134,591	117,366	195,068	124,810	41,859	50.5
Services	260,628	327,468	399,323	442,545	326,841	66,213	25.4
Vehicle Expense	27,135	37,544	25,754	32,879	31,432	4,297	15.8
Insurance	114,841	131,120	114,531	82,725	75,435	-39,406	-34.3
Utilities	45,665	53,623	52,810	51,438	50,593	4,928	10.8
Hydrants	21,936	22,343	23,561	24,635	26,688	4,752	21.7
Foreign Fire	24,853	21,892	26,808	26,535	26,860	2,007	8.1
Street Lighting	241	0	3,846	29,217	0	-241	-100.0
Grant Expenses	145,269	14,409	22,911	15,495	372,282	227,013	156.3
TRAN	75,724	100,736	0	5,410	0	-75,724	-100.0
Repairs & Maintenance	20,486	16,640	41,901	40,392	129,613	109,127	532.7
Other	48,053	77,140	141,895	186,512	128,676	80,623	167.8
Judgements & Losses	36,032	38,506	41,330	43,604	46,695	10,663	29.6
Transfers	0	23,091	0	174,626	5,870	5,870	0.0
Total Expenditures	908,783	1,004,777	1,017,664	1,361,689	1,360,317	451,535	49.7
Uniforms	0.5	0.6	0.6	0.8	1.1		
Supplies	9.1	13.4	11.5	14.3	9.2		
Services	28.7	32.6	39.2	32.5	24.0		
Vehicle Expense	3.0	3.7	2.5	2.4	2.3		
Insurance	12.6	13.0	11.3	6.1	5.5		
Utilities	5.0	5.3	5.2	3.8	3.7		
Hydrants	2.4	2.2	2.3	1.8	2.0		
Foreign Fre	2.7	2.2	2.6	1.9	2.0		
Street Lighting	0.0	0.0	0.4	2.1	0.0		
Grant Expenses	16.0	1.4	2.3	1.1	27.4		
TRAN	8.3	10.0	0.0	0.4	0.0		
Repairs & Maintenance	2.3	1.7	4.1	3.0	9.5		
Other	5.3	7.7	13.9	13.7	9.5		
Judgements & Losses	4.0	3.8	4.1	3.2	3.4		
Transfers	0.0	2.3	0.0	12.8	0.4		
Total Expenditures	100.0	100.0	100.0	100.0	100.0		

Department Expenditures

General government ranged from 28 percent to almost 40 percent of total departmental expenditures from 2020 to 2024. The change from 2020 to 2024 was an increase of 40.6 percent or \$358,605.

Expenditures in this category include personnel costs for elected officials and administrative staff, auditing, legal, insurance, judgements, and all healthcare costs, and various non-personnel costs like building expenses.

Police Department expenditures fluctuated, falling from \$531,868 in 2020 to \$462,974 in 2022, and then rising to \$587,465 in 2024, an increase of 10.5 percent over 2020. Police expenditures do not include health care for active or retired officers. The largest expenditure in the police department is for salaries and wages.

Fire Department expenditures rose as the borough increased its annual donation. Excluding workers’ compensation, hydrants and foreign fire state aid, donations grew from \$79,786 in 2020 to peak at \$180,075 in 2023, then dropping to \$125,440 in 2024. Total spending in the department was 27 percent higher in 2024 than in 2020.

A large percentage of recreation spending is related to the borough pool. Recreation spending grew from \$53,605 in 2020 to a high of \$248,579 in 2023, declining to \$226,526 in 2024.

Public works fluctuated largely based on capital activity like road paving, although salary costs rose over the historical review period and then declined in 2024. Public works experienced significant turmoil from 2020 through 2024 as workers unionized and then the entire workforce resigned and had to be replaced. Contractors were used for the bulk of 2024, resulting in lower personnel costs for 2024.

Parking includes personnel costs for meter readers and for meter repair and replacement. Parking costs were one-third higher in 2024 than in 2020. Some fluctuation was due to capital expenditures.

Debt service was for payments on a \$2 million, 2019 Wayne Bank loan for emergency road repairs.

Transfers: **2020**, \$162,928, pension fund; **2021**, \$149,183, pension fund, and \$23,091, stormwater; **2022**, \$151,798, pension fund; **2023**, \$127,00, CD, \$47,625, Liquid Fuels, \$87,418, pension fund; **2024**, \$81,790, pension, and \$11,315, recreation.

Table 2.12 Department Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	Change 2020-2024	
						\$	%
Gen. Govt.	883,670	1,103,829	1,090,480	1,109,598	1,242,275	358,605	40.6
Police	531,868	536,176	462,974	515,574	587,465	55,597	10.5
Fire	154,334	147,517	199,743	246,914	195,219	40,885	26.5
Planning & Zoning	79,738	110,232	201,561	209,919	113,696	33,959	42.6
EMS	3,551	229	2,683	1,226	2,487	-1,064	-30.0
Public Works	481,432	471,493	645,337	1,237,517	743,737	262,305	54.5
Parking	31,779	36,465	45,119	58,069	43,458	11,679	36.8
Recreation	53,605	84,309	99,008	248,579	226,526	172,921	322.6
Grant Expenses	145,269	14,409	22,911	15,495	372,282	227,013	156.3
Debt Service	23,090	23,090	23,090	23,090	31,643	8,553	37.0
TRAN	75,724	100,736	0	5,410	0	-75,724	-100
Transfers	162,928	172,274	151,798	262,044	87,660	-75,268	-46.2
Total Expenditures	2,626,987	2,800,760	2,944,704	3,933,435	3,646,447	1,019,460	38.8
Gen. Govt.	33.6	39.4	37.0	28.2	34.1		
Police	20.2	19.1	15.7	13.1	16.1		
Fire	5.9	5.3	6.8	6.3	5.4		
Planning & Zoning	3.0	3.9	6.8	5.3	3.1		
EMS	0.1	0.0	0.1	0.0	0.1		
Public Works	18.3	16.8	21.9	31.5	20.4		
Parking	1.2	1.3	1.5	1.5	1.2		
Recreation	2.0	3.0	3.4	6.3	6.2		
Grant Expenses	5.5	0.5	0.8	0.4	10.2		
Debt Service	0.9	0.8	0.8	0.6	0.9		

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	Change 2020-2024
TRAN	2.9	3.6	0.0	0.1	0.0	
Transfers	6.2	6.2	5.2	6.7	2.4	
Total Expenditures	100.0	100.0	100.0	100.0	100.0	

Wayne Highlands School District Tax Rate Comparison

The value of a mill differs depending on the assessed value of the community. Therefore, property tax rate comparisons must be approached with caution. Regardless, public perception is such that the focus tends to be more on the actual property tax millage rate than how much residents pay under that rate.

The table below compares Honesdale borough to the other municipalities in the Wayne Highlands School District. Texas Township has the highest combined property tax rate at 26.336 mills, followed by Honesdale at 23.9443 mills and Manchester at 18.6989 mills.

None of the municipalities in the Wayne Highlands School District levy an earned income tax, however, several Wayne County municipalities outside of the school district do have an earned income tax. Half of the municipalities, including Honesdale, levy the per capita tax of \$5 per resident.

In addition to having the highest property tax millage rate in the district, Texas Township also levies an occupation tax of 14 mills, as does Bethany borough (14 mills) and Damascus (20 mills). The occupation tax is paid based on an individual’s occupation as determined by the county. It is generally considered an outdated tax, but it can still produce considerable revenue.

In general, taxes in boroughs tend to be higher than in townships because boroughs often have higher service levels, including the cost of local police.

Table 2.13 Municipal and School District Property Taxes in the Wayne Highlands SD, 2025²

		Municipal	School	Total
Berlin Twp	REAL ESTATE - TOTAL (mills)	0.8303	16.3643	17.1946
Berlin Twp	Real Estate - General Purpose (mills)	0.6642	16.3643	17.0285
Berlin Twp	Real Estate - Fire Equipment & Firehouses (mills)	0.0755	0	0.0755
Berlin Twp	Real Estate - Special Road Fund (mills)	0.0906	0	0.0906
Berlin Twp	Per Capita Code (dollars)	0	5	5
Berlin Twp	Realty Transfer (percent)	0.5	0.5	1
Berlin Twp	Occupation (mills)	0	300	300
Berlin Twp	Per Capita (dollars)	5	5	10
Bethany Boro	REAL ESTATE - TOTAL (mills)	1.1925	16.3643	17.5568
Bethany Boro	Real Estate - General Purpose (mills)	1.1925	16.3643	17.5568
Bethany Boro	Per Capita Code (dollars)	0	5	5
Bethany Boro	Realty Transfer (percent)	0.5	0.5	1
Bethany Boro	Occupation (mills)	14	300	314

² Source: DCED Municipal Statistics

		Municipal	School	Total
Bethany Boro	Per Capita (dollars)	5	5	10
Buckingham Twp	REAL ESTATE - TOTAL (mills)	1.139	16.3643	17.5033
Buckingham Twp	Real Estate - General Purpose (mills)	1.0608	16.3643	17.4251
Buckingham Twp	Real Estate - Fire Equipment & Firehouses (mills)	0.0782	0	0.0782
Buckingham Twp	Per Capita Code (dollars)	0	5	5
Buckingham Twp	Realty Transfer (percent)	0.5	0.5	1
Buckingham Twp	Occupation (mills)	0	300	300
Buckingham Twp	Per Capita (dollars)	0	5	5
Cherry Ridge Twp	REAL ESTATE - TOTAL (mills)	0.7499	16.3643	17.1142
Cherry Ridge Twp	Real Estate - General Purpose (mills)	0.7499	16.3643	17.1142
Cherry Ridge Twp	Per Capita Code (dollars)	0	5	5
Cherry Ridge Twp	Realty Transfer (percent)	0.5	0.5	1
Cherry Ridge Twp	Occupation (mills)	0	300	300
Cherry Ridge Twp	Per Capita (dollars)	0	5	5
Damascus Twp	REAL ESTATE - TOTAL (mills)	1.9316	16.3643	18.2959
Damascus Twp	Real Estate - General Purpose (mills)	0.9326	16.3643	17.2969
Damascus Twp	Real Estate - Ambulance/Rescue/Emergency Services (mills)	0.0602	0	0.0602
Damascus Twp	Real Estate - Fire Equipment & Firehouses (mills)	0.1203	0	0.1203
Damascus Twp	Real Estate - Special Road Fund (mills)	0.3775	0	0.3775
Damascus Twp	Real Estate - Permanent Improvement Fund (mills)	0.441	0	0.441
Damascus Twp	Per Capita Code (dollars)	0	5	5
Damascus Twp	Realty Transfer (percent)	0.5	0.5	1
Damascus Twp	Occupation (mills)	20	300	320
Damascus Twp	Per Capita (dollars)	5	5	10
Dyberry Twp	REAL ESTATE - TOTAL (mills)	0.4122	16.3643	16.7765
Dyberry Twp	Real Estate - General Purpose (mills)	0.4122	16.3643	16.7765
Dyberry Twp	Per Capita Code (dollars)	0	5	5
Dyberry Twp	Realty Transfer (percent)	0.5	0.5	1
Dyberry Twp	Occupation (mills)	0	300	300
Dyberry Twp	Per Capita (dollars)	5	5	10
Dyberry Twp	Amusement (percent)	10	0	10
Honesdale Boro	REAL ESTATE - TOTAL (mills)	7.58	16.3643	23.9443
Honesdale Boro	Real Estate - General Purpose (mills)	6.5	16.3643	22.8643
Honesdale Boro	Real Estate - Debt Service (mills)	0.03	0	0.03
Honesdale Boro	Real Estate - Fire Equipment & Firehouses (mills)	0.35	0	0.35
Honesdale Boro	Real Estate - Pensions and Retirement (mills)	0.32	0	0.32

		Municipal	School	Total
Honesdale Boro	Real Estate - Recreation (mills)	0.38	0	0.38
Honesdale Boro	Per Capita Code (dollars)	0	5	5
Honesdale Boro	Local Services Tax (LST) (dollars)	52	0	52
Honesdale Boro	Realty Transfer (percent)	0.5	0.5	1
Honesdale Boro	Occupation (mills)	0	300	300
Honesdale Boro	Per Capita (dollars)	5	5	10
Lebanon Twp	REAL ESTATE - TOTAL (mills)	0.8335	16.3643	17.1978
Lebanon Twp	Real Estate - General Purpose (mills)	0.6917	16.3643	17.056
Lebanon Twp	Real Estate - Ambulance/Rescue/Emergency Services (mills)	0.0274	0	0.0274
Lebanon Twp	Real Estate - Fire Equipment & Firehouses (mills)	0.0274	0	0.0274
Lebanon Twp	Real Estate - Special Road Fund (mills)	0.087	0	0.087
Lebanon Twp	Per Capita Code (dollars)	0	5	5
Lebanon Twp	Realty Transfer (percent)	0.5	0.5	1
Lebanon Twp	Occupation (mills)	0	300	300
Lebanon Twp	Per Capita (dollars)	0	5	5
Manchester Twp	REAL ESTATE - TOTAL (mills)	2.3346	16.3643	18.6989
Manchester Twp	Real Estate - General Purpose (mills)	1.8421	16.3643	18.2064
Manchester Twp	Real Estate - Ambulance/Rescue/Emergency Services (mills)	0.0576	0	0.0576
Manchester Twp	Real Estate - Fire Equipment & Firehouses (mills)	0.1485	0	0.1485
Manchester Twp	Real Estate - Special Road Fund (mills)	0.2864	0	0.2864
Manchester Twp	Per Capita Code (dollars)	0	5	5
Manchester Twp	Realty Transfer (percent)	0.5	0.5	1
Manchester Twp	Occupation (mills)	0	300	300
Manchester Twp	Per Capita (dollars)	0	5	5
Oregon Twp	REAL ESTATE - TOTAL (mills)	0.6751	16.3643	17.0394
Oregon Twp	Real Estate - General Purpose (mills)	0.6383	16.3643	17.0026
Oregon Twp	Real Estate - Fire Equipment & Firehouses (mills)	0.0368	0	0.0368
Oregon Twp	Per Capita Code (dollars)	0	5	5
Oregon Twp	Realty Transfer (percent)	0.5	0.5	1
Oregon Twp	Occupation (mills)	0	300	300
Oregon Twp	Per Capita (dollars)	0	5	5
Preston Twp	REAL ESTATE - TOTAL (mills)	1.15	16.3643	17.5143
Preston Twp	Real Estate - General Purpose (mills)	1.15	16.3643	17.5143
Preston Twp	Per Capita Code (dollars)	0	5	5
Preston Twp	Realty Transfer (percent)	0.5	0.5	1
Preston Twp	Occupation (mills)	0	300	300
Preston Twp	Per Capita (dollars)	5	5	10
Prompton Boro	REAL ESTATE - TOTAL (mills)	0.75	16.3643	17.1143
Prompton Boro	Real Estate - General Purpose (mills)	0.75	16.3643	17.1143
Prompton Boro	Per Capita Code (dollars)	0	5	5
Prompton Boro	Realty Transfer (percent)	0.5	0.5	1

		Municipal	School	Total
Prompton Boro	Occupation (mills)	0	300	300
Prompton Boro	Per Capita (dollars)	0	5	5
Scott Twp	REAL ESTATE - TOTAL (mills)	1.9921	16.3643	18.3564
Scott Twp	Real Estate - General Purpose (mills)	1.44	16.3643	17.8043
Scott Twp	Real Estate - Fire Equipment & Firehouses (mills)	0.2221	0	0.2221
Scott Twp	Real Estate - Special Road Fund (mills)	0.2221	0	0.2221
Scott Twp	Real Estate - Permanent Improvement Fund (mills)	0.1079	0	0.1079
Scott Twp	Per Capita Code (dollars)	0	5	5
Scott Twp	Realty Transfer (percent)	0.5	0.5	1
Scott Twp	Occupation (mills)	0	300	300
Scott Twp	Per Capita (dollars)	0	5	5
Texas Twp	REAL ESTATE - TOTAL (mills)	9.9723	16.3643	26.3366
Texas Twp	Real Estate - General Purpose (mills)	9.9723	16.3643	26.3366
Texas Twp	Per Capita Code (dollars)	0	5	5
Texas Twp	Local Services Tax (LST) (dollars)	10	0	10
Texas Twp	Realty Transfer (percent)	0.5	0.5	1
Texas Twp	Occupation (mills)	14	300	314
Texas Twp	Per Capita (dollars)	5	5	10

Wayne County Municipal Police Services

Honesdale borough is the only municipality in Wayne County with full-time police. The majority of municipalities rely on free state police coverage. Several municipalities have part-time local police officers including Hawley, which also provides contracted coverage to Palmyra Township.

Police are among the costliest services that a community can provide and municipalities that fund local police are more likely to be distressed. However, relying only on state police generally means much slower response times and lost enforcement for local ordinances. Honesdale is also the county seat of Wayne County and receives a large amount of tourist traffic in its thriving downtown, which are also factors to consider. Please see the Labor Chapter for further discussion.

Table 2.14 Wayne County Municipal Police Services, 2025³

Municipality	Service	FT	PT
Berlin Twp	State Police coverage only	0	0
Bethany Boro	State Police coverage only	0	0
Buckingham Twp	State Police coverage only	0	0
Canaan Twp	State Police coverage only	0	0

³ Source: DCED municipal statistics

Cherry Ridge Twp	State Police coverage only	0	0
Clinton Twp	State Police coverage only	0	0
Damascus Twp	State Police coverage only	0	0
Dreher Twp	State Police coverage only	0	0
Dyberry Twp	State Police coverage only	0	0
Hawley Boro	Own Municipal Police Force	0	15
Honesdale Boro	Own Municipal Police Force	4	7
Lake Twp	State Police coverage only	0	0
Lebanon Twp	State Police coverage only	0	0
Lehigh Twp	Own Municipal Police Force	0	5
Manchester Twp	State Police coverage only	0	0
Mt Pleasant Twp	State Police coverage only	0	0
Oregon Twp	State Police coverage only	0	0
Palmyra Twp	Police Service contracted from another municipality	0	0
Paupack Twp	State Police coverage only	0	0
Preston Twp	State Police coverage only	0	0
Prompton Boro	State Police coverage only	0	0
Salem Twp	State Police coverage only	0	0
Scott Twp	State Police coverage only	0	0
South Canaan Twp	State Police coverage only	0	0
Starrucca Boro	State Police coverage only	0	0
Sterling Twp	State Police coverage only	0	0
Texas Twp	State Police coverage only	0	0
Waymart Boro	Own Municipal Police Force	0	4

Chapter 3

Projections

Introduction

Other than an anticipated deficit in 2025, Honesdale Borough's General Fund operating budget projections show declining annual surpluses through 2029. The borough maintains a sufficient fund balance to support ongoing operations. However, the projections do not account for several significant and uncertain financial obligations, including capital improvements and legal liabilities.

Key Financial Risks

- **Legal Liability:** The borough faces a substantial financial risk from the Smith-Morris judgment. If the appeal is unsuccessful, the borough will need to identify funding sources to cover the \$2.6 million obligation.
- **Stormwater Infrastructure:** Unresolved stormwater issues pose a multi-million dollar liability. The lack of federal disaster designation for 2025 damages limits available relief, and grant funding is uncertain.
- **Facility Safety and Repairs:** The borough's core buildings require urgent safety-related repairs. Delays in securing funding could increase costs and risk operational disruptions.
- **Debt Service Uncertainty:** If the borough finances these liabilities through borrowing, future budgets will need to absorb unknown annual debt service costs.
- **Revenue Limitations:** The borough's current revenue structure lacks diversification. Without an earned income tax, it misses out on a reliable revenue stream that other municipalities have leveraged.
- **Healthcare Cost Growth:** Rising healthcare expenses are a major driver of increasing personnel costs, placing pressure on future budgets.

The borough currently has minimal debt, and there is capacity to increase property tax millage rates to generate more revenue, in addition to implementing an earned income tax.

Over the five-year projection period, tax revenues are expected to grow modestly, while non-tax revenues are projected to decline. Personnel costs are anticipated to increase significantly, driven primarily by rising healthcare expenses. Non-personnel costs are expected to decrease. General government expenditures are projected to rise due to healthcare costs, while public works and recreation spending will likely decline following capital investments made in 2025.

Assumptions

Revenues

- The 2025 budget serves as the baseline.
- Tax rates and fees remain at 2025 levels.
- Real estate tax revenue increased 1.0 annually.
- Cable franchise fees decreased 2.0 percent annually.
- Local services and business privilege taxes held constant.
- State aid for pensions increased 3.0 percent annually.
- Impact fees reduced 2.0 percent annually.
- Other non-tax revenues are held constant.

Expenditures

- The 2025 budget serves as the baseline.
- Employee count is consistent with 2025 budgeted levels.
- No new debt incurred.
- Wages increase 2.5 percent annually 2025-2029
- Healthcare increased 5.0 percent annually
- Supplies and services costs increased annually with an inflation adjustment consistent with the most recent Central Budget Office estimates: 2.2 percent; 2025 → 2026: 2.1 percent; 2026 → 2027: 2.0 percent; 2027 → 2028: 1.97 percent 2028 → 2029: 1.94 percent.

Summary

Honesdale is projected to experience a deficit in 2025 that is related to capital expenditures followed by several years of declining surpluses. The borough has more than sufficient funds in its General Fund balance to overcome the 2025 projected deficit and still maintain the best practice of at least two months fund balance. It is important that the borough maintain this cushion since historically (2011 to 2018) the borough’s fund balance was under \$500,000.

Table 3.1 Projected revenues, expenditures and surplus/deficit

	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Revenues	4,593,308	4,515,400	4,547,153	4,579,327	4,611,926
Expenditures	5,440,163	4,259,274	4,364,535	4,473,002	4,575,371
Surplus/(Deficit)	-846,855	256,126	182,619	106,325	36,555

Figure 3.1 Projected revenues, expenditures and surplus/deficit

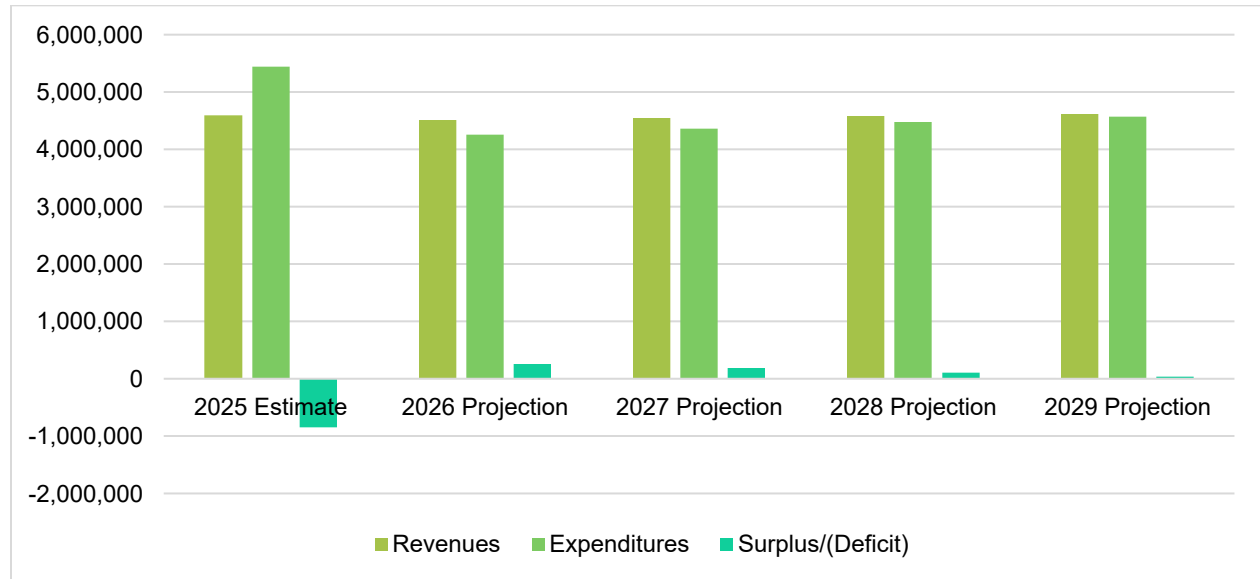
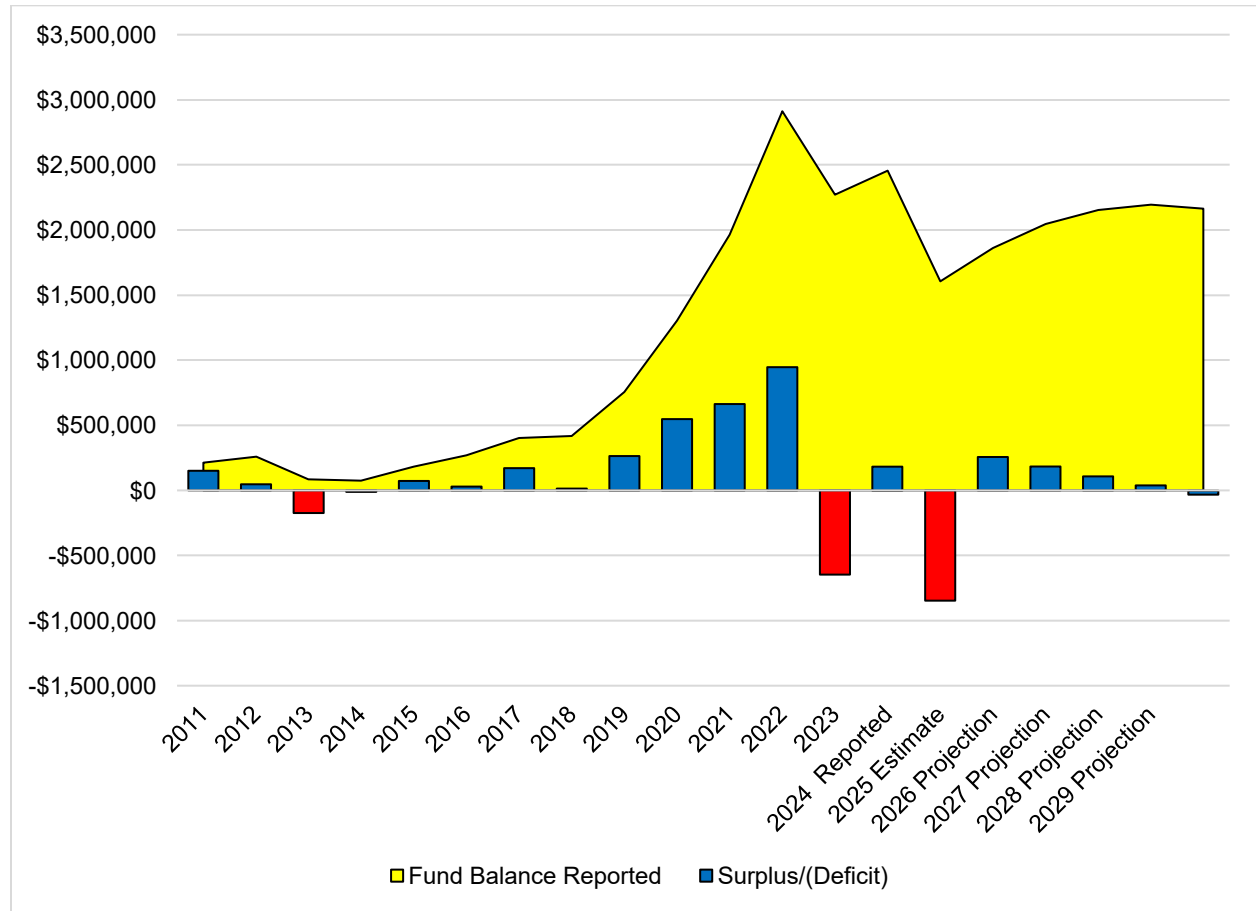


Table 3.2 Adjusted projected revenues, expenditures, and surplus/deficit

	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Revenues	4,593,308	4,515,400	4,547,153	4,579,327	4,611,926
Less:					
Grant Revenue	-83,745	0	0	0	0
Payroll Reimbursement	0	0	0	0	0
Sale of Assets	-25,500	0	0	0	0
TRAN	-400,000	-400,000	-400,000	-400,000	-400,000
Transfers	0	0	0	0	0
Net Revenue	4,084,063	4,115,400	4,147,153	4,179,327	4,211,926
Expenditures	5,440,163	4,259,274	4,364,535	4,473,002	4,575,371
Less:					
Grant Expenses	-252,500	-252,500	0	0	0
Capital	-1,077,345	-1,077,345	0	0	0
Heart & Lung	-775	-775	-794	-814	-835
TRAN	-422,400	-422,400	-422,400	-422,400	-422,400
Transfers	-93,106	-93,106	-95,559	-98,087	-100,690
Net Expenditures	3,594,038	3,594,038	3,740,520	3,843,234	3,949,078
Surplus/(Deficit)	490,026	490,026	374,880	303,920	230,249

Figure 3.2 Projected revenues, expenditures, surplus/deficit and fund balance⁴



Revenues

Tax revenue, which accounts for approximately 71 percent to 74 percent of total revenues, is likely to increase by 3.7 percent compared to an estimated decrease in non-tax revenue of 7.4 percent.

Table 3.3 Projected Tax Revenue and Non-Tax Revenue

	2025	2026	2027	2028	2029	Change 2025-2029	
	Estimate	Projection	Projection	Projection	Projection	\$	%
Tax	3,272,092	3,302,294	3,332,797	3,363,605	3,394,722	122,629	3.7
Nontax	1,321,216	1,213,107	1,214,356	1,215,722	1,217,204	-104,012	-7.9
Total	4,593,308	4,515,400	4,547,153	4,579,327	4,611,926	18,617	0.4
Tax	71.2	73.1	73.3	73.5	73.6		
Nontax	28.8	26.9	26.7	26.5	26.4		
Total	100.0	100.0	100.0	100.0	100.0		

⁴ Source: Annual Financial Reports submitted by Honesdale Borough to DCED

Projected Tax Revenue

Revenue from General Purpose and Special Purpose taxes is projected to increase by 4.1 percent, while other taxes are likely to remain flat. The borough increased General Purpose real estate millage in 2025 from 5.42 mills to 6.5 mills, which was anticipated to produce approximately \$600,000 more in revenue compared to 2024.

Table 3.4 Projected Tax Revenue

	2025	2026	2027	2028	2029	Change	
	Estimate	Projection	Projection	Projection	Projection	2025-2029	
						\$	%
Real Estate	2,711,401	2,738,515	2,765,900	2,793,559	2,821,495	110,094	4.1
Recreation	162,371	163,995	165,635	167,291	168,964	6,593	4.1
Fire Tax	146,360	147,824	149,302	150,795	152,303	5,943	4.1
Realty Trans	72,000	72,000	72,000	72,000	72,000	0	0.0
LST	170,000	170,000	170,000	170,000	170,000	0	0.0
Per Capita	9,960	9,960	9,960	9,960	9,960	0	0.0
Total	3,272,092	3,302,294	3,332,797	3,363,605	3,394,722	122,629	3.7
Real Estate	82.9	82.9	83.0	83.1	83.1		
Recreation	5.0	5.0	5.0	5.0	5.0		
Fire Tax	4.5	4.5	4.5	4.5	4.5		
Realty Trans	2.2	2.2	2.2	2.1	2.1		
LST	5.2	5.1	5.1	5.1	5.0		
Per Capita	0.3	0.3	0.3	0.3	0.3		
Total	100.0	100.0	100.0	100.0	100.0		

Projected Non-Tax Revenue

State aid for pension and fines and forfeits are the only non-tax revenue categories that are projected to increase. State pension aid is likely to grow by 12.6 percent or \$10,265. Fines and forfeits are anticipated to increase slightly based on historical patterns. Licenses and permits are expected to decline based on anticipated further reductions in the cable television franchise fee as more residents leave cable for streaming. Grant revenue and sale of assets are one-time revenues.

Table 3.5 Projected Non-Tax Revenue

	2025	2026	2027	2028	2029	Change	
	Estimate	Projection	Projection	Projection	Projection	2025-2029	
						\$	%
Licenses & Permits	44,000	43,280	42,578	41,893	41,224	-2,776	-6.3
Fines & Forfeits	36,000	36,360	36,724	37,091	37,462	1,462	4.1
Interest	42,800	41,944	41,105	40,283	39,477	-3,323	-7.8
Rents & Royalties	5,100	4,998	4,898	4,800	4,704	-396	-7.8
Miscellaneous	28,700	28,700	28,700	28,700	28,700	0	0.0
Grant Revenue	83,745	0	0	0	0	-83,745	-100.0
PURTA	2,500	2,500	2,500	2,500	2,500	0	0.0
State Shared Revenue	3,400	3,400	3,400	3,400	3,400	0	0.0
State Aid for Pensions	81,790	84,244	86,771	89,374	92,055	10,265	12.6

	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection	Change 2025-2029	
Foreign Fire	26,859	26,859	26,859	26,859	26,859	0	0.0
Contract Fire Services	2,300	2,300	2,300	2,300	2,300	0	0.0
PILOTS	5,900	5,900	5,900	5,900	5,900	0	0.0
Planning & Zoning Charges	191,000	191,000	191,000	191,000	191,000	0	0.0
Public Safety	5,875	5,875	5,875	5,875	5,875	0	0.0
Parking	287,400	287,400	287,400	287,400	287,400	0	0.0
Parks & Rec	2,300	2,300	2,300	2,300	2,300	0	0.0
Highways & Streets	2,000	2,000	2,000	2,000	2,000	0	0.0
Swimming Pool	28,047	28,047	28,047	28,047	28,047	0	0.0
Reimbursements	16,000	16,000	16,000	16,000	16,000	0	0.0
Sale of Assets	25,500	0	0	0	0	-25,500	-100.0
TRAN	400,000	400,000	400,000	400,000	400,000	0	0.0
Total Revenue	1,321,216	1,213,107	1,214,356	1,215,722	1,217,204	-104,012	-7.9
Licenses & Permits	3.3	3.7	3.8	3.8	3.9		
Fines & Forfeits	2.7	3.0	3.0	3.0	3.1		
Interest	3.2	3.5	3.4	3.3	3.2		
Rents & Royalties	0.4	0.4	0.4	0.4	0.4		
Miscellaneous	2.2	2.4	2.4	2.4	2.3		
Grant Revenue	6.3	0.0	0.0	0.0	0.0		
PURTA	0.2	0.2	0.2	0.2	0.2		
State Shared Revenue	0.3	0.3	0.3	0.3	0.3		
State Aid for Pensions	6.2	6.9	7.1	7.3	7.5		
Foreign Fire	2.0	2.2	2.2	2.2	2.2		
Local Grants	0.0	0.0	0.0	0.0	0.0		
Contract Fire Services	0.2	0.2	0.2	0.2	0.2		
PILOTS	0.4	0.5	0.5	0.5	0.5		
Planning & Zoning Charges	14.5	15.7	15.7	15.6	15.6		
Public Safety	0.4	0.5	0.5	0.5	0.5		
Parking	21.8	23.7	23.6	23.5	23.5		
Parks & Rec	0.2	0.2	0.2	0.2	0.2		
Highways & Streets	0.2	0.2	0.2	0.2	0.2		
Swimming Pool	2.1	2.3	2.3	2.3	2.3		
Reimbursements	1.2	1.3	1.3	1.3	1.3		
Contributions & Donations	0.0	0.0	0.0	0.0	0.0		
Payroll Reimbursement	0.0	0.0	0.0	0.0	0.0		
Shade Tree	0.0	0.0	0.0	0.0	0.0		
Sale of Assets	1.9	0.0	0.0	0.0	0.0		
Transfers	0.0	0.0	0.0	0.0	0.0		
TRAN	30.3	32.9	32.9	32.8	32.7		
Total Revenue	100.0	100.0	100.0	100.0	100.0		

Expenditures

Personnel vs. Non-Personnel

The borough anticipated deficit in 2025 is mostly the result of one-time capital expenditures of over \$1 million. Starting in 2026, personnel costs are projected at over 60 percent of the budget with approximately one-third likely for non-personnel costs.

Debt service, which is anticipated to be less than 1 percent of total expenditures, is for outstanding borrowings that were used for street repairs and to purchase a copier. See further discussion of debt service in Other Funds below.

Personnel costs are projected to grow by 16 percent or \$397,543, while non-personnel and capital expenditures are likely to decline based on assumptions. Overall, the change from 2025 to 2029 is projected to be a decline of 15.9 percent based on non-recurring capital costs in 2025.

Table 3.6 Projected Personnel and Non Personnel Expenditures

	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection	Change 2025-2030	
Personnel	2,483,623	2,613,359	2,699,950	2,789,761	2,882,940	399,317	16.1
Non-Personnel	1,847,553	1,614,272	1,632,942	1,651,598	1,670,410	-177,143	-9.6
Debt Service	31,643	31,643	31,643	31,643	22,022	-9,621	-30.4
Capital	1,077,345	0	0	0	0	-1,077,345	-100.0
Total Expenditures	5,440,163	4,259,274	4,364,535	4,473,002	4,575,371	-864,792	-15.9
Personnel	45.7	61.4	61.9	62.4	63.0		
Non-Personnel	34.0	37.9	37.4	36.9	36.5		
Debt Service	0.6	0.7	0.7	0.7	0.5		
Capital	19.8	0.0	0.0	0.0	0.0		
Total Expenditures	100.0	100.0	100.0	100.0	100.0		

Personnel Expenditures

The largest projected increase for personnel expenditures is health care, expected to grow by \$223,489 or by 28.8 percent. Salary and wages are likely to grow by 10.4 percent or \$150,987. Salary and wages account for 55 percent or more of personnel expenditures, with healthcare providing another one-third.

Table 3.7 Projected Personnel Expenditures

	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection	Change 2025-2030	
Salary & Wages	1,454,415	1,490,776	1,528,045	1,566,246	1,605,402	150,987	10.4
Pension	81,790	84,244	86,771	89,374	92,055	10,265	12.6
Unemployment Comp	9,546	9,784	10,029	10,280	10,537	991	10.4
Workers Comp	71,030	72,532	73,990	75,448	76,918	5,888	8.3
Healthcare	776,495	863,823	907,015	952,365	999,984	223,489	28.8
FICA/Medicare	74,147	76,000	77,900	79,848	81,844	7,697	10.4
Other Employee	16,200	16,200	16,200	16,200	16,200	0	0.0
Total Employee Exp	5,440,163	4,259,274	4,364,535	4,473,002	4,575,371	-864,792	-15.9
Salary & Wages	58.6	57.1	56.6	56.2	55.7		

Pension	3.3	3.2	3.2	3.2	3.1		
Unemployment Comp	0.4	0.4	0.4	0.4	0.4		
Workers Comp	2.9	2.8	2.7	2.7	2.7		
Healthcare	31.3	33.1	33.6	34.2	34.7		
FICA/Medicare	3.0	2.9	2.9	2.9	2.8		
Other Employee	0.7	0.6	0.6	0.6	0.6		
Total Employee Exp	100.0	100.0	100.0	100.0	100.0		

Projected Health Care

Honesdale’s projected health care costs add health care for the manager position and hold constant the 2025 active and retired employee count through 2029. There are two active police officers that remain eligible for full health care coverage for themselves and their families following retirement. Those officers potentially could move into the retiree column during the projection period with the borough hiring new officers to replace them. That scenario would increase costs. In addition, it is unclear if all retirees in 2025 will maintain full coverage throughout the projection period or become eligible for Medicare, which would lower costs.

Unlike during the historical review, projections indicate that employee health care costs will exceed that of retirees. Still, over 40 percent of expenditures are attributed to retirees. Health care costs also become a larger percentage of the General Fund budget, rising to 35 percent of total expenditures by 2029. In contrast, health care coverage in 2020 was only 14 percent of total expenditures.

Table 3.8 Projected Healthcare costs

	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Employees	433,728	503,919	529,115	555,570	583,349
Retirees	342,766	359,905	377,900	396,795	416,635
Total	776,495	863,823	907,015	952,365	999,984
Percent of Total					
Employees	55.9	58.3	58.3	58.3	58.3
Retirees	44.1	41.7	41.7	41.7	41.7
Total	100.0	100.0	100.0	100.0	100.0

Non-Personnel Expenditures

Services, which include attorney fees and third-party vendors for codes and zoning, are likely to experience the most growth at \$36,195 or 8.3 percent, followed by supplies at \$15,254. Non-personnel expenditures decline from 2025 to 2029 in part because of one-time grant expenses of \$252,500 in 2025.

Table 3.9 Projected Non-Personnel Expenditures

	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection	Change 025-2029
Uniforms	9,350	9,548	9,740	9,932	10,125	775
Supplies	184,027	187,917	191,696	195,473	199,281	15,254
Services	436,673	445,905	454,872	463,833	472,868	36,195

Vehicle Expense	40,250	41,101	41,927	42,753	43,586	3,336	8.3
Insurance	118,000	120,495	122,918	125,339	127,781	9,781	8.3
Utilities	62,707	64,033	65,320	66,607	67,905	5,198	8.3
Hydrants	25,000	25,000	25,000	25,000	25,000	0	0.0
Foreign Fire	26,859	26,859	26,859	26,859	26,859	0	0.0
Grant Expenses	252,500	0	0	0	0	-252,500	-100.0
TRAN	422,400	422,400	422,400	422,400	422,400	0	0.0
Repairs & Maintenance	58,135	59,364	60,557	61,750	62,953	4,819	8.3
Other	154,336	154,336	154,336	154,336	154,336	0	0.0
Judgements & Losses	46,000	46,000	46,000	46,000	46,000	0	0.0
Transfers	11,316	11,316	11,316	11,316	11,316	0	0.0
Total	1,847,553	1,614,272	1,632,942	1,651,598	1,670,410	-177,143	-9.6
Uniforms	0.5	0.6	0.6	0.6	0.6		
Supplies	10.0	11.6	11.7	11.8	11.9		
Services	23.6	27.6	27.9	28.1	28.3		
Vehicle Expense	2.2	2.5	2.6	2.6	2.6		
Insurance	6.4	7.5	7.5	7.6	7.6		
Utilities	3.4	4.0	4.0	4.0	4.1		
Hydrants	1.4	1.5	1.5	1.5	1.5		
Foreign Fre	1.5	1.7	1.6	1.6	1.6		
Street Lighting	0.0	0.0	0.0	0.0	0.0		
Grant Expenses	13.7	0.0	0.0	0.0	0.0		
TRAN	22.9	26.2	25.9	25.6	25.3		
Repairs	3.1	3.7	3.7	3.7	3.8		
Other	8.4	9.6	9.5	9.3	9.2		
Judgements & Losses	2.5	2.8	2.8	2.8	2.8		
Transfers	0.6	0.7	0.7	0.7	0.7		
Total	100.0	100.0	100.0	100.0	100.0		

Departmental Expenditures

General government is projected to increase to 40 percent of total departmental expenditures by 2029. The expected change from 2025 to 2029 is an increase of 7.1 percent or \$122,892. The largest amount of growth (28.8 percent) is projected in health care, all of which is recorded in general government.

Expenditures in this category include personnel costs for elected officials and administrative staff, auditing, legal, insurance, judgements, and all healthcare costs, and various non-personnel costs like building expenses.

Police Department expenditures are projected to increase by 3.1 percent or \$25,158. Police expenditures are expected to decrease in 2026 because of \$50,000 of one-time capital expenditures in 2025 for radios and vehicles.

The police department is expected to be roughly 18 percent of total expenditures; however, this figure is deceiving since the cost of healthcare for police actives and retirees is recorded in the general government accounts. Healthcare is projected to increase more than any other expenditures, and much of that cost is attributed to police.

Fire Department expenditures are likely to rise by only 1 percent based on assumptions. This category includes foreign fire aid, hydrants, fire tax funds, and workers’ compensation.

Planning and zoning category projections largely account for the costs of third-party contractors to handle those services.

Public works costs are expected to decline substantially from 2026 to 2025 due to one-time capital expenditures budgeted for 2025. These expenditures are for extensive paving, stormwater upkeep and related costs. Projected expenditures drop from almost \$1.4 million in 2025 to \$613,748 in 2026. Department costs are then likely to rise to \$657,559 by 2029.

Like other departments, parking includes one-time capital costs in 2025 such as computer software and hardware, parking meter equipment, and costs associated with an EV charging station. Parking expenditures are expected to decrease to \$76,510 in 2026 and then increase to \$81,998 in 2029.

Recreation spending includes expenditures for the borough pool and to maintain parks. Costs are projected to decline from 2025 to 2026 because of one-time capital spending in 2025 for pool restoration, park improvements including a play area, and purchase of a Port A Potty. Projected operational spending is approximately \$220,000 to \$240,000 annually.

Debt service is for outstanding borrowings that were used for street repairs and to purchase a copier. See further discussion of debt service in Other Funds below.

Other than \$11,315 to parks and recreation, transfers are to the borough pension fund.

Table 3.10 Projected Departmental Expenditures

	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection	Change 2025-2029	
						\$	%
Gen Govt	1,741,084	1,676,385	1,736,493	1,798,959	1,863,975	122,892	7.1
Police	808,611	776,818	795,377	814,351	833,769	25,158	3.1
Fire	226,195	226,745	227,279	227,812	228,350	2,155	1.0
Plan/Zoning	108,200	110,487	112,709	114,930	117,168	8,968	8.3
EMS	2,525	2,588	2,651	2,716	2,783	258	10.2
Public Works	1,363,383	613,748	628,085	642,674	657,559	-705,824	-51.8
Parking	104,732	76,510	78,305	80,133	81,998	-22,734	-21.7
Recreation	285,785	226,391	231,506	236,694	241,975	-43,810	-15.3
Grant	252,500	0	0	0	0	-252,500	-100.0
Debt Service	31,643	31,643	31,643	31,643	22,022	-9,621	-30.4
TRAN	422,400	422,400	422,400	422,400	422,400	0	0.0
Transfers	93,106	95,559	98,087	100,690	103,371	10,265	11.0
Total	5,440,163	4,259,274	4,364,535	4,473,002	4,575,371	-864,792	-15.9
Gen Govt	32.0	39.4	39.8	40.2	40.8		
Police	14.9	18.2	18.2	18.2	18.2		
Fire	4.2	5.3	5.2	5.1	5.0		
Plan/Zoning	2.0	2.6	2.6	2.6	2.6		
EMS	0.0	0.1	0.1	0.1	0.1		
Public Works	25.1	14.4	14.4	14.4	14.4		
Parking	1.9	1.8	1.8	1.8	1.8		

Recreation	5.3	5.3	5.3	5.3	5.3		
Grant	4.6	0.0	0.0	0.0	0.0		
Debt Service	0.6	0.7	0.7	0.7	0.5		
TRAN	7.8	9.9	9.7	9.4	9.2		
Transfers	1.7	2.2	2.2	2.2	2.2		
Total	100.0	100.0	100.0	100.0	100.0		

Other Funds

In addition to the General Fund, Honesdale maintains four governmental funds. Information is presented separately in the financial statements.

- **General Fund** - The General Fund is the primary operating fund of the borough and is always classified as a major fund. It is used to account for and report on all activities of the borough except those legally or administratively required to be accounted for in other funds.
- **Liquid Fuel Fund** - Accounts for revenues received from the Commonwealth of Pennsylvania from the State Liquid Fuels Tax Fund and the related expenditures for building, improving or maintaining local roads and bridges. The borough pays for streetlights and a lease on public works capital equipment from this fund.
- **Debt Service Fund** - The primary purpose of the Debt Service Fund is to ensure that money is set aside specifically to pay the interest and principal on outstanding debt when it comes due. Honesdale has established a dedicated real estate millage set at 0.12 mills in 2025 for its long term debt.
- **Pension Fund** – The primary purpose is to ensure that money is set aside specifically to pay the pension obligations. Honesdale has established a dedicated real estate millage set at 0.32 mills in 2025 for its pensions and municipal state aid for pensions from the state are passed through to this fund from the General Fund.
- **Reverend Dougherty Fund** - Rev. Doherty Fuel Fund is a trust established using shares of the present day Honat Bancorp, Inc. The trust was established through the Estate of John J. Dougherty with his passing on April 7, 1896. The borough holds 7,080 shares of common stock of Honat Bancorp, Inc. in certificate form. Pursuant to the trust document only income generated from the shares could be used for the purpose of the trust, which is to subsidize utility payments for the underprivileged in Honesdale.

Liquid Fuels Fund

Honesdale receives an annual allocation of approximately \$143,000 from the state in Liquid Fuels dollars. In the historic period, approximately half of the funding was used for streetlight expense, while other funds were used for various road work.

Beginning in 2025, the borough committed \$72,439 to lease payments on equipment for road work through 2029, and approximately \$60,000 to streetlights, leaving little money for street projects. The borough should consider enacting a streetlight special purpose millage to cover the cost of streetlights.

The borough should also determine whether the capital lease is eligible to be paid using debt service millage. This would free up money for paving and road repairs.

Table 3.11 Liquid Fuels Fund, 2020 to 2024

Liquid Fuels	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	Change 2020-2024	
						\$	%
Revenue	152,689	151,511	140,455	178,040	146,169	-6,520	-4.3
Expenditures	149,043	176,294	183,723	176,543	132,152	-16,891	-11.3
Surplus/(Deficit)	3,646	-24,783	-43,268	1,497	14,017		

Table 3.12 Projected Liquid Fuels Fund, 2025 to 2029

Liquid Fuels	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection	Change 2025-2029	
						\$	%
Revenue	147,675	147,675	147,675	147,675	147,675	0	0.0
Expenditures	148,430	131,590	132,773	133,980	135,211	-13,219	-8.9
Surplus/(Deficit)	-754	16,086	14,902	13,696	12,465		
Fund Balance	20,733	36,819	51,722	65,417	77,882	77,882	

Debt Service

The borough has only minimal outstanding debt. A General Obligation note from Wayne Bank in the principal amount of \$200,000 at an interest rate of 2.88 percent was incurred in 2019 with a 10-year repayment. The proceeds were used for street repairs. As of the end of 2024, the outstanding principal was \$98,943 with an annual principal and interest payment of \$23,090 due in 2025.

The only other debt is a capital lease that was incurred in 2019 in the principal amount of \$8,989 for a copier. It has a five year repayment schedule. As of the end of 2024, the principal was \$2,558 with a lease payment of \$2,349 due in 2025.

From 2019 through 2021, Honesdale did not levy special purpose millage for debt service. In 2022, the borough enacted debt service millage of 0.09 mills. The amount of millage has varied each year

since then with only 0.03 mills levied in 2025, a rate that is insufficient to pay the borough’s entire debt service.

As a result, the projections assume that the Wayne Bank note will be paid by the general fund from 2025 through 2029, thus allowing the Debt Service Fund to accumulate a fund balance of over \$79,000.

The current way debt service millage and related payments are handled is somewhat confusing. As a recommendation the borough should either eliminate the separate debt service millage (adding it to the General Fund millage) as they are proposing to pay the debt service from the General Fund or move the debt service payment to the Debt Service Fund and adjust the Debt Service millage to fully satisfy the debt payment thru 2029.

Table 3.13 Debt Service, 2020 to 2024

Debt Service	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	Change 2020-2024	
						\$	%
Revenue	8	1	22,786	19,664	53,505	53,497	n/a
Expenditures	0	513	0	13,773	44,344	44,344	0.0
Surplus/(Deficit)	8	-512	22,786	5,892	9,161		

Table 3.14 Projected Debt Service, 2025 to 2029

Debt Service	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection	Change 2025-2029	
						\$	%
Revenue	12,498	12,498	12,498	12,498	12,498	0	0.0
Expenditures	0	0	0	0	0	0	0.0
Surplus/(Deficit)	12,498	12,498	12,498	12,498	12,498	0	
Fund Balance	29,449	41,947	54,445	66,943	79,441		

Pension Fund

The Pension Fund is used to account for real estate tax revenue from the 0.32 mills assessed for this purpose, the transfer of state aid for municipal pensions and the Minimum Municipal Obligation (MMO) for pension.

Real estate taxes generate just over \$132,000 annually, while state aid is approximately \$80,000 annually. As of the 2024 pension report from the state Auditor General, the pension is 96 percent funded and not in distress.

The annual MMO is approximately \$162,000 for police and \$6,000 for non-uniform. The non-uniform amount may likely increase as the borough restaffs the Public Works Department and if the borough hires a full time borough manager. The borough budgeted an additional \$50,000 for pensions in 2025.

Table 3.15 Pension Fund, 2020 to 2024

Pension Fund	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	Change 2020-2024	
						\$	%
Revenue	287,894	278,823	280,170	250,178	207,096	-80,798	-28.1
Expenditures	287,598	280,007	280,341	186,290	156,568	-131,030	-45.6
Surplus/(Deficit)	296	-1,184	-171	63,888	50,528		

Table 3.16 Projected Pension Fund, 2025 to 2029

	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection	Change 2025-2029	
						\$	%
Revenue	215,119	217,572	220,100	222,703	225,384	10,265	4.8
Expenditures	229,251	183,732	188,326	193,034	197,860	-31,391	-13.7
Surplus/(Deficit)	-14,132	33,840	31,774	29,669	27,524		
Fund Balance	66,018	99,858	131,632	161,301	188,826	188,826	66,018

Chapter 4

General Government

Introduction

Honesdale borough has been challenged operationally in recent years with large amounts of turnover and absences across departments. The situation impacts leadership continuity, administrative clarity and organizational structure.

Frequent turnover in the manager's position, outdated ordinances, and undefined departmental roles have created gaps in oversight and efficiency. Financial management, while generally sound, requires stronger internal controls, clearer policies, and more strategic planning to ensure long-term fiscal health.

Although the current interim manager has been effective, the employment arrangement through a third party vendor comes at significant cost. The borough should immediately seek a permanent borough manager considering factors such as compensation and appropriate experience.

Other recommendations are made throughout this chapter to improve the borough's approach to budgeting, capital planning, technology, insurance, and legal risk management, each of which is essential to sustaining effective government services. Initiatives range from modernizing office operations and digitizing records to evaluating the potential for Home Rule governance.

Facilities are another immediate area of concern. Borough buildings are facing significant health and safety issues such as deteriorating outside staircase, electrical issues, mold, ineffective boilers and air conditioning, and more. The borough should make remediation of these concerns a priority.

Borough Council

Honesdale Borough Council is composed of seven members, elected at large to staggered four-year terms, ensuring continuity of leadership while allowing for regular opportunities for citizen representation. Council includes James Brennan (president), William McAllister (vice president), Tiffany Rogers, Jason Newbon, James Hamill, Kim Fisch, and James Cordaro.

This structure provides balanced governance, with each council member representing the interests of the borough as a whole rather than a specific ward or district.

Council Committees

Borough council may establish standing committees and special purpose committees to review and make recommendations on matters before council. These committees provide focused discussion and analysis, enabling council to make well-informed decisions.

Honesdale borough council has established four standing committees. Each committee is composed of three council members with a designated chairperson:

- Building/Streets/Stormwater – Cordaro (Chair), McAllister (Co-Chair), Newbon
- Finance/Economic Revitalization – McAllister (Chair), Rogers (Co-Chair), Fisch

- Public Safety/ Zoning / Code Enforcement / Parking – Newbon (Chair), Fisch (Co-Chair), Cordaro
- Parks & Recreation – Hamill (Chair), Rogers (Co-Chair), Cordaro

Council Powers

The state Borough Code vests legislative authority in the council as a body, not in individual council members. Council members exercise their authority only through majority action at properly advertised public meetings. Individual members may not act independently on behalf of the borough without prior authorization from the full council.

In June 2025, borough council adopted a resolution updating its Rules of Conduct to provide structure for its operations. These rules cover biennial reorganization procedures, meeting decorum, use of Robert's Rules of Order, voting protocols, public participation, telecommunication, committee structure, social media policy, and correspondence and email practices.

Borough council also appoints members to a variety of advisory boards and authorities, including:

- Vacancy Board
- Planning Commission
- Zoning Hearing Board
- Uniform Construction Code Appeals Board
- Civil Service Commission
- Central Wayne Regional Authority
- Property Maintenance Appeals Board

Best Practices

- Committees should meet on a regularly scheduled basis whenever possible.
- Although each committee's membership is less than a quorum of council, it is recommended that all committee meetings follow Pennsylvania Sunshine Law public meeting requirements, including proper notice and advertisement, and be open to the public.
- Meeting minutes are public records, and committee recommendations should be reported at the next regular council meeting.

Council Appointed Officers

Council has appointed various officers to carry out certain administrative duties as provided for in the Borough Code. Those officers include:

- Kevin Kundratic - Interim borough manager
- Judy Poltanis - Secretary/Open Records Officer
- Danielle Simoneaux – Treasurer/Chief Administrative Officer for Pensions
- Richard Southerton - Police Chief
- Steve Bates – Fire Chief
- David Nilsen – Director of Public Works
- Richard Henry – Borough Solicitor

- Mark Zimmer - Solicitor for the Zoning Hearing Board
- Eugene Ruzanski - Township Engineer, Construct Engineering LLC
- Stan Pratt – Emergency Management Coordinator
- JHA Associates - Sewage Enforcement Officer

The borough contracts with BHW Construction Consultation Services, Inc., for services as zoning officer, building permit/UCC inspector/property maintenance complaints and rental inspections. BHW is located in Wilkes Barre, approximately an hour from Honesdale. The borough also contracts with JHA in Honesdale for sewage enforcement services.

The Borough Code grants council flexibility in determining the borough's day-to-day operating structure. Each borough's organization is tailored to local needs and established by borough council. Honesdale maintains a formal departmental structure, with administration/manager/secretary/treasurer, public works, and the pool under the borough manager, and the police department under the mayor.

However, several service areas—such as planning/community/economic development, code enforcement, and recreation—are not clearly defined within the organizational framework.

Recommendations – Borough Council

- **Orientation:** Provide new council members with an orientation on Borough Code authority, council Rules of Conduct, and the limits of individual vs. collective powers.
- **Policy Review:** Review the Rules of Conduct annually to ensure they remain aligned with best practices and borough needs.
- **Committee Structure:** Clarify the roles and responsibilities of standing committees to support efficiency and reduce overlap.
- **Board Appointments:** Establish a clear process for reviewing and appointing members to advisory boards and authorities to promote transparency and continuity.

Borough Administration

The position of borough manager in Honesdale is appointed for a two-year term by a majority vote of all council members. The manager serves at the pleasure of council and may be removed at any time by majority vote, with written notice and stated reasons provided at least 30 days before removal. The manager is selected based on executive and administrative ability, with emphasis on experience in and/or knowledge of accepted local government managerial practices and is required to be bonded in an amount set by council. There is no residency requirement for the position.

As the Chief Administrative Officer, the manager is responsible to council as a whole for the proper and efficient administration of borough affairs. The manager's authority extends to the general management of all borough business not expressly assigned by statute to other officers, including oversight of budget and finance, personnel, purchasing, streets, stormwater, codes, public safety, parks and recreation, and public/intergovernmental relations. The manager ensures that

departments are planned, directed, and coordinated in accordance with council policy and applicable laws, reviewing personnel needs, space and equipment requirements, contracted services, and adherence to budgetary limits.

The manager also provides staff support for council committees, as well as official boards, agencies, and commissions, receiving direction through council meetings and policy directives, with performance reviewed based on the achievement of desired objectives.

In recent years, the borough has experienced difficulty recruiting and retaining a permanent manager. Several individuals have been hired but did not remain in the position long, creating gaps in leadership and operational continuity. The manager's ordinance also contains inconsistencies with current operations, particularly regarding supervision of the Police Department, the role of borough secretary, preparation of council agendas, tax administration, publication of required notices and other administrative functions.

These inconsistencies are also reflected in the recently adopted Rules of Conduct resolution. At present, the role is filled by Interim Borough Manager Kevin Kundratic through a contract with Keystone Municipal Solutions.

Supporting the manager is an experienced administrative staff consisting of the borough secretary, borough treasurer, and two part-time administrative personnel. Judy Poltanis, borough secretary, has served the borough for 36 years and holds Certified Borough Official credentials through the Pennsylvania State Boroughs Association and is also a notary public.

She provides critical institutional knowledge and has ensured managerial continuity during periods without a permanent manager. Her responsibilities include preparing council meeting agendas in coordination with the interim manager and council president, posting meetings, agendas and ensuring compliance with the Sunshine Act, recording all council meeting minutes, maintaining ordinances and borough records, processing bids in compliance with the purchasing provisions of the Borough Code, completing DCED, PennDOT and related forms, updating the borough website, and serving as Open Records Officer under the Right-to-Know Law.

Recommendations - Administration

Hire a permanent Chief Administrative Officer. The borough has been operating with an interim borough manager. The borough should seek to hire a permanent Chief Administrative Officer to provide stability while considering the following:

- **Update and align the manager's ordinance to a new Chief Administrative Officer position** - Review and update the ordinance to align with current operations, particularly regarding supervisory authority over the police department, responsibilities of the borough secretary/treasurer, and other administrative functions. Any revisions should clarify the manager's role in agenda preparation, tax administration, and publication of official notices to avoid duplication or gaps in responsibility.
- **Strengthen Recruitment and Retention Strategies** - Given recent challenges in retaining a permanent Chief Administrative Officer, council should also evaluate the position's term

length, recruitment strategy, compensation package, and onboarding process to improve stability and continuity in leadership. Establishing clear expectations, performance metrics, and a supportive governance environment will help attract and retain qualified candidates, ensuring consistent administrative oversight. Consider broadening candidate outreach to professional municipal management networks.

Clarify administrative role definitions – Create clear, documented position descriptions for the borough secretary, treasurer, and part-time staff, distinguishing between routine duties and temporary expanded responsibilities during leadership transitions.

Revise the organizational chart for borough elected and appointed officials and departments, including all borough related operations. Clearly define responsibility for all borough related operations including administration, financial management, police, fire, public works, planning/community/economic development, code enforcement, and recreation within its organizational structure. This could involve assigning these functions to existing departments, creating dedicated positions, or establishing interdepartmental coordination protocols. Clarifying oversight will improve accountability, reduce duplication of effort, and ensure that these service areas receive consistent attention and resources.

Prioritize training for administrative staff. All borough employees benefit from and should attend regular training, particularly in cases of high turnover. The Pennsylvania Municipal League provides the [PATH Pennsylvania Training Hub](#) through a contract with the State Department of Community and Economic Development. [The Pennsylvania State Association of Boroughs](#) also provides extensive training.

Leverage institutional knowledge – Implement a knowledge transfer process to capture and document critical historical and procedural information held by long-serving staff in writing, ensuring continuity in the event of retirements or turnover.

Consider establishing a Council of Governments (COG) with neighboring municipalities. Under the state Intergovernmental Cooperation Law, if a municipality has the power to take an action or deliver a service under the provisions of its code or charter, it has the power to cooperate with another municipality in doing so. COGs are established to enable a group of municipalities to work together on programs of mutual interest. They can provide a forum for regional discussion on everything from sharing equipment to establishing Halloween hours.

COGs have numerous functions and programs depending on the needs of its members including joint purchasing, equipment sharing, shared recreation, joint code enforcement, regional economic development and emergency preparedness, and more.

Information on COGs, including steps to form one, is available from the DCED publication [Intergovernmental Cooperation Handbook](#). The [Pennsylvania Association of Councils of Government](#) (PACOG) is another resource for information on COGs.

Borough Office Operations

The borough office is open Monday through Friday, from 9:00 a.m. to 3:00 p.m., and is staffed by the borough secretary, treasurer, and a part-time employee. At least one staff member is available to assist the public during office hours. The part-time employee manages parking-related transactions, while the borough secretary responds to general emails and coordinates administrative duties.

Although there is limited access to the building, there have been problems with computer equipment and other items disappearing. Security is maintained by limiting access and requiring visitors to ring a bell for entry and/or service.

The administrative office operates five leased computers and a server purchased in 2024, with a five-year replacement cycle in place. All computers operate on Windows 11 and use standard software of Microsoft 365 and QuickBooks 2024.

Office space for administrative staff is limited. Honesdale has poor file management. Staff have noted that there are filing cabinets in various locations and numerous bank boxes of files scattered throughout the building, some of which are organized and labeled, and some are not.

There is no clear pattern of organization. In some cases, records may be duplicative or irrelevant and can be disposed. In other cases, files and documents should be digitized and organized so they can be easily searched as needed. There is a critical need to have these files organized and digitized which the interim manager would like to see happen.

The borough has adopted a Property Maintenance Ordinance and a Rental Registration program. The Property Maintenance program establishes standards for property maintenance along with enforcement provisions and penalties for violations. The Rental Registration program requires annual registration of rental properties using a paper form.

Recommendations – Office Operations

The borough should solicit quotes from vendors for the following services:

- File digitization and archiving services to review, digitize, organize, and dispose of files per the records retention schedule.
- Purchase of or subscription to property management software that allows the borough to track code violations and rental inspections. The software may also expedite the rental license application process by having an online rather than paper form.

Financial Administration

The borough's financial management responsibilities are administered by the borough treasurer, Danielle Simoneaux. Her duties include:

- Maintaining proper governmental accounting practices and the general ledger for all funds
- Managing cash receipts, petty cash, and bank deposits
- Processing obligations for payment
- Preparing payroll for external processing

- Developing budget information and preparing monthly financial reports for borough council

Payroll

Payroll is outsourced to PayChex, which manages the bi-weekly payroll cycle and processes all federal, state, and local payroll tax filings.

Honesdale operates on a modified cash basis of accounting where revenues and expenditures are recorded when cash is received or paid. It incorporates certain accrual adjustment for long-term assets and liabilities. This basis is common for smaller municipalities. QuickBooks Essentials (cloud-based, version 2024) is utilized for its accounting system, with licenses for up to five users. The cloud platform provides secure backups and enables remote access.

The treasurer is bonded for \$500,000. All borough checks require two signatures:

- One must be either the treasurer or borough manager
- The second may be the council president, vice president, borough manager, or Finance Committee chair/vice chair

Internal Controls

Invoices are reviewed and entered into QuickBooks by the treasurer, and checks are then prepared for signature. However, it is common for checks to be signed prior to council approval of payment, creating a gap in financial controls. In addition, invoices are not always verified against delivery of goods or services, raising the risk that the borough may pay for incomplete or inaccurate transactions.

Due to limited staff capacity, the borough cannot fully segregate financial duties. This increases the potential for errors or fraud in financial reporting. Strengthened oversight by the borough manager and finance committee members is needed to establish adequate monitoring controls.

Fund Balance Policy

As a financial policy, the borough should establish and formally adopt a goal of maintaining an unrestricted fund balance equal to at least 10 percent of operating revenues, or approximately two months of operating expenditures. This disclosure was also noted in the recent 2024 audit report. Establishing this minimum threshold will:

- Preclude the need for Tax Revenue Anticipation Notes (TRANs) by providing sufficient liquidity for cash-flow needs.
- Strengthen creditworthiness and reduce borrowing costs, signaling fiscal stability to outside lenders and rating agencies.
- Provide an ongoing funding stream for capital needs, as any fund balance in excess of the adopted minimum could be transferred annually to the Capital Reserve Fund.
- Create a contingency reserve for unexpected emergencies, such as natural disasters, infrastructure failures, or unanticipated revenue declines.

The Government Finance Officers Association (GFOA) recommends that municipalities adopt a written fund balance policy tailored to their size, revenue sources, and risk profile. The borough may use GFOA's model policies as a framework for developing its own.

While the borough's current fiscal position may limit immediate attainment of this benchmark, it should be adopted as a long-term financial goal. As the borough's financial condition improves, incremental progress toward this reserve level will build stability, support capital planning, and improve overall fiscal resilience.

Banking Structure

Borough funds are currently maintained in four banks: Honesdale National Bank, Dime Bank, Peoples Security Bank & Trust, and Wayne Bank. In July 2025, council also designated M&T Bank as an authorized depository, following a review of municipal banking programs. M&T Bank offers interest-bearing accounts, whereas the borough's other banks do not.

The borough should consider gradually consolidating accounts to reduce administrative complexity and maximize interest earnings. The borough also has a number of certificates of deposits that are designated for specific purposes including \$200,000 for litigation resolution. Other CD's relate to building maintenance, vehicles and street improvements and total \$914,248.

Recommendations – Financial Administration

- **Financial Management and Accounting Policies & Procedures Manual**
 - Develop a written manual covering:
 - Budget preparation (See Operating Budget)
 - Cash management
 - Billing and collections (including window transactions)
 - Purchasing and capital acquisitions
 - Cash disbursements
 - Payroll
 - Long-term debt management
 - Interfund transactions
 - Financial reporting (monthly and annual budget to actual statements)
 - Establish a fund balance policy
 - Review and update the manual annually.
- **Bank Reconciliations & Deposits**
 - Ensure bank statements and reconciliations are reviewed monthly by an individual independent of cash handling.
 - Deposit receipts at least weekly to safeguard borough assets.
- **Cash Disbursement Controls**
 - Require confirmation of goods or services received prior to check preparation.

- Ensure all payments are formally approved by council before checks are released with the exception of certain payments for payroll, utilities, employee benefits, insurance premiums, and documented emergency situations that are made between council meetings, with their ratification at the next council meeting.
- **Independent Review**
 - Conduct a periodic independent review of QuickBooks records and banking practices by an external auditor or finance committee to help ensure ongoing compliance with governmental accounting standards.
- **Bank Consolidation**
 - Evaluate the benefits of consolidating bank accounts with institutions offering competitive interest rates and municipal services, which could increase returns on idle funds and streamline account management.
- **Investments**
 - Consider other investment opportunities such as PLGIT, money market and treasury bill investments that would likewise increase investment income.
- **Capital Reserve**
 - Establish a Capital Reserve Fund that will fund projects identified in the Capital Plan and Budget. Consolidate CD's being held in the General Fund for capital projects into the Capital Reserve Fund.

Annual Audit

The borough engages Raney & Raney, CPA to complete its annual audits. Audits are current through December 31, 2024, with the recent completion of the FY 2024 audit.

In its opinion, Raney & Raney reported that the borough's financial statements present fairly, in all material respects, the borough's financial position on a modified cash basis of accounting. The FY 2024 audit report, released in August 2025, provided a Qualified Opinion, noting that the modified cash basis differs from Generally Accepted Accounting Principles (GAAP). Specifically, the borough does not record:

- Revenues such as accounts receivable not yet collected, and
- Expenditures such as accounts payable for goods and services received but not yet paid.

Additionally, the borough does not record the long-term liability for Other Post-Employment Benefits (OPEB) on its financial statements; instead, these obligations are recognized only when paid.

The audit also disclosed the opinion of borough management and legal counsel that outstanding legal actions could have a material adverse impact on the borough's financial position.

Recommendation – Audit

- Consider gradually moving toward enhanced financial reporting standards such as a modified accrual basis of accounting to improve transparency and long-term fiscal planning. While full GAAP compliance may not be immediately feasible, steps such as tracking accounts receivable/payable, developing a schedule of OPEB liabilities, and disclosing contingent legal liabilities in greater detail would strengthen the borough's financial position and creditworthiness.
- Adopt a formal policy to monitor and report these items annually—outside the audit if necessary—would provide council with clearer insight into long-term obligations and risks and place the borough on stronger footing for future borrowing, grant applications, and public accountability.

Tax Structure

The borough levies a real estate tax on all taxable property at a rate of 7.58 mills for 2025 including:

- 6.50 mills – General purposes
- 0.03 mills – Debt service
- 0.35 mills – Fire protection
- 0.32 mills – Pensions
- 0.38 mills – Recreation

Under the Borough Code, Honesdale may levy up to 30 mills for general purposes, with an additional 5 mills available upon court approval. Special-purpose millages may also be imposed within statutory limits.

Under the Local Tax Enabling Act (Act 511), the borough levies:

- Local Services Tax (LST): \$52 per year. The school district has opted not to levy the LST, allowing the borough to retain the full amount. A low-income exemption applies for individuals earning less than \$12,000 annually. The borough treasurer administers and collects this tax.
- Realty Transfer Tax: 1 percent total, split evenly between the borough (0.5 percent) and the school district (0.5 percent). The county recorder of deeds collects the tax and remits the borough's portion.

The borough does not currently levy an Earned Income Tax (EIT) under Act 511, although it has been discussed by council during the last several budget cycles. An EIT of up to 1 percent could be imposed on both residents and non-residents; however, Act 511's crediting provisions limit collections from non-residents whose home municipalities already impose the tax.

Currently, Honesdale residents that work in other municipalities that levy an EIT pay their wage taxes to that municipality as opposed to their home municipality of Honesdale. Preliminary estimates suggest potential annual revenue of approximately \$350,000 if enacted.

Recommendations – Tax Structure

- **EIT Analysis** - Conduct a detailed fiscal impact analysis of implementing an Earned Income Tax to determine potential revenue and how it might diversify and stabilize the borough's tax base.
- **Millage Allocations** - Evaluate current millage allocations and the potential for adjustments within the legal limits to help ensure resources are aligned with operational and capital priorities.
- **Audit Process** – Leverage the annual audit process for use as a strategic tool, not only for compliance, but also for identifying long-term financial trends and incorporating that information into multi-year budgeting and capital planning efforts.

Payment in Lieu of Taxes - PILOTS

As the county seat, the borough hosts a significant number of tax-exempt properties, including Wayne Memorial Hospital, County government offices, public schools, churches, and non-profit organizations. According to the Wayne County Assessment Office:

- Total tax-exempt property assessed value: \$213,402,400
- Total taxable assessed value (FY 2025): \$413,452,099
- Share of borough's total assessment exempt from taxation: 34%

This concentration of tax-exempt property substantially limits the borough's tax base while still requiring the borough to provide full public safety, infrastructure, and public works services to these properties.

The borough currently benefits from one PILOT agreement with Ecumenical Enterprises, Inc. (Maple City Apartments).

- Agreement executed November 22, 2006, with borough, Wayne County, and Wayne Highlands School District.
- Provides each entity \$5,000 annually beginning in 2007, with a 1% annual escalation clause.
- Agreement renews automatically each year unless terminated by either party with one year's written notice.

While this agreement has provided a modest, consistent revenue stream, it represents only a fraction of the services delivered to tax-exempt organizations.

Recommendations – PILOTS

The borough should actively pursue additional PILOT agreements with its larger tax-exempt institutions, particularly Wayne Memorial Hospital, county government facilities, and non-profit institutions. Tax-exempt institutions are more receptive to a PILOT when money is used for a specific purpose, such as the purchase of police cars. PILOT agreements could be structured to include:

- Annual financial contributions tied to property value or service demand, or
- In-kind service arrangements, such as hospital-provided support for public health outreach, or county provided support for property maintenance and equipment sharing.

These agreements would help restore equity to borough taxpayers, ensuring that all organizations benefiting from municipal services contribute, at least in part, to their cost.

In its 2020 report on PILOTs, the Local Government Commission of Pennsylvania offered the following recommendations based on its study:

- Municipalities should approach PILOT negotiations with a justifiable, specific dollar request, and a cooperative, collaborative attitude.
- Regional or cooperative efforts may provide support for negotiating and implementing PILOT agreements.
- A consistent method for documenting PILOT agreements and payments could benefit all parties involved.

FY 2025 Budget Adoption and Operating Budget Process

The borough adopted its FY 2025 budget and related tax rates at council's December 16, 2024, meeting. The initial draft budget included the imposition of a 1% Earned Income Tax (EIT); however, following extensive discussion, the EIT was removed and replaced with a 1 mill real estate tax increase in the adopted budget.

As part of the FY 25 budget process council approved an update to the borough's Fee Resolution on November 25, 2024, which was incorporated into the FY 2025 revenue projections. The Fee Resolution is very comprehensive and includes fees and permits related to police, public works equipment, street openings, false alarms, parking, solicitation, land use/planning/zoning/SALDO, recreation, rental inspections, building codes and property maintenance. Fees allow the borough to recoup the cost for specific services provided. The Fee Resolution was further updated at the July 28, 2025, council meeting.

The borough prepares annual budgets for the following funds:

- General Fund
- Liquid Fuels Fund
- Pension Fund
- Debt Service Fund

In addition to the General Fund levy, real estate taxes are assessed for debt service, fire, pensions, and recreation. To enhance both management oversight and council's fiduciary responsibilities, periodic financial reporting should present statements for all funds, comparing actual results to budgeted amounts.

The borough is an entitlement municipality under the Community Development Block Grant program. It receives approximately \$102,000 annually through the fund. Financial activity does not

appear in the borough’s financial records. Wayne County serves On Behalf Of (OBO) the borough and has contracted with Hailstone Economic to administer the borough’s program.

Although having a third party administer the program is not uncommon, as the borough is the entitlement municipality and ultimately responsible for the proper expenditures and compliance with CDBG program guidelines, financial and reporting requirements for the program should be addressed in the borough’s financial management system.

The most recent three-year plan covering FY 22-25 focuses on low-income needs and infrastructure improvements to complement implementation of the Downtown Honesdale Revitalization Plan. The plan establishes a short-term goal of repaving a portion of Ridge Street and long-term goal of additional street improvements.

The Reverend Doherty Fuel Fund is a restricted trust fund established to aid with low-income households in need as a means to assist with the payment of utility bills. Under terms of the endowment the borough is authorized to annually distribute the available cash balance plus interest and dividends. Individuals apply to the borough along with a copy of the utility invoice for review and action by the borough.

Looking ahead, the establishment of a formal budget calendar—for both operating and capital budgets—will provide clear guidance, improve process consistency, and strengthen council’s ability to make timely and well-informed financial decisions. The recommendations contained in this report are intended to serve as a baseline for the borough’s upcoming budget cycles.

General Government Expenditures

The largest expenditure in general government is health insurance, much of which covers members of the police department and police retirees. Salary and wages increased in 2024 when the borough hired an interim borough manager at a cost of \$189,255 (no benefits) that year. Projected costs use the 2025 budgeted manager salary of \$90,000 with benefits that increase annually based on the assumptions in Chapter 3.

Table 4.1 General Government Expenditures, 2020 to 2024

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	Change 2020- 2024	
						\$	%
Salary & Wages	124,875	108,811	150,574	141,723	316,013	191,138	153.1
FICA/Medicare	10,847	9,605	12,070	12,098	12,555	1,707	15.7
Healthcare	366,327	499,176	516,387	447,595	425,472	59,145	16.1
Uniforms	0	0	0	1,588	161	161	0.0
Unemployment Comp	3,531	3,201	2,896	3,030	2,688	-843	-23.9
Workers Comp	685	670	516	5,286	5,062	4,378	639.4
Total Employee	506,265	621,464	682,443	611,319	761,951	255,686	50.5
Supplies	26,770	22,684	35,331	63,581	25,275	-1,495	-5.6
Services	170,000	240,572	187,710	196,084	164,351	-5,649	-3.3

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	Change 2020- 2024	
Other	1,655	5,927	259	1,865	33	-1,622	-98.0
Capital	36,341	37,018	107	87,165	75,034	38,693	106.5
Repairs & Maintenance	9,983	11,557	15,032	9,859	80,021	70,039	701.6
Utilities	11,964	8,665	13,739	13,396	13,482	1,518	12.7
Insurance	84,661	117,436	114,531	82,725	75,435	-9,226	-10.9
Judgements & Losses	36,032	38,506	41,330	43,604	46,695	10,663	29.6
Non-Personnel	377,405	482,365	408,038	498,279	480,325	102,919	27.3
Total Expenditures	883,670	1,103,829	1,090,480	1,109,598	1,242,275	358,605	40.6

Table 4.2 Projected General Government Expenditures

	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection	Change 2025- 2029	
						\$	%
Salary & Wages	293,308	300,641	308,157	315,861	323,757	30,449	10.4
FICA/Medicare	25,929	26,577	27,242	27,923	28,621	2,692	10.4
Healthcare	776,495	863,823	907,015	952,365	999,984	223,489	28.8
Uniforms	1,000	1,021	1,042	1,062	1,083	83	8.3
Unemploy Comp	1,046	1,072	1,099	1,126	1,154	109	10.4
Workers Comp	1,788	1,826	1,863	1,899	1,936	148	8.3
Total Employee	1,099,566	1,194,960	1,246,416	1,300,236	1,356,535	256,969	23.4
Supplies	36,550	37,323	38,073	38,823	39,580	3,030	8.3
Services	233,865	238,809	243,612	248,411	253,250	19,385	8.3
Other	5,200	5,200	5,200	5,200	5,200	0	0.0
Capital	169,000	0	0	0	0	169,000	100.0
Repairs	10,635	10,859	11,078	11,296	11,516	881	8.3
Utilities	22,268	22,739	23,196	23,653	24,114	1,846	8.3
Insurance	118,000	120,495	122,918	125,339	127,781	9,781	8.3
Judgements	46,000	46,000	46,000	46,000	46,000	0	0.0
Non-Personnel	641,518	481,425	490,077	498,722	507,440	134,078	-20.9
Total Expenditures	1,741,084	1,676,385	1,736,493	1,798,959	1,863,975	122,892	7.1

Recommendations – Operating Budget

- To ensure that the borough has a true understanding of departmental costs, the borough should allocate health insurance costs to the appropriate department rather than recording everything under general government.

- Annual budgets should be prepared for all active funds, including fire and recreation, so millage-based revenues and expenditures are fully tracked.
- A capital reserve fund should be established to account for all capital-related revenues and expenditures.
- The annual budget message prepared by the manager should explain the financial data presented, highlight historical trends, and state the assumptions underlying projections.
- Budgets should include a two-year history of revenues and expenditures, the proposed budget year, and two additional projection years.
- A budget calendar should be formally adopted to guide timely development, review, and approval of the budget. Appendix A provides a sample template for a Budget Calendar.

Capital Plan and Budget

The borough has not been able to adequately invest in or plan for necessary capital maintenance needs and improvements due to ongoing financial challenges. Sound capital planning is a core component of effective municipal management, ensuring that infrastructure, facilities, and equipment are maintained and improved in a timely, cost-effective manner. Adequate capital investment protects public health and safety, reduces future operating costs, and prevents higher replacement costs over time.

A Capital Improvement Plan (CIP), paired with a dedicated capital budget, will enable the borough to prioritize and sequence investments based on necessity, affordability, and long-term community goals. The plan should address borough buildings, road and bridge infrastructure, stormwater systems, park and recreation facilities, departmental vehicles and equipment, and information technology assets such as servers, workstations, and software.

Currently, no borough-wide capital plan exists, and investment decisions are made primarily in response to immediate needs. As a first step, management should conduct a borough-wide inventory of all facilities and equipment, and infrastructure—identifying the most critical repair and replacement needs. This process should establish clear criteria for prioritizing projects that:

- Protect the health and safety of the public and employees
- Advance the borough's long-term goals and objectives
- Address core infrastructure and equipment needs
- Consider the operational impacts—costs or savings—of capital investments

The CIP process should precede the borough's normal budget cycle and be completed by September so recommendations can be incorporated into the annual operating budget. The process should involve input, review and approval by council as well as an opportunity for public input. The annual CIP document should include:

- A narrative of project priorities for the upcoming year
- A description of the CIP development process and selection criteria
- A summary of projects by type and department

- Individual project descriptions with location, summary, estimated cost, completion date, and operating impacts for the next five years
- Funding sources and/or proposed borrowings
- Analysis of how each project will affect the operating budget

Developing a sustainable CIP will require an assessment of existing capital assets by borough staff, supported by the borough engineer and other professionals. PennDOT's Local Technical Assistance Program can provide useful resources for this process. While not all elements of the plan may be funded immediately, a formal CIP framework will position the borough to pursue grant funding, strengthen financial planning, and improve transparency with residents.

The borough's use of Vialytics software to assess street and related infrastructure is a strong starting point for the transportation component of the plan. Incorporating the findings of the Kraklio report, results from a future energy audit, and the borough's emerging safety initiatives will ensure that repair, maintenance, and efficiency priorities are addressed in a coordinated manner.

By aligning facility repairs, energy efficiency measures, safety enhancements, and infrastructure upgrades in a single, strategic framework, the borough will be better positioned to meet community needs while maintaining fiscal stability.

Recommendations – Capital Plan and Budget

- **Develop and adopt a formal Capital Improvement Plan (CIP)** covering at least five years, linked directly to the annual operating budget.
- **Conduct a borough-wide inventory** of facilities, infrastructure, equipment, and technology assets to identify and prioritize critical repair and replacement needs.
- **Establish clear project selection criteria** that emphasize public safety, core infrastructure, and alignment with borough goals, while considering operational cost impacts.
- **Complete the CIP process by September each year** to ensure recommendations are integrated into the upcoming operating budget.
- **Incorporate findings** from the Vialytics street assessment, Kraklio report, future energy audit, and safety initiatives into the CIP.
- **Pursue a Phase II STMP grant** to secure consultant expertise in multi-year capital planning, funding strategies, and implementation scheduling.
- **Review and update the CIP annually** to reflect changing priorities, completed projects, and new funding opportunities.
- **Pursue Grant Opportunities** – Various grant and loan programs are available from DCED, DCNR, DEP, PennDOT and other state and federal agencies to assist with funding capital needs for infrastructure, equipment, and community and economic development activities. The borough should aggressively pursue these opportunities consistent with the priorities established in the Capital Plan.

Purchasing

On May 20, 2024, borough council adopted Resolution 20 establishing a purchasing policy. The policy repealed a prior version and sets forth requirements for the expenditure of municipal funds. It outlines use of purchase orders, specifies categories of expenditures that may be paid without council approval, and designates authorized purchasing representatives.

The policy is aligned with Section 1402 of the Borough Code, which requires competitive bidding based on annual dollar thresholds adjusted by the Pennsylvania Department of Labor and Industry. For 2025, purchases under \$12,900 require no formal quotes, those between \$12,900 and \$23,800 require three written or telephonic quotes, and purchases above \$23,800 require formal bidding.

Exceptions to bidding are also identified under Section 1401(d) of the Borough Code, including professional services, emergency purchases, intergovernmental contracts, and cooperative purchasing arrangements such as COSTARS and Keystone Purchasing Network.

While comprehensive, the policy contains several inconsistencies and omissions. The list of authorized purchasers includes a “Police Commissioner,” a position that does not exist in the borough. The provision authorizing certain payments “without council approval when funds are available” should be clarified to mean payments between council meetings, with ratification at the next meeting. In addition, although the policy references purchase orders, it does not require confirmation that goods or services were received as ordered, nor verification that purchases align with approved budget line items.

Effective internal controls, clear definitions, and consistent adherence to bidding thresholds are essential to ensure compliance with state law, fiscal accountability, and public trust.

Recommendations – Purchasing

- **Clarify Authorized Purchasers** – Remove the “Police Commissioner” from the list of authorized purchasers, as the borough does not have that position.
- **Council Oversight** – Revise the language that currently allows certain invoices ((payroll, utilities, employee benefits, insurance premiums, etc.) to be paid “without council approval” to instead authorize interim payments between meetings, subject to formal ratification at the next council meeting.
- **Budget & Receipt Controls** – Require documented acknowledgment that goods/services were received and that expenditures are within the approved budget line item before payment is processed.
- **Quotation Records** – Ensure written or telephonic quotation records are maintained for three years, including vendor details, vendor representative, and pricing.
- **Annual Threshold Updates** – Incorporate a process to formally update the policy each January when new bidding thresholds are published by the PA Department of Labor & Industry.

- **Purchasing Procedures** – Appendix B provides a sample structure for a detailed purchasing policy.

Tax Collector

Aside from the mayor and council, the tax collector is the only other elected official. Coleen Tuman currently serves as the elected tax collector. Ms. Tuman is bonded under a countywide bond for elected tax collectors in the amount of \$4,240,971. Ms. Tuman is responsible for collecting:

- Real Estate Taxes for the borough, Wayne County, and Wayne Highlands School District.
- Per Capita Taxes:
 - \$5 Per Capita Tax levied by the borough under Act 511 (*Local Tax Enabling Act*).
 - \$5 Per Capita Tax levied by the Wayne Highlands School District under Act 511.
 - A separate \$5 Per Capita Tax levied by the School District under the School Code.
- Occupation Tax: 300 mills levied by the Wayne Highlands School District under the School Code.

The borough treasurer—a position appointed by council—administers and collects the \$52 Local Services Tax. The Wayne Highlands School District has elected not to levy this tax; therefore, 100 percent of the revenue accrues to the borough.

Borough Ordinances/E-Code

The borough's ordinances are codified and accessible on the borough's website through E-Code. In addition to ordinances, borough council resolutions and meeting minutes are also posted and maintained through the system. The borough secretary is responsible for uploading ordinances, resolutions, and minutes, and a review of the website found that files are current and up to date.

Regular codification provides several key benefits:

- Ensures ordinances remain relevant and enforceable.
- Organizes regulations into a logical structure for ease of use.
- Improves clarity and consistency across laws.
- Provides residents, staff, and elected officials with a transparent, searchable, and reliable source of borough regulations.

Recommendation – Borough Ordinances/ECode

To maintain accuracy and transparency, the borough should continue to update E-Code on at least an annual basis. Each update should include a review to:

- Confirm consistency among ordinances.
- Update statutory citations as necessary.
- Ensure all administrative and regulatory laws of a general and permanent nature are included in the codification.

Facilities

The borough has an aging municipal building that was initially built in 1898 by the fire company. It is a three-story building that houses administrative offices, council meeting room, conference room and storage space. There is a meeting room on the second floor with seating for approximately 30 individuals. It can be accessed either by steps or by an elevator in compliance with ADA requirements.

Adjacent to the borough building is the Police Department building, which is also a three-story building and likewise quite old. Both municipal buildings are dated and exhibit notable signs of weathering. Some maintenance needs—such as painting—can be addressed at minimal cost, while others, including electrical and plumbing system deficiencies, will require substantial investment.

On October 1, 2024, council adopted a resolution authorizing the submission of an application to DCED for a Monroe County Local Share Grant in the amount of \$811,437. The application was for Phase I of a renovation project for the borough building and police station to address many of the issues identified above. As of the date of this report a decision has not occurred on the application.

An in-depth visual inspection of both buildings by Kraklio Inspections, LLC of Pittston occurred on February 23, 2022, at the request of Councilman David Nilsen. The Kraklio report provides a thorough assessment of both facilities and should serve as a guide for borough council in setting repair and maintenance priorities. These priorities should be incorporated into the borough's capital plan and budget.

The above items represent the most significant issues identified in the Kraklio report and should be addressed as soon as possible.

The Kraklio report identified a number of issues in both buildings, some of which are significant and represent health and safety concerns. Interviews with borough personnel also reported concerns over various issues. Given the age of the two buildings, it is not surprising that there are numerous issues that require maintenance, repair and replacement. The more significant issues identified in both buildings are:

- Outside stairwell has deteriorated with numerous safety concerns.
- First floor framing is fire damaged and floor slopes inward in police station.
- Pest activity in basement and attic areas and at police station rear door that is causing deterioration in wood.
- Numerous electrical panel & electrical system issues in both buildings pose serious safety concerns.
- Several handrails on steps are not installed or installed improperly creating safety issues.
- Gas line pipe routed thru stone wall without protection.
- Improper venting of water heater.
- Presence of mold due to plumbing system leakage and water damage due to infiltration.
- Boilers and A/C equipment are old with some units over 30 years and require significant maintenance.
- Lack of smoke and carbon monoxide detectors.

- Third floor exterior door is safety hazard and should be permanently shut.

Borough personnel stated that the air conditioning system is not fully functional and the boiler in the borough building had been malfunctioning though it was recently repaired. The above items represent the most significant issues identified in the Kraklio report and should be addressed as soon as possible.

Elevator Compliance

The borough office building contains an elevator that provides access to the second floor. The Pennsylvania Department of Labor and Industry mandates annual inspections of all elevators. To comply, the borough entered into an agreement in October 2022 with MHI Consulting LLC to perform the required testing, conduct inspections, and submit documentation to the department. The original agreement was for one year; it is unclear whether the agreement has been renewed on an annual basis.

Meeting Room

A meeting room on the second floor is used for borough council meetings and other official borough functions. The space accommodates approximately 30 individuals and can be accessed via stairs or the ADA-compliant elevator. The room is also equipped to support remote participation.

Energy Efficiency Considerations

While the Kraklio report provides a solid overall assessment of the borough office and police station, it does not address energy-related issues. An energy audit conducted by a qualified contractor would identify specific actions, whether behavioral changes or capital improvements, along with estimated costs, projected annual savings, and anticipated payback periods. The results of such an audit should be used to develop an energy management plan that can guide decision making and be integrated into the borough's capital plan and budget.

Recommendations - Facilities

- Address the safety issues identified in the Kraklio report ASAP and subject to the availability of funds.
- Utilize the Kraklio report to establish priorities with respect to repair, maintenance and replacement and incorporated into the Capital Plan and Budget.
- Address the mold remediation issue.
- Install a key fob or similar system to enhance security at the borough building. This system will allow controlled access to the building during non-business hours.
- Undertake an energy audit of the borough building.
- Amend the agreement with MHI for elevator inspections to provide for its continuation.

Technology and Information Systems

The borough maintains a modest but modern technology environment to support administration, public works, police, and community communications. The administrative office operates five leased

computers and a server purchased in 2024, with a five-year replacement cycle in place. All computers operate on Windows 11 and use standard software of Microsoft 365 and QuickBooks 2024.

Two specialized software systems support borough operations:

- **IWORQ** – a permit management and code enforcement platform under contract through August 2025, with automatic renewal unless 60 day notice is given. IWORQ tracks contractors, inspections, property information, code violations, fees, and related activities. All data is stored in the cloud with twice-weekly backups.
- **Vialytics** – an asset management system purchased in September 2024 through a three-year agreement with Vialytics Americas Inc. for public works and borough owned assets including traffic signals, signs, park benches and playground equipment. The software tracks road and infrastructure conditions, inventories, maintenance needs, work orders and maintains records useful for insurance claims. It is actively used by DPW Director Dave Nilsen.

IT support for administrative offices and website hosting is provided by Eagle Solutions. The website package includes 1 GB of storage, up to 100 email accounts, and is managed with WordPress, featuring daily, weekly, and monthly automatic backups. The borough's website was built and maintained through PSAB Website Design Services. In June 2025, the website earned statewide recognition for design and accessibility.

The Police Department operates a separate IT system with five in-station computers and four mobile laptops, all running Windows 11 and maintained by Marshall Consulting. The department uses Technology Enterprise Group (TEG) software to access the Commonwealth Law Enforcement Assistance Network (CLEAN).

The borough maintains an active public presence through three Facebook pages (borough, police department, and parks & recreation) to share timely updates and community information.

Broadband Services Agreement

In 2019, Honesdale entered into an agreement with ICON Technologies, Inc. authorizing ICON to install equipment on the steel structure known as the Star in Gibbons Memorial Park to provide alternative broadband internet services. The agreement includes a revenue-sharing arrangement in which the borough initially receives 10 percent of total net revenues, increasing to 15 percent in year four, with an additional 0.25 percent per year thereafter, up to a maximum of 20 percent.

Recommendations – Technology and Information Systems

- **Coordinated IT Plan** – To maximize efficiency and ensure a cohesive technology strategy, integrate administrative IT systems, Vialytics infrastructure management, and Police Department IT into a coordinated technology plan that reduces redundancy, improves data management and provides a framework for future technology investments. This plan should address hardware replacement schedules, software licensing, data security, cloud storage, and system maintenance across departments.

- **Vialytics** - Leverage Vialytics' asset and infrastructure tracking capabilities to inform capital planning and maintenance priorities, while ensuring police IT systems meet operational and legal requirements.
- **Contract Oversight:** Track renewal dates for IWORQ and Vialytics to ensure council has the option to review performance and cost before automatic renewals.
- **Cybersecurity:** Conduct a basic IT security review with Eagle Solutions and Marshall Consulting, focusing on password protocols, backups, and staff training.
- **Continuity Planning:** Document IT support contacts, software licenses, and renewal terms in a centralized location for easy reference.
- **Public Communication:** Establish posting guidelines for borough-managed social media to ensure accuracy, consistency, and compliance with records retention rules.

Insurance

The borough's insurance broker is Brown & Brown Insurance Services, Inc. They provide a range of property, casualty, and specialty coverages for the borough through various carriers. These include:

- Property Insurance – Replacement cost basis – Blanket Limit \$7,355,581.
- General Liability – \$3 million aggregate limit; \$1 million per occurrence.
- Vehicle Coverage – \$1 million limit.
- Inland Marine, Boiler & Machinery – Coverage limits vary by asset
- Flood Insurance – Coverage limits vary by asset.
- Cyber - \$50,000 limit
- Crime/Employee Theft/Forgery/Computer Fraud - \$25,000/category
- Employment Practices Liability – Included in above.
- Public Officials Liability - \$1,000,000/occurrence/\$2,000,000 aggregate
- Police Professional Liability – \$1 million limit.
- Heart & Lung - \$50,000 limit
- Umbrella Liability – \$5 million limit.

All coverages are current, with most renewing in December, and limits appear reasonable.

Specialty Coverages

- **Terrorism Insurance** – \$1 million per occurrence and annual aggregate, including coverage for damages from an Active Assailant Incident. *Note: Tysler, the carrier, is not licensed by the Pennsylvania Department of Insurance and is subject to limited regulation.*
- **Volunteer Coverage** – Blanket accidental death and medical policy for all authorized borough volunteers, with \$25,000 accidental death and \$250,000 maximum accidental medical benefit limits.

Workers' Compensation (WC) Insurance

The borough provides Workers' Compensation (WC) coverage for employees through Selective Insurance, with policy limits of \$1 million per accident and per employee. The borough's current experience modification factor (1.395) is above average, reflecting a higher-than-typical frequency

and cost of claims. Because experience modifications are based on a three-year rolling average (excluding the most recent year), each claim continues to affect premiums for three years.

Recommendation –Insurance

To reduce costs over time, the borough should strengthen WC risk management practices, including:

- Implement a formal claims management process in cooperation with the borough’s insurance carrier to ensure timely reporting, medical case management, and return-to-work coordination.
- Track incident types and causes to identify trends and address systemic risks.
- Establish and maintain a comprehensive employee safety program supported by a formal Safety Committee.

The interim manager and public works director have recently formed a Safety Committee and are working with Brown & Brown Insurance to develop and implement a borough-wide employee safety program.

Volunteer Fire Companies and Firefighters Insurance

Coverage for the borough’s volunteer fire companies and firefighters is provided through the State Workers Insurance Fund (SWIF), administered by the Pennsylvania Department of Labor & Industry. Policy limits are \$100,000 per accident/disease and \$500,000 aggregate per policy.

The borough’s current experience modification factor (0.85) reflects strong claims history, resulting in reduced premiums. However, while some surrounding municipalities provide partial reimbursements for this expense, those contributions do not fully offset the borough’s costs.

In January 2025, borough council adopted a resolution explicitly authorizing coverage for fire department volunteers, including fire police and ladies auxiliary members, while engaged in firefighting, rescue, emergency medical, and other official fire department activities. This action ensures that all personnel engaged in authorized duties are protected under the borough’s workers’ compensation coverage.

Unemployment Compensation (UC)

Honesdale participates in the Pennsylvania State Association of Boroughs (PSAB) Unemployment Compensation Program, administered through a trust established by PSAB. Participation is authorized through an Intergovernmental Agreement with the borough. The PSAB UC Plan is a municipal unemployment compensation group insurance fund, supervised by twelve trustees (local government officials appointed by the President of PSAB). The plan currently covers more than 15,000 municipal employees across over 630 municipalities.

Administration of UC claims is handled by Experian Employer Services (ESS), formerly Corporate Cost Control (CCC).

Each participating municipality contributes based on payroll per employee, with \$10,000 used as the reference base for contributions. From these contributions, the plan establishes reserves to pay claims. Depending on overall claims experience, dividends may be returned to the borough.

Recommendations -Unemployment Compensation

- **Maintain thorough employment documentation.** Effective management of UC claims requires detailed records related to hiring, job performance, discipline, and discharge. This is critical because the employer bears the burden of proof in UC claims and hearings.
- **Ensure cross-coverage with broader employment risks.** Documentation also supports the borough in the event of Equal Employment Opportunity Commission (EEOC) inquiries or other employment litigation.
- **Adopt a clear retention policy.** All UC-related employment documentation should be retained for a minimum of 18 months.

Health Care Coverage

Honesdale borough provides health care coverage for employees through the Pennsylvania Municipal Health Insurance Cooperative (PMHIC), administered by The Benecon Group. Recent claims experience has been relatively favorable, with claims as a percentage of premiums at 62.9 percent in FY 2022, 89.3 percent in FY 2023, and 85.2 percent in FY 2024. In June the borough received a surplus distribution check of \$19,311 based on FY 24 claims. The premium increase for FY 2025 was 6.6 percent.

Dental coverage is provided through United Concordia, with rates held steady for the two-year policy period from October 2024 through September 2026. Prescription drug and vision coverage are provided through Highmark.

Personnel Manual

The borough initially adopted its personnel manual on July 19, 2021, and has updated it several times, most recently on December 6, 2023. The manual is a comprehensive document that outlines conditions of employment, the appointment process, position classification, performance evaluation, discipline, grievances, and employee benefits. It also contains a code of ethics, conflict of interest provisions, ADA accommodations, equal employment and non-discrimination policies, and guidelines for computer, email, and social media usage.

Personnel policies in the manual apply to all full- and part-time borough employees; however, any provisions of a collective bargaining agreement, or applicable federal or state law, supersede conflicting provisions of the manual. Employees are required to acknowledge in writing that they have received and agree to comply with the manual, though the timing of this acknowledgement is not clearly defined. Best practice is to require this acknowledgement upon hiring prior to the employee beginning work. The manual also references a flow chart that is currently being updated.

Recommendations – Personnel Manual

- **Update Manual** - Update and specify in the Manual that the written acknowledgement of receipt and compliance is to be signed upon hiring and before work begins.
- **Flow Chart** - Incorporate the updated Flow Chart directly into the Manual to ensure all referenced materials are readily available to employees.

Pensions

The borough maintains two pension plans: one for full-time police officers and a second for non-uniformed employees. These plans are funded through a dedicated 0.32-mill tax on the assessed value of taxable property, which has remained consistent in recent years and generates approximately \$132,000 annually.

The borough received \$ 81,790.21 in state pension aid in August 2024. These funds are administered by the Department of the Auditor General to help defray the cost of various police, fire and non-uniformed pension plans maintained by municipalities.

Police Pension

The Honesdale Police Pension Plan was established on September 1, 1960, and last modified by the adoption of Ordinance No. 667 on September 21, 2015. It is a defined benefit plan governed by the provisions of Act 600 and covers all full-time police employees. Key provisions include:

- Employee Contributions: 5 percent of annual compensation.
- Normal Retirement: 25 years of service and age 50.
- Normal Retirement Benefit: 50 percent of average salary during the last 36 months of active employment.
- Disability Retirement: 50 percent of salary at the time of disability.
- Early/Late Retirement: Early retirement after 20 years of service (with adjustment) and late retirement with corresponding benefit changes.
- Service Increment: \$100 per year beyond 25 years of service, up to a \$500 maximum.
- Cost-of-Living Adjustment: Annual CPI-W adjustment, not to exceed 30 percent of the original benefit.
- Vesting: Achieved after 12 years of service.

Actuarial assumptions include a 7.0 percent annual interest rate, 5.0 percent annual salary growth, and 2.75 percent annual inflation.

For FY 2025, the borough's Minimum Municipal Obligation (MMO) for the Police Pension Plan is \$161,251. State Pension Aid, distributed each September, may be used to offset the MMO. The borough received \$87,418.32 in 2023 and \$81,790.21 in 2024, with 2025 aid expected to cover roughly half of the MMO.

The most recent Actuarial Valuation Report (AVR), prepared by Mockenhaupt as of January 1, 2023, showed:

- Four active participants

- Five retired participants
- Two disabled participants
- Three survivor participants
- Three deferred participants

Between January 1, 2021, and January 1, 2023, the plan experienced a net actuarial loss of \$131,476, primarily due to a disability retirement and higher-than-expected cost-of-living adjustments. These were partially offset by asset returns exceeding the 7 percent assumption and contributions exceeding actuarial requirements.

According to the June 2025 release of the Pennsylvania Auditor General's distress scores (based on the 2023 AVR), the Police Pension Plan had:

- Assets: \$5,208,348
- Accrued Liabilities: \$5,413,651
- Funded Ratio: 96 percent (classified as *Not Distressed*)

The funded ratio declined between 2011 and 2013 but has improved steadily since, demonstrating a positive long-term trend in plan health.

Non-Uniformed Employee Pension Plan

The borough of Honesdale provides a non-uniformed employee pension plan that was initially effective January 1, 1993, and subsequently restated pursuant to Ordinance 2012-03, adopted June 7, 2012.

The plan is a single employer defined contribution/money purchase plan administered under an agreement with the Pennsylvania State Boroughs Association (PSAB). The borough has delegated plan asset management to the PSAB Municipal Retirement Trust (PSABMRT). Investment services are provided by Morgan-Stanley Greystone from Wyomissing and administrative and pension consulting services by Thomas J. Anderson and Associates from West Chester. Key provisions include:

- Eligibility: Employees working 35 hours/week or more
- Participation: Voluntary; employees may make voluntary contributions
- Retirement Age: Normal retirement at 65; early retirement option at 62
- Other Benefits: Disability and death benefits provided
- Vesting: Graduated scale up to 100 percent vesting after seven years continuous service
- Borough Contribution: \$3,000/year per eligible participant (pro-rated to \$1,500 for employees entering on July 1)

As of December 31, 2024, there were two active employees and one terminated and deceased employee entitled to benefits. During 2024, there was one distribution for \$150,329 and one forfeiture of \$1,500. The plan's fund balance as of December 2024 was \$222,795.

The MMO for 2025 is \$6,000 for the two active employees that are in the plan. As a defined contribution plan there is no minimum municipal obligation nor is there an actuarial liability.

Although potentially eligible for state aid, the borough has not received any state aid for this plan since 2018.

The most recent audit by the Pennsylvania Auditor General's Office covering January 2019 – December 2022 and issued September 15, 2023, found that:

- The borough did not fund the account of an employee hired June 13, 2022, who was eligible to enter the plan on July 1, 2022.
- The plan requires a \$3,000 contribution per eligible employee, reduced to \$1,500 for those entering on July 1.
- The audit attributed the error to a lack of internal control procedures for identifying eligible employees.
- Borough officials agreed with the finding and indicated they are working with their consultant to fund the account for the eligible employee.

Recommendations – Pension

- **Maintain Strong Funding** – Continue to fully meet the annual MMO for the Police Pension Plan to preserve its current 96 percent funded ratio and ensure all borough contributions to the Non-Uniformed Plan are made accurately and on time.
- **Review Assumptions Annually** – Work with the borough's actuary to evaluate the Police Plan's investment return, salary growth, and inflation assumptions against actual trends to ensure they remain realistic and aligned with market trends.
- **Benefit Adjustments** - Track and document the long-term fiscal impact of benefit adjustments—particularly cost-of-living increases—on plan liabilities.
- **Tighten Eligibility & Contribution Controls** – Implement clear internal procedures to identify new Non-Uniformed Plan-eligible employees and process their contributions by the required start date to avoid future audit findings.
- **Optimize State Aid Usage** – Apply State Aid strategically to offset MMO obligations and, in strong aid years, consider using surplus amounts to pre-fund future liabilities.
- **Audit Finding** – Resolve the outstanding audit finding in the Non-Uniform plan prior to the next audit.
- **Enhance Reporting & Monitoring** – Timely file with the Auditor General required annual employee reports to ensure the accurate receipt of State Aid. Maintain up-to-date participant records for both plans and provide annual reporting to council summarizing funded status, contributions, and notable actuarial or audit findings.

Cable TV

The borough of Honesdale enacted Ordinance 677 on March 20, 2017, approving a non-exclusive cable television franchise agreement with Blue Ridge Cable Technologies, Inc. (“Blue Ridge”). The agreement became effective July 1, 2017, and establishes the following:

- **Franchise Fee:** 3.5 percent of gross revenues, levied to compensate the borough for use of public property such as streets and rights-of-way for cable infrastructure.
- **Payment Schedule:** Quarterly payments accompanied by a detailed quarterly report outlining the basis for revenue computation.
- **Term:** Perpetual, with provisions for amending the franchise fee by written notice.

The agreement currently contains inconsistent language regarding amendment notification time—stating “sixty” days but also listing “(90)” days in parentheses. The E-Code version specifies 60 days written notice.

Under Section 2.1 of the agreement, the borough is authorized to amend the franchise fee up to the maximum permitted by law. Under Section 622 of the Cable Communications Act of 1984, the maximum allowable rate is 5 percent of gross revenues. It is recommended that the borough exercise this authority to increase the fee from 3.5 percent to 5 percent and clarify the notice period in the agreement.

Section 2.4 of the agreement provides for an independent audit of franchise fees to ensure proper remittance.

- A franchise fee audit includes a comprehensive review of the cable operator’s financial records.
- Such an audit can identify and correct underpayments or reporting errors.
- It is recommended that the borough initiate periodic audits to confirm the accuracy of revenues reported and fees paid.

Recommendations – Cable Television

- Clarify the time to provide notification for the borough to amend the franchise fee.
- Amend the current agreement with Blue Ridge Cable Technologies, Inc., pursuant to Section 2.1 of the agreement to increase the franchise fee to 5%.
- Provide for an independent comprehensive franchise fee audit pursuant to Section 2.4 of the current agreement.

Home Rule

Honesdale borough currently operates under the Pennsylvania Borough Code and other Commonwealth of Pennsylvania laws. This framework limits the borough’s flexibility in addressing certain organizational and operational issues, including the structure and number of elected officials, taxation options, and other aspects of governance.

Under a Home Rule Charter, the borough could—depending on how the charter is written, gain greater autonomy in establishing an organizational structure designed to provide efficient government and meet the service needs of its residents. It would also have greater flexibility in creating a tax structure tailored to its specific tax base, giving borough officials more local control over tax rates and revenue generation methods to better serve the community.

How the Process Works

1. Initiation

- The process begins either by council ordinance or by a petition signed by at least 5% of the electors who voted for Governor in the most recent election.
- An election is then held to form a Government Study Commission of seven, nine, or eleven members.

2. Commission Election

- Candidates are nominated by signatures from at least 2% of the electors who voted in the last gubernatorial election.
- Candidates run without party affiliation.
- The nominees with the highest vote totals are elected to serve without compensation.

3. Study Phase (*Initial 9 Months*)

- The Commission studies the current form of government.
- It identifies strengths, weaknesses, and potential improvements.
- It compares the current borough Code structure with alternative forms of government pursuant to the Pennsylvania Home Rule and Optional Plans Law.

4. Decision Point

- If the Commission decides to retain the current form, its work ends.
- If the Commission opts to draft a Home Rule Charter, it proceeds to prepare the document.

5. Referendum

- The completed Charter is presented to voters in a referendum.
- If a majority votes in favor, the borough adopts the new Home Rule form of government according to the Charter's provisions.
- The Charter provides a transition section that addresses the timing of steps to fully implement the Charter.

Recommendations – Home Rule

- Consider the adoption of an ordinance to place the question of Home Rule and the formation of a Home Rule Study Commission on the ballot for action by the electorate.

Legal Issues

Solicitor Richard Henry has provided the following summary of outstanding legal actions with the potential for a material impact on the borough. This information is also being incorporated in the borough's FY 24 audit by Rainey and Rainey, the borough's auditors. The Smith & Morris Holdings judgment is by far the most significant and could jeopardize the borough's fiscal stability.

Smith & Morris Holdings, LLC et al v. Honesdale Borough et al - Wayne County Court of Common Pleas; initiated by summons, followed by complaint; filed to No. 317- CIVIL-2015.

This case has been in litigation for more than nine years. The borough's liability was determined by a jury trial in 2018, followed by multiple appeals to trial and appellate courts. Mediation efforts were also undertaken though the Smith & Morris demand was far in excess of the borough's offer and thus mediation was unsuccessful. In May 2025, a jury awarded \$2.6 million in damages against the borough. The borough has appealed to the Commonwealth Court of Pennsylvania, where it is being handled by Richard A. Levan, Esquire, Dailey LLP. The appeal was filed in August though its timing and outcome remain uncertain. This case presents the most significant financial risk to the borough.

Two of the other matters are in the hands of the borough's insurance carrier while another has only a minimal financial impact and the last matter has been resolved.

Michael C. Morris v. Borough of Honesdale and Stephen G. Smith v Borough of Honesdale¹ Wayne County Court of Common Pleas; filed respectively to No. 326-CIVIL- 2018 and No. 327-CIVIL-2018; Both cases are being handled by the borough's insurance carrier and assigned to Anthony R. Sherr, Esquire, Norristown, PA.

Mark J. Conway, as Trustee for Smith & Morris Holdings, LLC et al v. Honesdale Borough et al - United States District Court, Middle District of Pennsylvania; No. 3:20-cv-01486-JEJ. This federal action has also been referred to the borough's insurance carrier and assigned to Anthony R. Sherr, Esquire, Norristown, PA.

Roman Grzejka v Honesdale Borough - Although no formal action has been commenced, Mr. Grzejka seeks \$5,833.25 in compensation for alleged damage claim for damage to his building adjacent to the borough Police Station. borough manager Kevin Kundratic is in active discussions with Mr. Grzejka's counsel and the matter is expected to be settled promptly.

Robert Vonson et ux v Honesdale Borough et al - This matter arises from a large-scale borough stormwater improvement project culminating at or about the Vonson residence at the corner of Forest Street and Crestmont Drive. This matter has been resolved and settled.

Recommendations - Legal Issues

- Closely monitor the Smith & Morris Holdings appeal and evaluate potential fiscal impacts under different scenarios (upheld judgment, reduced award, or reversal). Consider funding options to resolve.
- Review borough insurance coverage to clarify the extent of protection against judgments of this scale.
- Establish a regular legal risk reporting protocol so borough council receive quarterly updates on litigation status and potential financial exposure.
- Ensure all settlements, agreements, and ongoing claims are clearly documented and incorporated into future budget and audit planning.

Chapter 5

Labor and Personnel

Introduction

Although not affluent, Honesdale borough (“Honesdale” or the “borough”), as noted in previous chapters, currently is in a stable financial condition. Based on PEL’s reasonable and modest projections, the borough will remain in that condition for several years to come. The borough’s financial position is an enviable one for many municipalities across the Commonwealth of Pennsylvania; however, it is not assured or enduring.

Labor and personnel costs are the highest cost center, accounting for more than 50% of the borough’s general fund expenditures annually. That fact is not surprising since the municipality is a service-oriented organization. The good news is that the borough’s current fiscal condition does not require drastic short and long-term cuts to the borough’s overall compensation and service structure, which would be required if the borough were in or facing imminent fiscal distress. However, municipalities that are today in fiscal distress or worse were once in the same or better condition as the borough, and the borough’s fiscal condition can change quickly. As a result, consistent and ongoing judicious, practical, and sensible oversight is a necessity. The recommendations in this report are drafted with that requirement in mind.

In light of the challenge to remain diligent and proactive that faces the borough, it is important for the borough to note that most of its personnel costs emanate from the borough’s public safety services, which in this case is the police department. This is not unusual in any municipality, but it is a factor which makes it imperative that the borough remain vigilantly proactive in controlling personnel costs. Reducing the personnel costs of a public safety department can be challenging, so it is imperative that the borough resist and not increase such costs unnecessarily because once the costs are in place, the challenge to reduce and control future increases is magnified.

While the borough’s finances have been steady, the same cannot be said of its population. Since its high in 1940, the borough’s population has been consistently in decline. This is important not only because of the impact it can have on revenues, but it also dictates the services and the level of services that the borough can and should provide.

In addition, other demographic information reveals that the borough trails the Commonwealth averages in several key areas. This provides a further basis to highlight why the borough needs to be guarded in its fiscal outlook. Household income for a household in the borough was \$32,644, and the median income for a family was \$42,088. Males had a median income of \$33,553 versus \$30,179 for females. The per capita income for the borough was \$20,122. About 19.1% of families and 19.6% of the population were below the poverty line, including 33.4% of those under age 18 and 10.7% of those age 65 or over.

Further, historical and demographic data for municipalities in northeastern Pennsylvania and municipalities of a similar class, i.e., boroughs, reinforce such an approach. This will necessitate that the borough take an objective and candid view of the necessity and practicality of maintaining its

services as they currently exist. The borough does not appear to be on the immediate threshold of fiscal distress, but caution is advised to protect the taxpayers and the public purse.

Employee Compensation and Benefits Overview

As noted above, to control the growth in expenditures, the borough must closely monitor and address its personnel expenses, its highest cost center. To do so the borough must be fiscally proactive to get ahead of future costs. The borough has limited resources to increase revenue, and increasing taxes will become counterproductive; however, the steps to reign in personnel costs will include taking steps to eliminate legacy costs, pension and post-retirement healthcare costs, in the future.⁵ The costliest of all of the borough's services is public safety. The personnel cost of those services should be consistently and carefully monitored, but the public works departments must be as well.

The borough's employees consist of both unionized and non-union employees. The collective bargaining agreement (CBA) is between the borough and its police bargaining unit, which is represented by the Honesdale Police Officers Association ("Association" or "Police Union"). The CBA provides that the Association is the bargaining representative "for all full-time regular police presently employed by the borough during the term of this agreement." The CBA, however, states that "regular, full time, civil service members of the police force." Based upon this language and other language in the CBA,⁶ command staff are considered to be part of the police bargaining unit. As noted below, this is not a common situation, and the borough is advised to review this situation with its legal counsel.

The borough has established a fire department, which is composed of four volunteer fire companies. That department serves the borough and surrounding communities and is funded by the borough through a fire tax and a funding structure is addressed in the Operations Chapter of this report.

While the borough should implement greater monitoring and verification regarding the funds provided to the volunteer companies, it should do so with the advice of fiscal and legal consultants in order to avoid asserting too much control over the hiring and management of the volunteers. This will avoid having the volunteers deemed to be employees of the borough, as was the case in the *Emmaus borough* decision. The current structure does not appear to be problematic but ongoing monitoring of that issue is advised.⁷

⁵ The changes recommended in this report will not be easy to achieve and it will cost money in order to have experience legal counsel seek the recommended changes. The cost of not taking such actions will be much greater for the residents of the borough than the angst, emotion, and cost of doing so. Further, the fact that this report emphasizes the need to reign in and control personnel costs is not a value judgment of any particular type of employee or employee group, i.e., uniformed, or non-uniformed, unionized or nonunionized; it is a matter of fact, common sense. If the borough wants to control its costs going forward, it has to focus on controlling its most significant cost factors. In this case, that cost is personnel costs.

⁶ The CBA also states that the CBA is for the purpose of providing the terms and benefits of employment for "the regular, full time, civil service members of the police force."

⁷ In light of the difficulty in some locations getting volunteers for fire services, there is often pressure to create a paid fire department. This is a very costly option and one that will change the borough's fiscal outlook for the negative. If that option is seriously considered, it should only be considered in the context of a regionalized service and with a focus on

While this section of the report will focus on labor and employment issues and costs for the entire borough, the costliest department in the borough is the police department. The fact that the borough is relatively small in population and geography, has a low crime rate, and is only one of a few municipalities in the County to have its own police department raises the question of whether the department is fiscally sustainable, especially in its current form.⁸

The borough has several options, ranging from reducing the hours of the police department even further and relying more on the PSP to only utilize the services of part-time officers.⁹ The borough should also consider the possibility of a regional department. Regionalization often makes practical sense, but it requires cooperation among different local governments and organization and is a time-consuming process.

The same operational cost cutting concepts apply to the borough's public works department. Since there is no public works entity that has Commonwealth wide jurisdiction akin to the PSP, the borough cannot feasibly eliminate such services entirely. This means that examining the feasibility of a regionalized service appears to be the best option. The borough has ample equipment and a combination with other surrounding municipalities and sharing all of the costs could be an attractive alternative to having to fund and maintain its own department. The borough should begin an analysis of this issue and enter into discussions and a feasibility study for a regionalized public works department.

Regardless of whether any of the foregoing (or other) options are adopted, all options must be seriously explored. The borough has time to consider regionalization or any other option, but it should do so as part of its proactive approach to safeguarding its fiscal future. The borough, however, should make this analysis a priority because a comprehensive and exhaustive analysis can be time consuming.

Pension Benefits

As noted elsewhere in this report, the borough administers pension benefits in the form of a defined benefit pension plan controlled by the Municipal Police Pension Fund Act ("Act 600") ("Police Pension Plan" or "PPP") or its police employees, and a defined contribution money purchase plan administered under an agreement with the Pennsylvania State Boroughs Association (PSAB)

altering the manner in which paid fire services are traditionally provided so that they are more efficient and economical for the tax payers, particularly in light of the low call statistics for structure fires and more serious fire calls.

⁸ One issue that does not concern the borough but of which it must remain mindful is the opportunity to employ police, at least for a number of years, through grants. While such grants can be beneficial, particularly while the funding lasts, the downside is that the funding evaporates after three years, and the municipality must meet the funding requirement for that position moving forward. In terms of planning for future police services, this added cost to the borough cannot be overlooked. Such costs, of course, will impact not only salary but all compensation costs and pension costs. A municipality in the borough's position must be careful when seeking any such or similar grants for any employees to fully examine the long-term costs of the grant and being mindful of the disappearing and sometimes illusory benefit of such grants, particularly in the long term. The long-term costs of the grant and the position funded by the grant may be contrary to the goal of long-term sustainability.

⁹ One advantage of utilizing part time officers is that such officers cannot be participants in the police pension plan under Act 600.

(“PSAB Plan”). The provisions of each plan are outlined in Chapter 4 General Government of this report and will not be repeated here.¹⁰

To the extent the borough provides a retirement planning vehicle for its employees, the PSAB Plan, or similar defined contribution plan, is the most fiscally responsible way to do so. That plan features borough contributions, which were recently reduced from \$3,000 annually to \$1,500 annually and allows for employees to contribute to their retirement fund as well. The cost of the PSAB Plan appears to be fiscally responsible and manageable for the borough. The PSAB Plan appears to have been professionally managed by the borough with only one audit finding from the Pennsylvania Department of the Auditor General (“DAG”), but that finding appears to be based on a one-time administrative funding error by the borough.

The PPP is another story, however. The Municipal Police Pension Law, Act 600 not only requires that the borough maintain the PPP defined benefit Plan for its police, but it mandates certain benefits. The borough has no option to provide those benefits, and it has. Act 600, however, also provides for certain optional benefits which are permissible but not mandatory. The minimum mandatory benefits are expensive, but the optional benefits are more expensive, and the borough has provided all of the most expensive optional benefits as well.

A review of the most recent compliance audit report reveals one audit finding, which contained multiple aspects, that resulted from the borough’s decision in 2015 to provide an “early retirement agreement” to an officer. It is clear that agreement was ill-advised, but it was not the creation of the current borough administration and would more than likely not occur today. Several of the DAG’s findings are technical violations and counter intuitive, but they are violations of applicable pension law, nonetheless.

It is not the purpose of this report to debate the actual or practical DAG’s findings in terms of any negative impact on the funding status or health of the PPP. However, the provision of that benefit, which should be ended in the near future because the recipient essentially “aged out” of the unauthorized portion of the benefit, is only discussed here to highlight the need for more careful analysis and management of the borough’s pension benefits.

The funding status of the PPP has improved based upon the most recent actuarial valuation reports. The funding status has improved from the approximately 65% in 2013 to greater than 95% in 2023. It appears, however, that this funding ratio is based on an asset valuation method known as asset smoothing, which phases in investment gains and losses over a period of four (4) years. While an acceptable and legal practice, asset smoothing does not reflect the actual market value of assets. The reports note that a valuation based on market value will reduce the funding ratio to 80%, which is still a vast improvement from 2013. The borough’s Minimum Municipal Obligation (MMO), which is the annually required payment to fund the pension plan, also has declined since 2020.

While the foregoing is good news, it is imperative that the borough remember that pension funding status is often a fluid concept based on a variety of financial factors, and the actuarial valuations make that same observation. It is also critical to be mindful that the borough is the entity

¹⁰ Both the PPP and the PSAB Plan are also subject to the provisions of the Municipal Pension Plan Funding and Recovery Act (“Act 205”, 53 P.S. Section 895.101 et seq.

responsible for funding most of the pension benefits provided. Officers do contribute five percent (5%) of compensation to the PPP, but those contributions do not come close to funding the benefits paid out by the PPP when an officer retires.

The funding status of the PPP not only can change, but it can and too often does change very quickly, particularly since this plan is a small pension plan. While this report contains recommendations for the plan, the small size of the plan, could create a serious fiscal issue for the borough. Although the work-related disability provision is appropriately set at the statutory minimum, one such disability causing a payment from the pension plan will be very costly and could significantly negatively impact the plan's funding level and increase the borough's financial obligation to the PPP. The borough can discuss the excessive costs of such a benefit becoming payable with its actuary and pension administrator, but possibility of one or more such disability benefits becoming payable is reason enough by itself for a municipality of this size to question whether it can sustain the police department, at least in its current form, or at least the PPP in its current structure

This means that the borough must make sure that it only provides the benefits that its taxpayers can afford. Act 600 provides an exceptionally good retirement benefit to retired personnel at a relatively young age. At the very least, the borough should resist adding or increasing any optional benefits under Act 600. The plan already contains all of the costly optional benefits.

The borough should consider seeking to eliminate certain benefits, such as the service increment reduced retirement age and COLA for future retirees. Those benefits are the most expensive under Act 600, and any cautious management of the pension plan would dictate the elimination of that benefit. Eliminating benefits for current officers will certainly be difficult and require bargaining or interest arbitration. The borough should at a minimum look to create a new benefit structure for officers hired in the future.

For example, the borough's retirement age under the PPP of age 50 with 25 years of service is legal, but it is the minimum allowable under Act 600, and doing so is costly. The same is true for the COLA, and the current service increment in the PPP which is the maximum allowed under Act 600.

It is also likely that the bargaining unit will request that the borough create a Deferred Retirement Option Plan (DROP) under Act 44. The borough should be very careful in analyzing that benefit, both in terms of its benefits to the borough public safety function and the costs to the pension fund and additional labor costs (and lost savings) outside the pension plan. If the borough were to consider a DROP, it should have in-depth discussions with its labor counsel and its actuary on ways to minimize such costs to the taxpayer.

The bargaining unit is also likely to request that the borough add the recently enacted Act 49 benefit to the pension plan which allows officer to buy up to five (5) years of previous part-time service in another municipality toward the borough's pension plan. While that benefit has to be applied in conjunction with the military buyback provision, it can be a costly benefit as well. Generally speaking, the borough will pay at least two thirds of the cost of the benefit. The addition of the Act 49 benefit will be promoted as a low cost, which is not, manner of enhancing recruitment. This purported justification is based on similar speculation and assumptions that are used to justify large

wage and benefit increases. Unfortunately, there is no established data or verification the purported justification, and without such data, the purported justification is more akin to a rationalization for the benefit.

It is important to note that many municipalities that have provided large wage and benefit increases to promote recruitment and retention have not experienced the uptick in those areas that were anticipated. The foregoing suggests not that there is or will never be substantive support for the purported justification for such increased wages and benefits, but that before the borough provides such increased remuneration, it should carefully research the purported justification to determine if there is substance or support for the justification for increased remuneration and that it will actually have a positive impact on recruitment and retention. This applies to uniformed as well as non-uniformed positions alike.

The borough's PPP document is in good order, but there are a few areas that could use slight clarification. The first is the definition of salary. The major definition refers to "Final Monthly Average Salary" ("FMAS") and the language in section "A" of the definition that appears to exclude lump sum payments could be drafted in a more comprehensive manner. Ideally, this should exclude any lump sum payment, with the possible exclusion of compensatory time (i.e., overtime) and should be drafted broadly to do so. While the definition applies to sick leave and other narrow payments, it ideally should apply to all lump sum payments.

Changing the FMAS definition in the foregoing manner would not appear to require any bargaining because the pension calculation in the police CBA refers to base salary, longevity and overtime "received" during the last 36 months of employment (the "Averaging Period"). The FMAS definition expressly excludes sick leave lump sum payments, but this is too narrow; it should expressly apply to any and all lump sum payment. Excluding all lump sum payments would be clearer and more comprehensive and guard against the argument that any future lump sum payment agreed upon should be included in the pension calculation.

In addition, section "A" of the FMAS definition limits the exclusion to single sum or "extraordinary payments" that are "not directly attributable to active employment during the averaging period." This is vague language that should be clarified to match what has been agreed upon in the CBA. In the CBA, no lump sum payment is included (except FLSA compensatory time) and this should be clear. In addition, the reference to "attributable to the averaging period" is unclear. It is recommended that this be changed to "earned and paid" in the averaging period, unless the intent is that it only has to be earned in the averaging period. The reference to "attributable" is unclear.

Likewise, the definition found in section "B" of this section is vague and could be read to exclude any period of time during which an officer receives Heart and Lung payments. The section's reference to the "final average salary for a participant who receives disability benefits from this plan" is equally problematic because the disability benefit is already clearly defined in section 36-9(B) which defines the disability benefit in a manner consistent with Act 600, as amended by Act 30, as base and longevity pay. There is no reason to state that definition in a different manner in this section and any attempt to exclude Heart and Lung payments during that time period is problematic.

Several provisions in the CBA are potentially problematic as well. Article XXVII(C) is unclear. It states that “[r]etirees shall receive increases in pension benefits bearing a relationship to active salary increases but limited as provided by Act 600.” This language is not clear. Retirees receive the benefit defined by the PPP, the CBA and Act 600. It does not change except for an agreed upon COLA. The benefit once determined has nothing to do with salary increases for active officers.

The provision in Article XXVII(D) describes the disability benefit calculation, but it is not consistent with the PPP document or Act 600. Act 600 defines the disability benefit as the designated percentage based on the officer’s salary at the time of the disability. The PPP document does the same. The parties can define what is meant by the “time of disability,” and this might have been an attempt to do so in the CBA, but it is not consistent with the terms of the PPP described above. The definition in the PPP is the definition that complies with Act 30.

Article XXVII(J) is an agreement to provide maximum service increment permitted by Act 600. The borough has already done this, but this type of provision as written is potentially problematic because it can be read to require the borough to automatically increase the service increment whenever it is increased in Act 600. A municipality which is charged with safeguarding the public purse should not agree to provide any benefit unless it knows the cost of that benefit. This is why Act 205 mandates a cost impact study before any pension benefit is added.¹¹

The pension plans must be closely monitored, particularly in such a small plan. While the PPP is currently not distressed, the borough does provide rich pension benefits, which based on fiscal projections elsewhere in this report, it might not be able to comfortably afford in the future. Thus, in upcoming bargaining, the borough should consider the following proactive options:

- A. At a minimum, no new benefits should be added in the future unless it is clear that any such new benefit will not reduce the pension plan’s funding percentage to below 100%. Such an approach will allow the borough’s finances and the taxpayers to benefit before further costs are added. Any new benefit that is added should have a sunset provision that causes the benefit to expire after several years, or if the plan reaches a certain funding level, e.g., 90%.
- B. Public employees who have the benefit of a defined benefit pension plan at the taxpayers’ expense should always be paying up to the legal maximum for that benefit, and more if it can be negotiated. Even with such a contribution, the taxpayers will be paying the vast majority of any officer’s pension, but employees should be required to pay as much as possible for their own retirement. Otherwise, the cost will be entirely on the taxpayer for a benefit of which most taxpayers can only dream. Further, mandating a consistent contribution will avoid employee shock and resistance when the contributions are raised in the future. It will also provide a steady funding stream for the Plans. To do so, all contractual language should mandate at least *the legal maximum* pension contribution or higher if possible and permitted by law. The Council can reserve the right to lower that contribution in its discretion, but the

¹¹ Finally, Article XXVII(I) is not clear and appears to be unnecessary in that is any such action by the borough would require bargaining.

exercise of that discretion should be the rare exception, not the rule, and cannot be exercised in Honesdale for the near future, if not longer.

- C. Under no circumstances, regardless of pension fund's funding status, should the borough adopt a work-related disability benefit of more than that required by law, which is currently fifty percent (50%) of salary at the time of the disability. This should be a main issue for the borough in upcoming negotiations.
- D. The pension plan should be reviewed before the next round of bargaining to determine what current benefits, if any, can be reduced or eliminated, particularly for current employees. The borough should consult legal counsel regarding what existing benefits can be changed for current officers, such as the disability benefit, the COLA, and the service increment. This will be a tough fight, but there is existing law to support the alteration of such benefits. The borough should not enter any future negotiations without close consultation with its pension actuary, pension administrator, and experienced labor counsel.
- E. The borough should make sure that no lump sum payments or overtime are included in any pension calculation. If it is, the borough has to find a way to eliminate such a calculation in the future for new hires.
- F. Any increase in pension benefits or method of paying existing benefits should be conditioned upon a clear and certain "sunset" provision so that the benefit will be discontinued for new recipients after a certain period of time and it will be evaluated and possibly renegotiated. Improving the funding status of the pension plans and lowering the borough's MMO will take time, but such steps are necessary to make sure borough does not suffer the same crippling pension crisis that other municipalities are experiencing.
- G. Even if the borough elects to do nothing with current police employee pension benefits, the borough should negotiate a new pension benefit structure for all newly hired sworn police employees limited to the minimum requirements of Act 600 and the maximum pension contributions. While the borough is restricted in terms of the minimum benefits provided to uniformed employees, a new minimum benefit structure should be developed.¹² As noted above, many of the optional benefits under Act 600 are extremely expensive and such an approach would reduce the costs of the plan. It should be noted that the minimum benefits under Act 600 offer generous retirement benefits, even without the addition of any optional benefits. The new benefit structure for new hires clearly stated that pension benefit is based on base salary only and perhaps longevity, but it should not include all W-2 compensation, including overtime. It also should increase the average period for the superannuation pension benefit from 36 to 60 months. Consultation with labor counsel and the pension actuary in drafting such a plan is highly recommended.

One issue that can potentially increase pension costs is the mishandling of work-related injuries and benefits under the Heart and Lung Act (HLA) and Workers Compensation Law (WCL). Such benefits are often the precursor to disability benefits from the pension plan. Thus, it is critical to

¹² As noted above, the borough has already taken such action with respect to its non-uniformed employees that same goal should be pursued as discussed above.

manage such cases carefully from the start by denying all claims that should be denied and monitoring any claims that are accepted. Article XXV of the CBA contains language regarding HLA claims, but that provision focuses on the issue from the officer's perspective. It is not necessary or desirable to have that provision in the CBA because it converts all HLA claims into potential grievances.

Ideally, such a provision should provide for how such claims are handled from the obligation for an officer to file a report before the end of his or her shift to the development of a swift hearing body, short of arbitration. Such claims may end up in arbitration, but the goal is to have such claims decided before a local agency hearing body so a decision can be made quickly, and which will be effective if the parties agree that such claims should ultimately be decided in arbitration (which will typically be much more time-consuming). Such policies can also provide for hearing procedures and timelines to ensure the prompt resolution of such claims, and to clarify that such procedures apply to all claims for benefits by an employee and to all claims by the borough to terminate such benefits.

In light of that fact, the following should be considered:

- A. Review and revise how the borough is administering its disability leave requests. The borough should ensure that it is using the most aggressive approach possible to insure that only truly disabled officers are receiving the borough's generous disability benefit.
- B. All current disability cases, including those receiving a benefit from the pension plan, should be carefully reviewed periodically. If the recipient is no longer disabled or other issues are discovered, appropriate action should be taken, which could include recalling the officer to work.
- C. The borough must avoid increasing its disability benefit, and it also must ensure that no disabled officer receives the post-retirement medical benefits. The borough can make exceptions for extraordinary cases or service, but the disability benefits that are recognized under Act 600 only preclude an officer from performing police work, not any gainful employment so health benefits are typically not required.
- D. As the borough's complement of full-time officers falls to below three, it should research the feasibility of switching to a police plan under the PMRS which authorizes a much more realistic and limited disability provision.
- E. All HLA claims should be administered in conjunction with the accompanying workers' compensation claim. The two laws do differ in terms of a covered injury. While that difference is often nuanced, it is especially important, as this borough is well-aware, to understand the difference and to apply it correctly. Thus, while it is important to manage an HLA claim in conjunction with a workers compensation claim, and the two claims should be pursued simultaneously, if appropriate, the two claims must be analyzed and managed separately as well in close conjunction with the borough's labor counsel.

Health Insurance

Health Benefits for Current Employees

The borough provides health insurance to its police and non-uniformed employees. This is a very high-cost area for the borough, and the benefits provided are quite expensive. Unfortunately, this is not an uncommon situation for municipalities and employers across the Commonwealth.

Nevertheless, this is a situation that the borough has to continue to monitor to ensure it is getting the best deal possible, including any payments from the trust or from Benecon at the end of each plan year based on usage and other factors.

The borough currently does require cost sharing by employees based on a percentage of salary. Cost sharing in general is the norm in today's workforce, and the borough should be recognized for implementing cost sharing. There is debate over whether cost sharing based on a percentage of salary or premium is best. The latter can result in higher cost sharing, but the former can be increased to provide similar revenue and theoretically provides employees with an incentive or "skin in the game" to allow benefit or plan changes to lower the cost sharing payments in terms of dollars. This report will not specify a preference, but it will note that the cost-sharing arrangement should be examined carefully and periodically to ensure the most beneficial arrangement is in place for the taxpayers. In addition, the borough should retain the right at all times to replace the current health plan if it becomes too expensive and another similar (not identical) plan becomes available. Such language will have to be negotiated with any bargaining unit.

Increasing deductibles, even gradually, has also led to lower healthcare costs. The borough's deductibles are low, and it is recommended that the borough pursue this option. In fact, increasing deductibles and co-pays are the primary methods, if not the only methods, of reducing premium costs in today's healthcare market, except for reducing covered procedures or reducing benefits. Increasing the deductible will not only lower the premiums but also require the employees to fund the deductible or a substantial portion of it to help encourage behavior that will lower health care costs overall. The borough can reimburse some of the deductible expenses through an appropriate funding mechanism, for each employee, into which the borough can contribute a portion of the deductible. However, the borough should resist sharing the cost of any deductible or at the very least, phase out its funding of the deductible fairly quickly.¹³

The borough also provides an option to receive an opt out payment in lieu of healthcare benefits. The opt out option is legal, but the borough must ensure that the opt out saves money. Those employees who opt out of healthcare receive a 10% opt out payment, which is a large amount based upon current premium costs. That allows the borough to only save 75% of the premium cost when there is no need for an employee to receive health benefits. Part of the cost analysis for the borough is to make sure that it is administering its opt out payment in accordance with applicable law, including the FLSA.

With the foregoing issues in mind, the borough should continue to work with its healthcare broker or provider on an annual basis to find ways to provide the most cost-effective benefits. Some general options to control healthcare costs that the borough should pursue include:

¹³ If a partial reimbursement arrangement is created initially, to allow employees to adjust to the added cost sharing and cost containment culture, such an arrangement should under no circumstances be permanent. It should be gradually eliminated over the term of the CBA or shortly thereafter.

- a. Health, prescription, and vision plan changes/redesign.
- b. Increases in office visit co-pay amounts, prescription co-pay amounts.
- c. Mandatory generic drug requirements.
- d. Implementing a defined contribution approach to funding health benefits by the elimination reduction or capping the borough contributions to any health plan or health plan reimbursement account or savings account.
- e. Offering several plans, including one at low costs but others at a higher cost or a “buy up” option.
- f. Requiring increased cost sharing for the inclusion of spouses and dependents.
- g. Developing coordination with the availability of other coverage and enforcing such requirements. The CBA has language mandating the coordination of coverage, but better language should be negotiated.

Other Post-Retirement Benefits (OPEB)

The borough provides Post-Retirement Health Benefits (OPEB) to its police officers. It was surprising to see this type of costly legacy benefit in such a small municipality. Regardless of the employee group that receives this benefit, it is a very costly benefit for the taxpayers. The borough, however, has stopped the benefit for officers hired after 2020. This is a significant step by the borough to “draw the line” on at least one large legacy cost. The borough deserves to be commended but the effort to reduce OPEB should not end there. The current officers hired before 2021 still have the right to OPEBs for the officer and spouse up until the officer reaches Medicare, but this cost still has to be controlled, at least for current officers.

The post-retirement healthcare benefit provided to pre-2021 hires is for the officer and spouse until the officer reaches Medicare. This is very costly, and in future negotiations, the borough should continue to seek to reduce its costs in this area. Absent fiscal distress, it is unlikely that the union will agree to eliminate this benefit or even many changes in these benefits or that an arbitrator will provide such relief, but cost cutting measures should be pursued.

PEL was not able to obtain any OPEB cost studies or similar studies to determine the exact costs of the OPEBs to the borough at this time. The borough should seek such a study from its actuary. The borough should not be providing any such benefit without a cost study because, at the very least, doing so means that the borough is providing a benefit without knowing its actual long-term cost. The OPEB benefit was implemented years ago and not under this administration, but the lack of an OPEB cost study is not advisable.

The borough does not have a trust to fund its OPEB obligations, and after it does its OPEB cost study, it should consider implementing such a funding mechanism. The study will reflect an unfunded accrued actuarial liability (“UAAL”) for OPEB benefits and that OPEB liability could be significant, particularly relative to the borough’s budget and finances. This report assumes that there

is some degree of OPEB unfunded liability. While an OPEB UAAL does not need to be paid immediately, eventually it will cost the borough.

Left unaddressed, OPEB benefits can be crippling for a small municipality such as the borough and, at the very least, divert borough funds away from providing essential public services, including development opportunities and public safety services. Further, the recent changes to the GASB standards in 2018 through the application of GASB 47, can be even more problematic for the borough.¹⁴ The borough has taken a major step to eliminate this fiscal issue, but that relief will not be realized until well into the future. Legacy costs, which include pension and post-retirement health benefits, are also the major reason many municipalities eventually find themselves facing significant fiscal challenges or are in financial distress.

The fiscally responsible approach for the borough would be to take action to curtail the growth of the UAAL and to do so immediately. To do so, the borough should seriously consider the following options, in addition to the options discussed later in this report:

- h. Elimination of post-retirement benefits for family members.
- i. Modification of post-retirement health care provisions to clarify that if retired officers (or any other covered person) are eligible for health benefits from any other source, including but not limited to another employer, not only must the retired officer take such benefits, but the borough shall not have any obligation to provide secondary coverage and eliminate any funding provided to the retiree or his or her spouse in such cases.
- j. Make sure that if the borough does nothing else, it also under no circumstances agrees to provide post-retirement health benefits for officers who do not reach age 50 and 25 years of employment, the superannuation date (i.e., those receiving a disability benefit).
- k. Continue to require those entitled to OPEB benefits to take the same benefits provided to future current officers as they change from time to time, including all cost sharing obligations.
- l. Increase cost sharing obligations for future retirees to a larger portion of the premium. Retirees receive no salary from the borough and the OPEB contribution by the retiree, who is less than 60 years old, should not be stagnant and should provide an incentive for the retiree to agree to changes to control the benefit cost.

¹⁴ Commencing in 2018, GASB 75 became effective. That standard, like its predecessor, serves the same purpose of valuing a public entity's OPEBs. Both Standards require a calculation of a present liability for future non-pension benefits for employees and retirees, also known as the "Actuarial Accrued Liability" in the "Total OPEB Liability" in GASB 75. GASB 75 now requires that the full OPEB liability to be recognized immediately on the balance sheet. GASB 45 also contained ambiguity regarding the discount rate used in the study. GASB 75 also eliminated ambiguity, providing a specific external index to set the discount rate.

In light of the foregoing, it is understood that the borough also must resist any expansion of such benefits for any existing employee group. Likewise, it must resist any request to allow retiring employees in any group to “buy” OPEBs by using unused sick or other unused leave time. Such a proposal is a ruse; it hides the fact that the borough, not the employee, will still be paying for the benefits. As noted below, allowing the accrual of unused sick leave has its purpose, but employees should not be allowed to “buy back” or “cash out” any form of unused leave. Leave is intended to be paid time off which is part of the employee’s salary. Paying an employee cash for unused leave is nothing but a hidden pay increase or savings account all at the cost of the taxpayer.

General Labor Recommendations

The following discussion addresses many equally important concerns, such as wages and compensation issues, that the borough must address. In doing so, the borough must work closely with its finance experts, actuaries, solicitor, and labor counsel if it is going to be successful in obtaining the relief that is needed.

- A. **Wages and Other Cash Compensation:** Health benefits and pension issues are discussed above. The borough, however, has to also keep a focus on the wages and other compensation provided to employees. Wages should not be viewed in isolation. Any increase in wages directly impacts pension costs in the future as well as overtime and other tangential forms of compensation. Such costs also compound every year, particularly any form of compensation that is paid based on a percentage of base salary, such as shift differential for police officers. It does not appear that the borough’s employee wages alone are unreasonable, but future wage growth must be controlled.

One aspect of compensation that should be avoided is paying longevity or shift differential or any other tangential form of compensation based upon a percentage of base salary. It is certainly common and acceptable but not required that annual general wage increases (GWI) be based on a percentage but making other forms of cash compensation can be problematic because it allows for compounding that is not planned or controlled. It is suggested that the borough resist any such practice.

Another way the borough can seek to control wages is by “drawing a line in the sand” with future new hires by seeking a new, expanded lower wage scale for all new employees, particularly uniformed employees. This new wage scale should consist of annual “step” increases over a five or six year period. The employee’s salary should be subject to those step increases until the new employee reaches the maximum salary step. The step increases should not be based on a percentage of full salary; they should be set dollar amounts which the employee receives once a year. Only when the employee completes that last step should the employee receive a general wage increase.

The new hire step increases should not be subject to the GWI. If the new hire salary scale becomes dated, it can be adjusted, but that should not be done on an annual basis. While it is not possible to totally escape the salary creep that plagues all budgets, this new graduated step increase schedule will provide new employees with reasonable wage increases each year without escalating the salary at each step. This new salary structure is an essential element in the overall effort to control wage growth over time. By not applying the GWI to the new graduated wage structure until an officer

reaches that maximum salary, the borough will be able to control salaries at a reasonable level for a longer period of time while still providing wage increases through step increases.

In addition, the borough should consider a new wage scale for current and future employees in which salary is based upon the employee's training and certifications and not just seniority. Allowing all employees to progress in a lock step fashion fails to encourage or reward employees for obtaining skills that are of value to the taxpayers. This new scale will include annual increases but there will be different grade levels for employees based upon the employees' training and skills.

- a. **Longevity.** Longevity adjustments are also problematic and often amount to nothing more than a hidden wage increase often ignored by the public. The borough's longevity is based on a fixed dollar amount based on years of service. However, there is no need for such an increase except that it is a practice many municipalities follow. Unless the increase is based on an added certification or other added value that the employee brings to his or her service to the taxpayer, there is no need for such compensation. Rewarding tenure is the purpose of the GWI. If the borough maintains longevity pay it should consider two ideas. First, it should not base the payment on a percentage of salary. The rationale for longevity pay or (salary adjustment pay) is questionable enough without the compounding impact of it being based on a percentage. If longevity pay is continued, the borough should freeze longevity and convert the current longevity pay formula to a fixed dollar amount. The cap should also be a fixed dollar amount.
- b. **Overtime.** The borough appears to pay overtime for hours worked in excess of 40 in a week and eight (8) in a day. Paying overtime for working more than a certain number of hours in a day is not required by for any group of employees, and the borough should seek to change these provisions to pay overtime when required under applicable law. The borough's police department pays its part time officers overtime for working more than 8 hours a day. This is unnecessary from a legal perspective and from a contractual perspective and not a good management practice from a fiscal perspective. The part time officers are not in the bargaining unit so their compensation should not be determined by the CBA. This practice is not advisable and is contrary to the purpose of utilizing part time officers.

The borough should also make sure that it does not count any paid (or unpaid) time off as "time worked" for the purposes of calculating whether an employee reached the applicable hours worked threshold for the payment of overtime. The borough is not doing so, but it is not entirely clear. The is not a practice that is necessary, and it should not be started.

There are other options that that borough can consider for controlling overtime, which include:

- Exploring the public safety personnel exception contained in the Fair Labor Standards Act. This will require an evaluation of the current schedule worked by police personnel and consultation with labor counsel. Overtime should only be paid after an officer works the threshold number of hours under section 407(k) of the Fair Labor Standards Act. Police can work 171 hours in a 28 day cycle before receiving overtime compensation. The borough should seek to fully implement these

exceptions. The implementation of any such option will depend on what the borough Council decides to do with the department overall.

- Eliminate premium pay for all employee groups to the extent possible. To ensure compliance with applicable law, the borough should evaluate paying employees for the hours they spend in court (and only those hours). Such time will be added to the officer's weekly hours and paid accordingly. While it may be necessary as a practical matter to pay the overtime rate in emergency situations, in order to ensure that the borough has enough personnel for the emergency, such premium pay should not be paid in non-emergency situations. In addition, if a guaranteed amount is paid for any task regardless of how much time is worked, such as for call-in pay, the borough must ensure that only the time actually worked is counted as time worked for the purpose of calculating overtime.
- The borough provides a compensatory time only for is police officers. Regardless of whether the borough provides compensatory time to uniformed or non-uniformed employees, the same protocols to safeguard against excessive costs apply. The FLSA permits such time to be accrued to 480 hours for police (240 for non-public safety employees), but the borough should not go near that cap. The borough currently has a cap of 80 hours which may be paid out annually, but it is not clear if that option is mutual or only a choice of the officer. The borough should have the option (and practice) of paying out all compensatory time annually, which is the proper and best management practice. It should not change that practice.
- It is important to maintain such controls to ensure that a sizable portion of such time is not carried forward from year-to-year and that compensatory time is not used as a form of a piggy bank. Compensatory time allows the borough to avoid paying overtime when it is worked, but it also can increase overtime costs when compensatory time is used. Equally troubling is the fact that compensatory time actually increases overtime costs in that the accrued time is paid out at the employee's rate of pay in the future, which will be an at an increased rate due to pay raises.
- Each department should be allotted an overtime budget if it has the need for overtime. The police department and public works department will clearly need an overtime budget. The overtime budget in each department must be carefully monitored. Each department head should obtain prior approval for exceeding the allotted overtime budget. If such prior approval is not sought, the department head must be held responsible for such an overrun. The overtime practices of each department should be reviewed. All practices that result in unnecessary or excessive unplanned overtime should be addressed and eliminated.

B. Work related Injury Policy and Light Duty: The CBA includes language relating to heart and lung benefits. This is not a good idea. As discussed above, such benefits are statutory and there is no need for them to be memorialized in a CBA, which would convert a statutory

claim into a contractual grievance claim. The only exception is to have a mandated injury reporting and appeal procedure.¹⁵ The borough should replace its current policy contained in Article XXI of the police CBA to one that requires injuries to be reported through a specified process. Such a policy should apply to all employees. Such a policy need not be included in any CBA, but if it is, the language should preserve the discretion of the borough. In this regard, the borough should develop a policy defining the employees' responsibilities and the borough's rights in terms of an injury on duty and negotiating any impact issues. The policy should focus more on reporting injuries and managing leave and medical information and the need for the employee to cooperate with the borough in evaluating the injury and need for leave. The policy in section 3.9 of the Employee Handbook is an example of this suggestion, but not comprehensive enough and allowing 15 days to report a workplace injury or accident is far too much time.

The borough should also review how all of its disability claims, under both workers compensation and Heart and Lung, are administered and monitored. This report did not examine each such claim, but as noted above such claims for police are the precursor to a disability claim under the pension plan, and such claims can be expensive for the borough. It is imperative that the borough focuses on this issue.

- C. **Part-Time Employees.** The borough utilized part time employees, but the police CBA expressly excludes such employees from the recognition clause. The borough has to make sure that part-time employees do not participate in the police pension plan or other pension plans, particularly if excluded by the language of the plan. In addition, the benefits to which they are entitled should be limited. Otherwise, the cost savings of part-time employees will not be realized.¹⁶
- D. **Eliminate Carry over or Payout of Unused Time.** The borough should eliminate the payout of any unused time off which is currently permitted under the handbook or CBA. Paid leave is intended to be paid time off. It is not intended to be extra pay or compensation. Incentives for not using leave time benefits the borough should be provided but paying for leave time is not a reasonable or fiscally responsible. Such a practice is a disguised savings plan for employees at the expense of the taxpayers. The abuse or overuse of sick leave can and should be dealt with in other ways, ranging from rewards to incentive pay to discipline. The payout of unused leave time at the end of a year or at retirement merely creates an unfunded liability and a hidden increase in salary. To a limited extent, unused leave can be accumulated and capped in order to be used as a form of a short term disability policy if the employee contracts an extended illness, but it should not be a paid out at any time.

¹⁵ Although not mentioned in the police CBA, any decision to provide light duty is a managerial prerogative, not a bargainable issue. The impact of that decision is bargainable, but those issues are limited.

¹⁶ The borough also should include a provision in the police CBA that confirms that part time officers hired in the future (or in the past) are not entitled to benefits under the CBA. This is an issue that could require further discussion.

- E. **Layoff.** The borough does not appear to have any agreed upon or unilaterally implemented limitations on the borough's need or ability to lay off or furlough employees or to regionalize or subcontract services. There are bargaining issues under the law related to regionalization and contracting out with which the borough will comply if or when it is necessary. Added restrictions should not be agreed upon blindly in the CBA or elsewhere, and many such limitations are managerial rights that are not subject to mandatory bargaining.
- F. **Seniority:** Article XXXIV of the police CBA includes all time from the date of hire as service time. While this is not an issue legally, it is a topic which must be closely monitored to avoid allowing the seniority provision to be utilized to artificially increase a pension benefit by allowing a more senior full time officer to receive an inflated amount of overtime in the years and months before retirement.
- G. **Training and Education:** Training should be provided to the extent necessary to make sure all employees are adequately trained. The police CBA has a provision that allows the borough to fund an officer's education. The reimbursement has certain conditions but will not be "unreasonably denied." It is not clear how many officers take advantage of this option, but the utility of this potentially very costly benefit to the taxpayers in a small police department, such as the borough's, is not clear. It certainly is not necessary. The borough must approve the benefit, but as noted above, the request may not be will not be "unreasonably denied." This benefit should be eliminated. If borough feels that it has an employee or officer who has exceptional potential, it can make the offer and specify the conditions, while complying with any bargaining obligation, but it is suggested that the benefit should not be available for any employee in this context.
- H. **Grievance Procedure.** It is recommended that the grievance procedure in Article XXIX be clarified so that only the union can move a grievance to the next step of the grievance procedure and to state that a grievance that is not answered by the borough is deemed to be denied.
- I. **Termination of Employment:** The police CBA provides severance benefits for a police officer, but it is unclear. As noted above, this payout should be eliminated. There is no reason to pay any employee any amount that was meant to be paid time off, not extra hidden salary (with the exception of FLSA required compensatory time). As written, Article XXXV of the CBA provides this payment to any officer who separates employment for "any reason." However, it also provides that any officer who resigns or is fired receives his or her compensatory time earned. This second provision makes the provision unclear because FLSA compensatory time has to be paid as a matter of law. Either way, this provision should be eliminated.
- J. **Bill of Rights:** The police CBA contains an officer's "Bill of Rights." This provision is unnecessary overall, and portions of the provision are not advisable from a risk management perspective. It should be eliminated.

Such provisions exist in other jurisdictions, but they are not advisable and there is no reason that a "bill of rights" should be in any CBA. From a liability and civil rights perspective **ALL** complaints regarding the conduct of any employee, including any police officer, must be taken seriously and

thoroughly investigated and evaluated, regardless of when reported or how the borough discovers the complaint. This provision appears to change for police officers what should be a standard practice for all employees. There is no reasons or justification to support such a provision. There is no justification for dismissing a complaint against a police officer or any employee based solely on the passage of time and the borough would be putting itself at a liability risk by doing so.

The borough cannot limit itself in such investigations. By not investigating complaints, whether written or oral or when reported, the borough is only creating a potential argument in the future by a civil rights plaintiffs' attorney that the borough had a policy or practice of some unlawful practice. Such a provision is not in the best interests of the borough. Much of the provision merely codifies existing law or otherwise limits the borough in ways that is not appropriate. The entire "bill of rights" serves no purpose and should be eliminated in the next round of bargaining.

- K. Establish an Overall Bargaining Strategy and Pattern:** The borough must develop a cost consistent containment strategy that applies to all employee groups. This strategy should reflect a consistent pattern of an overall fiscally responsible cost containment strategy. In its current fiscal state there should be no tolerance for the expansion of any benefit, especially in the areas of healthcare for current employees, OPEBs and pension funding obligations. The borough started this responsible approach to reigning in costs by electing to undergo this EIP process but the recommendations in this report should not be ignored. This approach should be adopted with respect to non-bargaining unit employees as well.
- L. Short Term CBAs.** Until the borough is comfortable with its revenues and personnel costs, and until it has effective cost controls in place, new collective bargaining agreements should be kept to the shortest possible term. Further, benefits should be tied to conditions based upon the funding status, term, and costs of such benefits. Such a strategy will provide the borough with flexibility to contain costs on an ongoing basis and achieve the mandated cost reductions and controls in order to achieve much needed flexibility and avoid a reduction in services.
- M. Personnel Manual:** The borough produced a personnel manual applicable to non-uniformed employees. While the borough only has a limited number of employees, and employee manuals can be a high cost, the borough should be commended on its comprehensive manual. The purpose of this report is not to provide a detailed review of the personnel manual; the borough should make sure that it updates its manual periodically and that all of the content of the manual applies to the borough and its operations. Some forms in the manual appear to not apply but those forms are not harmful.
- N. Benefits Audit:** The borough should conduct a thorough benefits audit to determine the total level of benefits provided to each employee group and retirees, and to determine the actual cost of such benefits. The audit must also analyze the total cost of all compensation and benefits provided to each bargaining unit and look for other providers that can offer similar benefits in a less expensive manner or structure. Periodic eligibility audits should be conducted. The audit should also ensure that the borough has coordination and carves outs for certain contingencies. If an employee can get comparable coverage elsewhere or his or her dependents can do so, the borough should not be obligated to provide coverage. Having

this option is useful, but its utility is limited if there is no effective periodic audit or enforcement procedure in place.¹⁷

- O. **Regionalization and Shared Services:** For the reasons stated above, the current limitation on regionalization and shared services should be eliminated from the police CBA. Any applicable collective bargaining agreement from the new regionalized service must be carefully analyzed, however, to determine if it would reduce borough personnel expenses. This option also includes the possibility of sharing equipment and personnel in some cases in the future. The latter option could implicate the borough's obligation to bargain with its unionized personnel. This is particularly true with public safety services such as police and fire services, which are the very costly and, by their nature and presently organized and constituted, inefficient from a cost perspective when compared to other services.
- P. **Command Staff in Bargaining Unit:** The police bargaining unit appears to have been voluntarily recognized by the borough sometime in the past, but in doing so it has included all sworn full time officers in that bargaining unit, including the Chief. Typically, command staff, particularly the chief of police, are managerial positions and are not appropriately included in the bargaining unit, and such positions will not be included by the PLRB. While in rare cases police chiefs can be included in a bargaining unit, it is not wise to do so and doing so can lead to very awkward and improper managerial issues to include command staff in the bargaining unit.

To determine whether a command position should be included in a bargaining unit, the PRLB reviews the facts and duties of the position and applies criteria established by the PLRB in a case know as *Star Lodge*, not in the bargaining unit. *Fraternal Order of Police, Star Lodge No. 20, v. PLRB*, 104 Pa.Cmwlth. 561, 522 A.2d 697 (1987). Managerial duties include policy formulation; policy implementation; overall personnel administration; effectiveness in budget preparation; an effective role in the purchasing process; and independence in public. The foregoing is just a brief summary of the factors that the PLRB considers. The PLRB will analyze each factor based on a factual record and the foregoing is not meant to be a legal opinion regarding whether the position of chief of police is appropriately included in the bargaining unit.

If the borough retains its police department, it should carefully review whether the chief of police position is in the bargaining unit, and if it is, the borough should develop a legal strategy and take appropriate action to remove that position from the bargaining unit by commencing a unit clarification proceeding before the PLRB. The Chief position should be a managerial position.

- Q. **Employee Contracts.** On a related note, generally with the exception of borough manager, there is no legal authority for a municipality to have a contract for a term of employment with any employee, unless the position is in the bargaining unit and covered by a CBA. Some municipalities are tempted to give a police chief a contract of employment because he or she

¹⁷ As noted above, the same ideas should be applied to post-retirement health care. Although legal obstacles may be raised by the applicable unions, creative ideas should be evaluated. At the very least, the borough should pursue the elimination or significant reduction of such benefits, particularly for new hires, and consider requiring retirees to pay a meaningful contribution as a condition to receiving retiree healthcare. It is recommended that under no circumstances should this benefit be expanded for current employees.

is not in the bargaining unit. The borough has not done so in this case, but doing so for a police chief or any employee is a mistake, and the borough should carefully analyze any document that details terms and conditions of employment to ensure that it complies with applicable law. The borough has provided a “contract” to one of its management level employees in the public works department. In addition to the issues noted above, that document contains contradictory and some problematic language for the borough, particularly with respect to the severance provision (which does not require a general release of claims in return), allows the accrual and payout of leave time, and requires the payout of severance if the individual resigns for “good cause.” The agreement purports to provide “at-will” employment, but it contains a just cause provision. The borough should be mindful of this issue in the future.

Chapter 6

Public Safety

Introduction

Despite a relatively low crime rate, the Honesdale Borough Police Department grapples with staffing limitations, leadership transitions, and budgetary pressures.

The small department is operating at less than capacity with a chief that has an uncertain return date from workers' compensation, an open full-time officer position and a vacant civilian support staff position. Departmental challenges have led to questions regarding the status of the department. The uncertainty has raised issues of departmental morale and added to the personnel challenges.

Given the borough's position as the county seat with a main hospital, a significant downtown business district and a large amount of tourism, it is prudent to maintain some level of local police services, particularly during the day.

There has been some internal discussion regarding whether to staff the department with full-time officers or use only part-time officers such as in the neighboring borough of Hawley.

Many boroughs have sought to reduce police expenditures through greater use of part-time officers. Recently, however, recruitment and retention for both part-time and full-time officers has become a struggle statewide.

Advantages generally cited for full-time police officers are greater accountability, higher officer retention, consistency of training and stronger ties to the community. In particular, part-time officers often have flexibility issues that can make scheduling a challenge.

However, part-time officers have the advantage of reduced payroll expenditures. In the case of Honesdale, many of the current part-time officers have been stable employees.

It is up to the borough council, weighing the various factors, to make the policy decision regarding the police department's ultimate structure, which could also include regional or contract options, but it should make that decision and commit to implementing the agreed upon vision.

The fire department, composed of four volunteer companies, extends its reach far beyond borough boundaries, serving multiple municipalities with dedication and professionalism, yet faces outdated funding agreements and the need for clearer intergovernmental coordination.

Emergency medical services, once locally based, now rely on external providers, raising concerns about response times and service reliability. Meanwhile, the borough's emergency management efforts benefit from seasoned leadership and interagency collaboration, particularly in response to severe weather and natural disasters.

As the borough looks ahead, proactive measures in staffing, intermunicipal agreements, emergency response, and code enforcement will be essential to sustaining a safe and vibrant community.

Police Department

Police and related public safety services for the borough are provided by the Honesdale Police Department, which currently operates with a lieutenant (serving as officer in charge), a sergeant, one full-time officer, and seven part-time officers, all of whom are Act 120 certified. An additional full-time officer position is budgeted, and the Civil Service Commission is actively recruiting and testing for the role. A civilian support staff position exists but remains unfilled due to budget constraints.

The police chief has been on workers’ compensation since early 2025, with his return date uncertain. The borough is working with its workers’ compensation provider to resolve the chief’s status. A hearing date is pending on his case.

The department provides coverage 16 hours per day, with the Pennsylvania State Police handling calls between midnight and 8:00 a.m., although the lieutenant typically begins his shift at 7:00 a.m. Overtime costs are a concern; the department is projected to exceed its FY 2025 overtime budget of \$40,158 by approximately \$9,400 (about 23 percent), largely due to staffing adjustments required during the chief’s absence.

To manage overtime costs and maintain consistent service coverage during leadership vacancies, the borough should consider a combination of temporary staffing adjustments, cross-training of administrative staff to cover administrative duties, and proactive scheduling strategies that reduce reliance on overtime shifts.

In addition, establishing a formal contingency plan for prolonged absences in key leadership positions will allow the department to sustain operations without incurring excessive personnel costs. These measures would help stabilize the budget while ensuring consistent public safety coverage.

Summary Uniform Crime Reports (UCR) reflect a relatively low crime rate in the borough as shown in the below chart.

Table 6.1 Uniform Crime Reports Summary, 2018 to 2025 YTD

Year	Violent Crimes Reported	Property Crimes Reported
2018	8	59
2019	2	53
2020	5	46
2021	N/A	N/A
2022	3	28
2023	7	30
2024	10	33
2025 to Date	1	12

Although the borough’s Uniform Crime Reports (UCR) reflect a relatively low incidence of both violent and property crimes, the department faces operational and financial challenges related to staffing, leadership continuity, and overtime management. The borough should view the current low

crime environment as an opportunity to strengthen the department's foundation proactively. Steps should include:

- Maintaining adequate staffing levels through the Civil Service recruitment process.
- Developing a formal contingency plan for prolonged leadership absences.
- Implementing scheduling and cross-training strategies to reduce reliance on overtime.
- In parallel, continue to invest in IT systems, vehicle replacements, and interagency partnerships that support efficient operations.

Taking these actions now, while crime levels are relatively stable, will ensure that the department is positioned to maintain public safety, control costs, and adapt effectively should crime trends change in the future.

The Civil Service Commission is currently recruiting and establishing a list of eligible candidates for the position of police officer. At its July 23 meeting, the commission approved proposals from SRW strategies to administer the written and oral examinations, and from Wolanin Consulting and Assessment Inc. to conduct the psychological examination. The commission also authorized the publication of a legal advertisement and allocated funds for advertisements in various northeast Pennsylvania publications as well as on social media. Applications are due by August 29, with testing scheduled to take place in September.

Facilities and Equipment

The police department is located at 962 Main Street in a three-story building separate from, but adjacent to, the borough building. The first floor contains space for patrol officers, an interview room, current files, and computer equipment. Lockers, a changing room, and a kitchen are located on the second floor, while older files are stored on the third floor. A summary of the building's condition is provided earlier in this report.

The department operates on a phone system independent of the borough office, which includes voicemail and is used for non-emergency communications. All emergency calls for service should be directed to the County 911 Center; however, it is unclear whether the current phone system sufficiently informs callers to dial 911 for emergencies.

The department has five computers in the office and one in each patrol vehicle, all running Windows 11. It maintains an agreement with Marshall Consulting for IT system maintenance.

The borough also maintains an agreement with Technology Enterprise Group, Inc. (Harmony, PA) to provide software enabling access to the Commonwealth Law Enforcement Assistance Network (CLEAN) through TEG's Mobile Architecture for Communications Handling (MACH) platform. The CLEAN system provides access to driver's license and vehicle records, state criminal history, the protection from abuse registry, the NCIC network, and related services. The agreement covers five department computers at a cost of \$37.50 per computer per month. Entered into in January

2025, the agreement renews annually and may be terminated by either party with 30 days’ notice. The monthly fee may be adjusted with 60 days’ notice prior to renewal.

Ordinance 588 adopted April 8, 2002, authorizes the borough Police Department to participate in the County’s Drug Task Force in cooperation with the Office of the Attorney General. The agreement has no fixed termination date, though it may be terminated upon 30 days written notice.

Pursuant to a Memorandum of Understanding dated March 17, 2016, the department also participates in the Wayne County Multidisciplinary Investigative Team (MDIT) administered by the Wayne County District Attorney’s office. The MDIT’s mission is to attain a more positive outcome for children by responding to allegations of child abuse thru a collaborative effort team-based approach. Participating agencies include the Wayne County DA’s Office, Wayne Count Children and Youth, Children Advocacy Center of Northeastern PA, the PA State Police and the Honesdale borough Police Department.

The department currently has a fleet of 4 vehicles that include a 2016 Ford Expedition, 2016 Ford Sedan, 2021 Ford Interceptor and a 2023 Dodge Charger. Maintenance is provided by local dealers. The vehicles are all equipped with Mobile Data Terminals and GPS Tracking. The vehicles are on a four-year replacement cycle subject to budgetary constraints.

Police Department Expenditures

Salary and wages, the largest departmental expense, increased by 25.7 percent over the historical review period and is projected to increase another 10.4 percent over 2025 budgeted estimates by 2029.

Other employee includes costs for an employee early retirement buyout agreement. Pension costs are now paid from the borough Pension Fund. As noted previously, health insurance costs for the police department, including both active and retired officers, are not recorded in the police department expenditures.

Table 6.2 Police Department Expenditures, 2020 to 2024

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	Change 2020- 2024	
						\$	%
Salary & Wages	344,885	343,109	349,178	344,345	433,421	88,536	25.7
FICA/Medicare	7,604	6,381	5,250	6,823	14,007	6,403	84.2
Uniforms	3,750	4,809	3,276	4,754	11,659	7,909	210.9
Other Employee	69,175	44,133	22,808	22,253	22,861	-46,314	-67.0
Unemploy Comp	3,842	3,143	2,012	1,602	2,643	-1,199	-31.2
Workers Comp	26,398	22,120	27,843	21,628	11,972	-14,426	-54.6
Total Employee	455,654	423,695	410,366	401,403	496,562	40,907	9.0
Supplies	11,771	13,303	-1,431	15,396	9,978	-1,792	-15.2
Services	10,286	13,715	28,370	22,108	10,378	92	0.9
Capital	8,199	53,913	2,979	55,844	38,204	30,005	366.0
Repairs	1,794	853	1,363	2,501	1,194	-600	-33.4

Utilities	12,438	12,715	12,502	12,561	12,968	530	4.3
Pension	17,663	0	0	0	0	-17,663	-100.0
Vehicle Expense	14,063	17,982	8,824	5,760	18,180	4,117	29.3
Non-Personnel	76,213	112,481	52,608	114,170	90,903	14,689	19.3
Total Expenditures	531,868	536,176	462,974	515,574	587,465	55,597	10.5

Table 6.3 Police Department Expenditures, 2025 to 2029

	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection	Change 2025-2029	
						\$	%
Salary & Wages	638,722	654,690	671,057	687,834	705,029	66,308	10.4
FICA/Medicare	8,739	8,957	9,181	9,411	9,646	907	10.4
Uniforms	4,000	4,085	4,167	4,249	4,332	332	8.3
Other Employee	16,200	16,200	16,200	16,200	16,200	0	0.0
Unemploy Comp	3,500	3,588	3,677	3,769	3,863	363	10.4
Workers Comp	15,000	15,317	15,625	15,933	16,243	1,243	8.3
Total Employee	686,161	702,836	719,908	737,395	755,314	69,153	10.1
Supplies	15,000	15,317	15,625	15,933	16,243	1,243	8.3
Services	23,500	23,997	24,479	24,962	25,448	1,948	8.3
Capital	50,000	0	0	0	0	-50,000	-100.0
Repairs & Maintenance	4,000	4,085	4,167	4,249	4,332	332	8.3
Utilities	15,950	16,287	16,615	16,942	17,272	1,322	8.3
Vehicle Expense	14,000	14,296	14,583	14,871	15,160	1,160	8.3
Non-Personnel	122,450	73,982	75,469	76,956	78,455	-43,995	-35.9
Total Expenditures	808,611	776,818	795,377	814,351	833,769	25,158	3.1

Recommendations

Determine the appropriate size and structure of the police department. Borough council, in consultation with the borough manager, should determine the appropriate structure and size of the police department, whether using full-time officers, part-time officers or a combination, based on considerations listed in the financial, operations and labor sections of this STMP report.

The borough should weigh the local needs for the service and the borough’s financial resources. For example, state police would not provide the same patrol presence and will not enforce local ordinances. The borough should also consider options such as regionalization and contracting with other municipalities, as well as assistance DCED can provide for additional studies related to police services.

Resolve the workers’ compensation issue with the police chief. The issue of the chief’s return remains unclear and adds to the uncertainty in the department particularly regarding personnel. The borough should work to resolve the chief’s status as expeditiously as possible.

Develop contingency plans to maintain continuity during absences. Consider temporary staffing adjustments, cross-training of administrative staff to cover administrative duties, and proactive scheduling strategies that reduce reliance on overtime shifts.

Establish an eligibility list. The Civil Service Commission should complete the recruitment process and establish a list of eligible candidates to fill the current full-time vacancy in the Police Department.

Develop a unified phone system. Implement a single phone system serving both police and administrative offices for all non-emergency communications, with integrated voicemail capabilities.

Dedicated emergency access. Install a separate phone in the Police Station entryway with direct connection to the County 911 Center, clearly marked for emergency use.

Fire and Emergency Services

The Honesdale Fire Department (HFD) was formally established by borough Ordinance No. 530 on October 11, 1993. It is composed of four volunteer fire companies strategically located throughout the borough: Hose Company No. 1 (downtown), Alert Hook and Ladder No. 2 (east side), Protection Engine No. 3, the borough's oldest company, (north of Route 6/Main Street), and Texas No. 4 (Grove Street hill section).

Together, these companies provide fire protection not only within the borough but also to all or portions of seven neighboring municipalities, Berlin, Cherry Ridge, Dyberry, Lebanon, Oregon, and Texas Townships, and Bethany borough. The coverage area totals approximately 48.5 square miles and 10,500 residents, extending about five miles from the borough center and encompassing critical facilities such as Wayne County Courthouse, Wayne Memorial Hospital, multiple retirement communities, summer camps, and the borough's historic downtown.

Leadership is provided by a borough fire chief and deputy fire chief, supported by a captain and three lieutenants from each company. In accordance with Ordinance No. 530, the fire chief is elected every two years on the first Monday in October by department members from candidates nominated by each company, with the election administered by the mayor. The mayor reports the election results to borough council at its next meeting and issues a certificate of election to the new fire chief, who then appoints a deputy fire chief immediately following the election.

Collectively, the four companies operate three engines, two ladder trucks, one rescue unit, and two support units, staffed by more than 80 trained and certified volunteers who dedicate significant hours each year to training, fundraising, and responding to emergency calls. Apparatus purchases require approval by the fire chief, a majority of line officers, and borough council. The borough does not insure fire apparatus, though it does cover workers' compensation and volunteer-related insurance.

The department incorporates modern technology on its apparatus and actively promotes fire safety through prevention programs. Department personnel respond daily to a variety of incidents, including structure fires, natural disasters, helicopter landing zone operations, various rescues,

automobile accidents, wildland fires, missing person searches, traffic control, and support for police and ambulance services.

Over the past eight years, the department has responded to an average of 350 calls annually. Rescue and EMS support calls represent the largest share (36 percent), followed by fire calls (15 percent), false alarms (17 percent), and public service calls (12 percent), along with hazardous conditions, severe weather, and other emergencies. Remaining calls involve hazardous conditions, good intent responses, and severe weather or natural disaster events. Volunteers also conduct fire prevention programs, training exercises, and interagency support activities.

The borough, fire department, and Central Wayne Regional Authority have designated authority property for a fire training ground to support drills, certification exercises, and ongoing skills development. A formal training schedule and safety protocols will strengthen its effectiveness and ensure compliance with best practices.

Fire Tax and Funding

The borough levies a dedicated fire tax. Based on the FY 25 rate of 0.35 mills on the assessed value of taxable property of \$414,651,699 at a 94 percent collection rate, the tax generates approximately \$138,000. Rates have varied slightly in recent years (0.32–0.50 mills). Revenue is distributed by the borough treasurer to the fire department treasurer for operating and capital expenses, including insurance on company buildings, vehicles, and equipment.

The borough also receives payments from five surrounding municipalities, though these are minimal and based on outdated agreements dating from 1997 and 2004. Payments under the agreements are made to the borough and transferred to the fire department thus the borough does not receive any funding for the cost of insurance from these municipalities. Annual amounts are nominal and are as follows Bethany borough, \$300; Cherry Ridge, \$900; Dyberry, \$500; Lebanon, \$100 and Oregon, \$500. Although Texas and Berlin Townships also receive service, there are no formal agreements in place.

Existing intergovernmental agreements do not adequately address financial responsibilities, insurance coverage, or service expectations. Moreover, there are no agreements that provide guidance on the distribution of the fire tax funds or on any reporting requirements with respect to the use of the funds. As the fire tax represents public funds it is advisable that there be an agreement with the fire department that addresses fund distribution and use of the funds provided.

Table 6.4 Honesdale Fire Department Municipalities, Coverage and Agreement

Muni	Muni Sq Miles	HFD Coverage	% of Municipality Covered	Agreement	Notes
Honesdale	4.02	4.02	100%	Primary Service Area	Core Borough Responsibility
Bethany	0.5	0.3	60%	Yes (1997)	Agreement outdated; minimal contribution (\$300 annually)
Berlin Twp	39.57	3.06	7.73%	No	No known agreement; Limited coverage
Cherry Ridge	22.24	13.23	59.49%	Yes (2004)	Agreement outdated; Contribution \$900 annually

Texas Twp	14.39	0.45	3.13%	No	No known agreement; Partial coverage
Oregon Twp	17.97	12.7	70.67%	Yes (2004)	Agreement outdated; contribution \$500 annually
Dyberry Twp.	22.9	13.1	57.21%	Yes (2004)	Agreement outdated; contribution \$500 annually
Lebanon Twp	38.16	1.67	4.38%	Yes (1997)	Agreement outdated; contribution \$100 annually
Total	159.75	48.53	—	—	—

Fire Department Expenditures

Starting in 2022, the Fire Department donation line includes special purpose fire tax millage revenue. The borough also pays for workers’ compensation and hydrant expenditures, as well as passing along state foreign fire aid.

Table 6.5 Fire Department Expenditures, 2020 to 2024

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	Change 2020-2024	
Fire						\$	%
Workers Comp	27,759	19,553	19,256	15,669	16,231	-11,528	-41.5
Total Employee	27,759	19,553	19,256	15,669	16,231	-11,528	-41.5
Supplies	6,226	5,894	0	0	0	-6,226	-100.0
Services	542	0	0	0	0	-542	-100.0
Donation	36,691	56,456	130,139	180,075	125,440	88,749	241.9
Utilities	1,656	1,692	-22	0	0	-1,656	-100.0
Vehicle Expense	4,491	6,003	0	0	0	-4,491	-100.0
Insurance	30,180	13,684	0	0	0	-30,180	-100.0
Hydrants	21,936	22,343	23,561	24,635	26,688	4,752	21.7
Foreign Fire	24,853	21,892	26,808	26,535	26,860	2,007	8.1
Non-Personnel	126,575	127,964	180,487	231,245	178,988	52,413	41.4
Total Expenditures	154,334	147,517	199,743	246,914	195,219	40,885	26.5

Table 6.6 Projected Fire Department Expenditures, 2025 to 2029

	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection	Change 2025-2029	
Fire						\$	%
Workers Comp	26,000	26,550	27,084	27,617	28,155	2,155	8.3
Total Employee	26,000	26,550	27,084	27,617	28,155	2,155	8.3
Donation	148,336	148,336	148,336	148,336	148,336	0	0.0
Hydrants	25,000	25,000	25,000	25,000	25,000	0	0.0
Foreign Fre	26,859	26,859	26,859	26,859	26,859	0	0.0
Non-Personnel	200,195	200,195	200,195	200,195	200,195	0	0.0
Total	226,195	226,745	227,279	227,812	228,350	2,155	1.0

Recommendations – Fire and Emergency Services

Conduct an emergency services study. DCED provides studies of local government fire and emergency services at no cost to the municipality. Honesdale should seek a study to review current operations and determine if regional solutions could improve services.

Succession Planning: Establish a coordinated leadership succession framework across all four companies to ensure continuity and retention of institutional knowledge. Integrating leadership development with operational efficiency initiatives will enhance service delivery, support volunteer retention, and maintain consistent fire protection throughout the borough and surrounding service area.

Funding Transparency: Adopt a written agreement with the fire department to clarify fire tax distribution, Fireman’s Relief funding, reporting, and accountability for use of public funds.

Mutual Aid Agreements: In conjunction with the fire department, evaluate costs and trends regarding the provision of fire services to neighboring municipalities with the goal of fully understanding these costs and to provide context to future agreement negotiations. Upon completion, update and expand intermunicipal fire service agreements to reflect current costs, insurance responsibilities, and service levels, ensuring equitable cost-sharing with neighboring municipalities. Cost sharing could be based on assessed property value, population within the service area, and historical call volume.

Fire Tax - Evaluate the fire tax millage to ensure it adequately supports the operating and capital needs of the fire department while maintaining fiscal sustainability and fairness for borough taxpayers.

Training Ground Use: Formalize scheduling, safety protocols, and integration of the fire training ground into regular drills and certification programs. Structured use of this facility will enhance the skills, preparedness, and coordination of volunteer personnel while ensuring compliance with safety standards. Integrating this training site into ongoing drills and certification programs will support both operational efficiency and volunteer retention by providing consistent, accessible opportunities for hands-on experience

Data and Call Management: Develop a centralized call-tracking and reporting system to strengthen coordination, monitor response times, and address false alarm trends.

Formalizing these agreements will provide transparency, strengthen fiscal oversight, and ensure that public funds are used appropriately to support fire protection services.

Fire Escrow Ordinance

Under Act 93 of 1994, the borough adopted a Fire Escrow Ordinance on August 11, 1997, enabling the borough to recover costs associated with fire-damaged properties.

Key provisions include:

- The borough may recover outstanding claims, liens, assessments, and cleanup costs related to a fire loss.

- Ordinance adoption is filed with the Department of Community and Economic Development (DCED) and listed on their website.
- Insurance companies are required to check this list before disbursing fire insurance proceeds. If the borough is listed, they must first apply insurance payouts to the borough's outstanding obligations.
- After satisfying municipal claims, the borough issues a certification, allowing the insurer to release remaining funds to the insured property owner.

Recommendation – Fire Escrow

Review the current fire escrow ordinance to ensure it remains up to date and fully enforceable, confirm that it is properly posted with the Department of Community and Economic Development, and establish internal procedures to track and recover costs promptly following any fire loss. This will protect municipal resources and ensure compliance with Act 93.

Emergency Medical Services

Basic Life Support (BLS) and Advanced Life Support (ALS) services for Honesdale are currently provided by two external agencies:

- **White Mills Fire Company** – Located approximately six miles from the borough.
- **Cottage Hose Company Ambulance Corporation** – Based in Carbondale, approximately 12 miles away.

Dispatch is managed by the Wayne County 911 Center, which uses GPS tracking to send the closest available unit at the time of a call. However, the distances involved have raised ongoing concerns regarding response times. Borough officials have reported numerous missed calls when nearby units were unavailable.

Historical Context

The Honesdale Volunteer Ambulance Corps operated until 2012, when it ceased operations. In 2019, Cottage Hose Company established a satellite station in Honesdale staffed with EMTs to provide faster BLS response. This local service has since been discontinued, with operations now centralized in Carbondale.

Response Time Concerns

A National Library of Medicine study found:

- Average EMS response time nationwide: 7 minutes from 911 call to arrival on scene.
- Rural median response time: Over 14 minutes.
- Nearly 10 percent of rural calls experience delays approaching 30 minutes.

Delayed EMS response has been linked to poorer patient outcomes, especially in trauma-related emergencies, underscoring the importance of timely service in the borough.

The borough's interim manager is currently in discussions with the CEO of Wayne Memorial Hospital to explore potential solutions that would ensure faster EMS response. However, the hospital has expressed that it is not in a position to establish its own ambulance service due to financial constraints. Similarly, the borough does not have the resources to independently fund an EMS unit.

Recommendation – EMS

In conjunction with an emergency services study, continue discussions with the Wayne Memorial Hospital to work towards a solution that would provide a more expeditious response to medical emergencies.

Emergency Management

The borough's emergency management coordinator is Stan Pratt, who has served in this volunteer leadership role since April 2017. The position is responsible for coordinating preparedness, response, and recovery efforts during emergencies affecting the borough, including severe weather events, flooding, and other public safety threats.

Mr. Pratt has been involved with the Honesdale Fire Department since 1967, holding multiple positions over the decades, including serving as fire chief from 2005 to 2011. His extensive public safety experience provides valuable leadership during emergency situations.

Recent Emergency Management Activities

- **Flooding Response** – Addressed significant flooding events over the past year caused by major rainstorms. Responsibilities included documenting and photographing damage for use in damage claims.
- **Severe Winter Storm Response** – Managed response to a major snowstorm in which over three feet of snow fell, securing third-party assistance to clear roads and maintain access for emergency vehicles.
- **Interagency Coordination** – Works closely with the Wayne County Emergency Management Director to ensure effective communication and coordinated response.

Fireman's Relief

The borough annually receives a distribution from the Foreign Fire Insurance Tax, which is allocated to the Honesdale Fireman's Relief Association. This tax represents a two percent levy on premiums collected in Pennsylvania by out-of-state insurance companies for casualty and fire insurance. Distributions are calculated based on both population and the market value of real estate in each municipality.

In 2023, Pennsylvania distributed \$55.1 million statewide, of which Honesdale's share was \$31,710 which represents approximately 40 percent of the association's distribution. The borough's FY2025 budget anticipates a reduced distribution of \$26,859. Any new agreement with the Honesdale Fire Department should include provisions addressing the proper distribution and use of these fire relief funds.

The Honesdale Fireman's Relief Association covers six municipalities: Bethany Borough, Cherry Ridge Township, Dyberry Township, Lebanon Township, Oregon Township, and Honesdale Borough. The association is affiliated with Honesdale's four fire companies. Each participating municipality is required to acknowledge receipt and distribution of its Foreign Fire Insurance Tax allocation with DCED, and funds must be distributed to the relief association within 60 days of receipt.

According to the Auditor General's most recent audit (2019–2021), and issued February 2023, the Honesdale Fireman's Relief Association reported cash and investments totaling \$357,978, with no findings related to the borough's handling of funds.

Recommendations – Fireman's Relief

Ensure that future fire service agreements explicitly include provisions for the allocation and use of Fire Relief Funds.

Require annual reporting from the Fireman's Relief Association to borough council summarizing receipts, distributions, and expenditures.

Confirm that DCED filing requirements are completed to maintain compliance and protect funding eligibility.

Continue to monitor the Auditor General's audit cycle to ensure the borough remains in good standing with respect to relief fund management.

Parking and Parking Modernization

As the commercial center of Wayne County, the borough relies heavily on effective parking management to support its business district. The borough currently operates approximately 640 Duncan parking meters, primarily located on-street in and around the downtown business area. Additionally, there is one off-street facility, the Park & Shop lot, which offers 30 spaces.

The borough recently hired a full-time parking enforcement officer to supplement the part-time position that has existed, which should strengthen enforcement activities.

The borough recently entered into an agreement with PANGO, a mobile parking payment platform, which will offer added convenience for parking users that includes:

- No cost to the borough.
- Supports both coin and app-based payments.
- Enables merchants to validate parking for customers and advertise their businesses through the platform.

Earlier this year the borough entered into an agreement with Municipal Parking Services, Inc. to install up to 100 safety sticks that would record parking violations. The safety sticks are approximately 36 inches in height and have a high-definition camera attached and would be placed in an identified area such as a handicap parking space, fire zone or no parking zone to record violations. The borough is sent the lists of violators, and the company sends the violations out via

mail. The company collects a portion of the violation, and the borough receives a portion of the revenue. The borough does not own the safety sticks nor is it liable for any damage caused to them.

Parking Permits.

Permits are available for designated parking areas at the following rates:

10-Hour Meter Zones:

- \$300 annually
- \$80 per quarter
- \$40 per month

Park & Shop Lot:

- \$380 annually
- \$190 semi-annually
- \$95 per quarter
- \$50 per month

Parking Rates and Revenue

- Current meter rate: \$0.50/hour
- Proposed increase under consideration: \$0.75/hour (to coincide with PANGO implementation)
- Annual parking revenue (meters, permits, tickets): Approximately \$400,000

Parking meter maintenance is provided by the borough treasurer.

Recommendations

Increase parking meter rates to at least .75/hour with corresponding increases in parking permit fees.

Proactively promote the PANGO application when it becomes available.

Consider a parking study to review parking assets to determine if they are meeting borough needs, particularly given the borough's status as a prime tourist destination and county seat.

Uniform Construction Code (UCC), Property Maintenance Code and Rental Registration

On June 3, 2004, Honesdale adopted Ordinance No. 601, enacting the Statewide Building Code known as Pennsylvania's Uniform Construction Code (UCC). The borough currently contracts with BHW Construction Consultation Services, Inc. to administer and enforce provisions of the UCC. In addition, BHW serves as the borough's zoning officer and provides building permit/UCC

inspection services, property maintenance complaint enforcement, and rental inspections. BHW is located in Wilkes-Barre, PA, approximately one hour from Honesdale.

Prior to 2025, these services were provided by Northeast Inspection Consultants, LLC. According to borough officials, the previous contractor was not sufficiently responsive, prompting the decision to change providers.

The borough has also established a UCC Board of Appeals to hear and decide appeals filed under the UCC. Currently, there are two vacancies on the board. Like many municipalities, Honesdale has experienced difficulty finding qualified individuals to serve. The borough's ordinance allows for participation in a multi-municipal UCC Board of Appeals through an intergovernmental agreement - an option some municipalities have used to address staffing challenges and ensure timely processing of appeals.

Honesdale adopted the International Property Maintenance Code, 2018 Edition, published by the International Code Council, through Ordinance No. 676 on February 6, 2017. The intent of the Property Maintenance Code is to establish minimum standards that ensure a reasonable level of health, safety, property protection, and general welfare as affected by the occupancy and maintenance of structures and premises. This code has been widely adopted by municipalities to address a broad range of issues related to the maintenance and condition of existing properties.

Honesdale also adopted a Rental Registration Ordinance (Ordinance 616) in 2006 and amended it several times since. The Ordinance requires an annual registration of all rental properties in the borough along with a designated agent for owners who do not live within a 20 mile radius of the borough who is responsible to perform obligations required by the ordinance and all applicable codes of the borough. An inspection is required each and every time a change of tenant occurs. Currently the registration process is done manually through the use of paper applications, though consideration is being given to automate both the registration and violation processes.

Recommendation - UCC/Property Maintenance/Rental Registration

Continue strengthening the code administration framework to ensure effective enforcement and efficient service delivery. Specifically, Honesdale should:

- Review and update the rental registration ordinance and consider related tools to combat blight. The Housing Alliance of Pennsylvania provides a comprehensive toolkit in [Blight to Bright](#) with information on ordinances, inspections, strategies, policies and procedures, and more related to code enforcement and blight reduction. Blight control is key to maintaining a strong tax base.
- Actively explore the option of joining or forming a regional/multi-municipal UCC Board of Appeals to address vacancies and improve responsiveness.
- Modernize the UCC, Property Maintenance Code and Rental Registration and inspection process by implementing an electronic application and tracking system for registration and violation processes.
- Periodically review contractor performance standards to ensure that third-party providers meet the borough's expectations for timeliness and consistency.

These steps will improve customer service, streamline administrative workload, and ensure that the borough maintains a consistent, enforceable system for property standards that protects both residents and property owners.

Beyond administrative improvements, effective enforcement of these codes plays a vital role in sustaining neighborhood stability, protecting housing quality, and encouraging reinvestment in the borough's existing housing stock.

By ensuring that properties are well-maintained and that rental units meet consistent standards, the borough can reinforce community pride, safeguard public health and safety, and provide an attractive environment for residents and businesses alike.

Planning, Zoning, and Land Use

Honesdale has enacted a comprehensive set of land use regulations pursuant to the Pennsylvania Municipalities Planning Code (MPC), Act 247 of 1968, as amended, and other applicable state statutes. This section reviews existing land use tools and offers recommendations to strengthen policy, planning, and regulatory effectiveness.

Borough Planning and Zoning Boards

- **Planning Commission** – Comprised of seven members and two alternates, appointed to staggered five-year terms. The commission serves in an advisory capacity to borough council on land use and development matters.
- **Zoning Hearing Board** – A five-member quasi-judicial body, also serving staggered five-year terms, which hears appeals from decisions of the zoning officer and considers requests for variances and special exceptions. There is currently one vacancy on the board. Attorney Mark Zimmer serves as solicitor.

Borough Land Use Regulations

- **Subdivision and Land Development Ordinance (SALDO)** – Enacted June 12, 2000 (Ord. 580). Provides for orderly growth, harmonious development, coordination of infrastructure, preservation of open space, protection of natural resources, and provide for the proper distribution of population, thereby creating an environment favorable for the health, safety and welfare of citizens.
- **Zoning Ordinance** – Enacted June 12, 2000, with multiple updates, most recently amended on June 23, 2024 (to address mixed-use development) and by a comprehensive amendment Ordinance 709 (Nov. 1, 2021) (addressing downtown historic preservation, district regulations, short-term rentals, parking, sidewalk dining, and communications facilities). The zoning ordinance was enacted to regulate land use and development; promote, preserve, protect, and facilitate the public health, safety, and general welfare of citizens; coordinate community and economic development; provide for the proper density of population; provide compatibility between land uses; provide adequate light, air and water resources; access to utility services, transportation, parking, emergency services, schools, recreational

facilities and public grounds; and protect natural, scenic, and historic features of the borough.

- **Floodplain Management Ordinance** – Enacted January 28, 2019 (Ord. 694), to ensure compliance with the National Flood Insurance Program (NFIP) and the Commonwealth’s Floodplain Management Act. The ordinance regulates development in designated floodplain areas of the borough, thus protecting both life and property and minimizing the impact of flood damage. The administrative secretary is the designated Floodplain Administrator. As of September 2021, responsibility for the administration of the NFIP was transferred from the DCED to the Pennsylvania Emergency Management Agency (PEMA).

With the adoption of the ordinance, Honesdale participates in the National Flood Insurance Program. This allows property owners to purchase flood insurance for their properties. Annual reports are required to be submitted to PEMA on all development permits issued in the borough. The report is required regardless of whether any permits were issued. FEMA flood maps have recently been updated; borough regulations and permitting procedures must remain consistent with those changes. It is important that the borough ensures their maps and related regulations are in conformance with the updated maps. The Wayne County Office of Planning and Development can assist with this process.

Regional Comprehensive Planning

The Central Wayne Region—comprising the boroughs of Honesdale and Bethany, and the townships of Texas and Dyberry— prepared a Multi-Municipal Comprehensive Plan in 2010, funded jointly by DCED and PennDOT.

These communities encompass a diverse mix of settings—from the densely developed historic core of Honesdale, to the small-scale character of Bethany, to the rural and suburban landscapes of the surrounding townships. Despite these physical differences, the municipalities are closely interconnected socially, economically, and environmentally. Adopted in November 2010, the plan’s goal was intended to guide development, preservation, infrastructure, and policy coordination across the region.

The plan provides:

- A coordinated strategy for development and preservation across multiple municipalities.
- Regional allocation of land uses across municipalities rather than requiring each land use type in each municipality.
- Improved efficiency of resources for transportation, utilities, and community facilities.
- A shared vision for sustainable, long-term growth and preservation.

More than a blueprint for physical development, the Central Wayne Multi-Municipal Plan is a shared visioning tool. It enables the municipalities to:

- Establish regional goals and policies that reflect local values.
- Anticipate and manage change in a proactive, sustainable way.

- Strengthen local control by recognizing that development pressures, transportation networks, and environmental systems do not stop at municipal boundaries.

For the Central Wayne Region, this plan offered a roadmap to shape the region’s future proactively and cooperatively, ensuring that growth and preservation efforts reflect shared objectives. Planning is an ongoing and adaptive process and requires that comprehensive plans be periodically reassessed to remain effective, particularly in response to:

- Shifts in development trends
- Changes in the local economy
- Public infrastructure capacity
- Evolving community goals
- The continued relevance of the plan’s objectives, policies, and implementation strategies

The 2010 plan included a detailed action program, though it is unclear how extensively its recommendations have been implemented. Comprehensive plans should be reviewed and updated every 10 years to ensure continued relevance. Factors such as shifting development trends, changes in the local economy, public infrastructure capacity, and evolving community goals all require periodic reassessment.

With 15 years having passed since adoption, it is both timely and necessary for Honesdale to initiate discussions with Bethany, Texas Township, and Dyberry Township regarding an updated Multi-Municipal Comprehensive plan. Funding should be pursued—either collaboratively with the other municipalities or independently if necessary to update the plan.

An updated plan will ensure that Honesdale and its regional partners remain proactive, responsive, and coordinated in their approach to land use, economic development, infrastructure investment, and environmental stewardship.

Planning and Zoning Expenditures

Although the borough had employees handle planning and zoning services in the past, that work is not contracted to third-part vendors.

Table 6.7 Planning and Zoning Expenditures, 2020 to 2024

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	Change 2020- 2024	
						\$	%
Salary & Wages	23,046	42,291	19,472	19,987	10,273	-12,773	-55.4
FICA/Medicare	0	1,837	1,368	1,193	229	229	0.0
Unemploy Comp	756	1,000	500	285	34	-722	-95.5
Workers Comp	160	134	356	176	120	-40	-25.1
Total Employee	23,962	45,261	21,697	21,641	10,656	-13,306	-55.5
Supplies	2,758	1,232	2,228	1,505	492	-2,267	-82.2
Services	48,802	57,437	167,347	180,918	97,059	48,257	98.9

Other	1,662	2,936	816	1,320	1,177	-485	-29.2
Repairs	508	1,315	7,822	4,333	4,000	3,492	688.1
Utilities	2,046	2,052	1,652	203	313	-1,733	-84.7
Non-Personnel	55,776	64,971	179,864	188,278	103,040	47,265	84.7
Total	79,738	110,232	201,561	209,919	113,696	33,959	42.6

Table 6.7 Planning and Zoning Expenditures, 2020 to 2024

	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection	Change 2025- 2029	
						\$	%
Supplies	2,000	2,042	2,083	2,124	2,166	166	8.3
Services	106,200	108,445	110,626	112,805	115,003	8,803	8.3
Total	108,200	110,487	112,709	114,930	117,168	8,968	8.3

Recommendations – Planning, Zoning and Land Use

- Initiate update of the 2010 Central Wayne Multi-Municipal Comprehensive Plan with Bethany, Texas Township, and Dyberry Township or independently if necessary. Pursue STMP or other state grant funding to offset planning costs.
- Consider regional zoning in conjunction with an update of the Central Wayne Multi-Municipal Comprehensive Plan. Instead of each municipality having to allow every type of land use within its borders, regional zoning allows member communities to designate specific areas for certain uses across the entire group.
- This approach enables municipalities to strategically place different types of development, such as landfills or adult entertainment businesses, in the most appropriate locations within the region, rather than forcing each individual town to accommodate them. Regional planning offers advantages like cost savings through group efforts, enhanced rankings for state grants, and a shared vision for the region's future development.
- Review and update current zoning for clarity, consistency and alignment with evolving land use needs (e.g., mixed-use, historic preservation, short-term rentals, industrial solar array, data centers, etc.).
- Fill vacancy on Zoning Hearing Board to ensure quorum and continuity.
- Ensure updated FEMA floodplain maps are fully adopted into borough ordinances.
- Continue submission of required annual floodplain activity reports to PEMA.
- Coordinate with the Wayne County Planning Office to maintain compliance and access technical support.

Chapter 7

Public Works

Introduction

The Public Works Department in Honesdale has undergone a period of significant transition and rebuilding. Following a complete staff turnover in 2024, the department was left with only its newly appointed director, Dave Nilsen, to manage operations. Through determined recruitment efforts, staffing was restored by mid-2025, bringing the department back to its full complement of five full-time employees. This revitalization has enabled the borough to resume essential services such as road maintenance, stormwater management, winter operations, and park upkeep across its 17.8 miles of roadway and nine parks.

Despite these gains, the department faces ongoing challenges. Equipment needs remain pressing, with no formal replacement schedule in place. Recent purchases, including an asphalt hotbox and a zero-turn mower, have improved efficiency, but a long-term capital plan is needed. Partnerships with contractors and institutions have helped maintain traffic signals and winter services, though renegotiation of agreements is recommended to better reflect borough costs. LED streetlight conversions and grant applications for infrastructure upgrades signal a forward-looking approach.

Facility assessments revealed serious deficiencies at both public works buildings, including plumbing, electrical, structural, and safety concerns. Priority repairs and system upgrades are recommended, along with improved drainage and ongoing maintenance. The borough is also advised to conduct a formal assessment of its secondary facility and address access and storage limitations.

Stormwater management emerged as a critical issue following damage from Tropical Storm Debby and subsequent heavy rains. The borough lacks a comprehensive map of its stormwater infrastructure, complicating emergency response and long-term planning. Mapping efforts are now underway, and a full Stormwater Management Plan is in development. Permanent repairs are estimated to cost between \$2.5 million and \$3 million dollars, and aggressive pursuit of grant funding is essential.

Public Works Department

The Public Works Department is led by Dave Nilsen, who was appointed Public Works Director by borough council on September 30, 2024, following a competitive process that considered seven candidates. The position had been vacant since March 2024 after the resignation of the prior director. Mr. Nilsen's employment agreement was executed on November 25, 2024, and he began work shortly thereafter. Mr. Nilsen provides council with a detailed monthly report summarizing staffing, project progress and equipment status and needs.

Mr. Nilsen is a licensed real estate broker with an associate's degree in real estate development and a bachelor's degree in communications and media studies. A longtime Honesdale resident, he has been active in community efforts addressing blight and rehabilitating neglected properties. Prior to his appointment, he served as a member of borough council.

Staffing and Rebuilding Capacity

The department experienced significant disruption during 2024. After the resignation of the prior director in March, the entire DPW staff resigned in April, forcing the borough to rely heavily on volunteers—including Mr. Nilsen—and outside contractors for road and street maintenance.

As of early 2025, the department employed only two full-time and one part-time staff members; however, attrition left the director as the sole employee by mid-year. Recruitment since then has restored capacity, and by August 2025 the borough had successfully hired four new full-time employees, bringing the department to its budgeted complement of five full-time positions. Two employees are in the process of reinstating their CDL licenses, strengthening operational readiness.

Responsibilities and Operations

The borough is responsible for 17.8 miles of roadway and provides a full range of maintenance services, including:

- **Roadway Maintenance:** pothole repair, paving, seal coating.
- **Stormwater Management:** upkeep of 200+ drainage culverts.
- **Bridge Maintenance:** one bridge over 20 feet in length.
- **Streetscape Services:** leaf and yard waste collection, sweeping, signage, line painting.
- **Winter Operations:** snow and ice removal.
- **Parks Maintenance:** mowing and grounds care for nine borough parks.

Summer maintenance work has included crack sealing, line painting, storm sewer system maintenance and yard waste collection. Large paving projects are contracted out, though budget limitations have put major paving work for 2025 on hold.

Equipment and Capital Needs

The department maintains a fleet of seven trucks both dump and pickups (ages one to 11 years), a street sweeper, several trailers, a skid loader, and a newly purchased asphalt hotbox. No formal equipment replacement schedule currently exists; development of such a schedule should be integrated into the borough's capital plan and budget.

Recent acquisitions include:

- **Asphalt Hotbox** (COSTARS Program, June 2025) – \$45,847.
- **Zero-Turn Mower** (July 2025) – \$13,000, improving efficiency in park maintenance.

Minor maintenance is handled in-house; major inspections and repairs are performed by third parties, as the borough has no dedicated mechanic.

Partnerships and Agreements

- **Traffic Signals:** Agreements in place with Northeast Signal and Kuharchik Construction, though consolidation with Kuharchik is being pursued due to cost and responsiveness. Agreements also are in place with Wayne Memorial Hospital, the school district, and Dave's Superdooper for traffic device maintenance.
- **Lighting:** PP&L is converting borough streetlights to LED, providing cost savings, energy efficiency, and improved safety. The DPW director recently completed a full survey of streetlights to identify outages and safety concerns and reported same to PPL for action.

Grants and External Funding

- **DEP Section 902 Grant (March 2025):** Application submitted for a grinder to process yard waste (decision pending).
- **CFA Multimodal Transportation Grant (July 2025):** Request of \$288,038 submitted for thermoplastic line painting, crosswalk beacons, speed displays, traffic cameras, and related equipment (decision pending).

Training and Professional Development

Mr. Nilsen is enrolled in PennDOT's Local Technical Assistance Program (LTAP) Road Scholar program, which provides municipalities with technical expertise and training in roadway maintenance and safety practices. Participation is free and enhances borough capacity and promotes adoption of best practices. New employees will also be able to participate.

Despite severe staffing and leadership disruptions in 2024, the department has demonstrated resilience under new leadership. With staffing now restored to budgeted levels, essential public works services are being delivered more consistently, while strategic investments, professional training, and grant pursuits position the department for long-term effectiveness.

Public Works Expenditures

Table 7.1 Public Works Expenditures, 2020 to 2024

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	Change 2020- 2024	
						\$	%
Public Works							
Salary & Wages	190,097	198,745	213,012	213,433	175,625	-14,472	-7.6
FICA/Medicare	16,921	17,535	18,391	18,465	11,051	-5,870	-34.7
Uniforms	1,010	575	1,482	2,869	1,980	970	96.0
Unemployment Comp	3,000	3,000	3,385	3,359	2,330	-670	-22.3
Workers Comp	5,933	5,027	6,555	15,182	13,189	7,257	122.3
Total Employee	216,960	224,883	242,825	253,307	204,175	-12,785	-5.9
Supplies	7,306	56,664	60,940	55,377	53,322	46,016	629.9
Services	28,357	12,153	13,952	28,791	52,852	24,496	86.4
Other	5,251	10,426	7,423	2,771	0	-5,251	-100.0
Capital	199,515	142,023	282,232	817,993	378,252	178,737	89.6
Repairs & Maintenance	5,300	2,864	6,669	8,193	29,816	24,516	462.6
Utilities	9,922	8,921	10,520	14,750	12,068	2,146	21.6
Vehicle Expense	8,581	13,560	16,930	27,119	13,252	4,671	54.4
Street Lighting	241	0	3,846	29,217	0	-241	-100.0
Non-Personnel	264,472	246,611	402,512	984,210	539,562	275,090	104.0
Total Expenditures	481,432	471,493	645,337	1,237,517	743,737	262,305	54.5

Table 7.2 Projected Public Works Expenditures, 2025 to 2029

	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection	Change 2025- 2029	
						\$	%
Public Works							
Salary & Wages	367,316	376,498	385,911	395,559	405,448	38,132	10.4
FICA/Medicare	27,617	28,307	29,015	29,740	30,483	2,867	10.4
Uniforms	1,500	1,532	1,563	1,593	1,624	124	8.3
Unemployment Comp	3,000	3,075	3,152	3,231	3,311	311	10.4
Workers Comp	13,406	13,689	13,965	14,240	14,517	1,111	8.3
Total Employee	412,838	423,102	433,605	444,362	455,384	42,546	10.3
Supplies	85,500	87,307	89,063	90,818	92,587	7,087	8.3
Services	45,500	46,462	47,396	48,330	49,271	3,771	8.3
Capital	763,845	0	0	0	0	-763,845	100
Repairs	16,000	16,338	16,667	16,995	17,326	1,326	8.3
Utilities	13,450	13,734	14,011	14,287	14,565	1,115	8.3
Vehicle Expense	26,250	26,805	27,344	27,883	28,426	2,176	8.3
Non-Personnel	950,545	190,647	194,481	198,312	202,175	-748,370	78.7

	2025 Estimate	2026 Projection	2027 Projection	2028 Projection	2029 Projection	Change 2025- 2029	
Total Expenditures	1,363,383	613,748	628,085	642,674	657,559	-705,824	51.8

Public Works Department – Recommendations

- **Develop a Multi-Year Equipment Replacement Schedule**

 - Integrate into the borough’s capital improvement plan and budget to ensure timely replacement of high-use vehicles and equipment.
- **Strengthen Staffing Stability and Training**

 - Continue CDL reinstatements and encourage staff participation in PennDOT LTAP programs to build long-term operational capacity.
 - Explore cross-training opportunities so employees can flex across road, park, and winter operations.
- **Formalize Preventive Maintenance Program**

 - Establish a documented system for regular inspection and servicing of vehicles, equipment, and stormwater infrastructure to extend useful life and reduce emergency repairs.
- **Enhance Grant-Seeking and Project Prioritization**

 - Pursue DEP, PennDOT, DCED and CFA programs to fund paving, stormwater, and traffic control upgrades.
 - Create a ranked list of capital priorities (paving, traffic signals, stormwater) to align grant applications with the most urgent needs.
- **Pursue financing for infrastructure as needed through the Pennsylvania Infrastructure Investment Authority.**

 - PENNVEST is a financing authority that provides low-cost financial assistance to address water, wastewater, stormwater, and non-point source pollution problems that impact public health, safety, the environment, regulatory compliance, and economic development.
 - Municipalities in STMP receive priority points for PENNVEST financing.
- **Consider the Pennsylvania Infrastructure Bank for street improvements.**

 - PIB is a revolving fund that finances transportation improvements by providing low-interest financing to accelerate projects, support local governments, and promote economic development.

- **Expand Partnerships for Service Efficiency**
 - Finalize transition to a single responsive signal maintenance provider (Kuharchik).
 - Continue leveraging agreements with PennDOT and local institutions but renegotiate payment rates where borough costs exceed reimbursement.
- **Update Street Maintenance Strategy**
 - Use pavement condition assessments thru the use of Vialytics to create a rotating schedule for resurfacing and seal coating.
 - Incorporate cost-saving strategies (e.g., thermoplastic line painting, LED conversion) into ongoing maintenance planning.
- **Increase Communication and Transparency**
 - Continue to provide borough council with monthly DPW Status Reports, summarizing staffing, project progress, equipment needs, and grant activity.
 - Include clear metrics (miles resurfaced, culverts repaired, parks maintained) to demonstrate performance and guide policy decisions.

DPW Buildings

The borough also maintains two public works facilities. Their primary public works facility is located at 100 Ridge Street. The second facility is located off of Industrial Point Road near the intersection of 12th street.

Similar to the building assessment report for the borough office and police station buildings, the borough engaged Kaklio Inspections, LLC of Pittston to conduct a facility assessment of the Ridge Street Public Works building. The inspection was completed on October 9, 2024, and identified a number of significant deficiencies across major building systems. Certain of these conditions have since been corrected.

Plumbing Systems

- **Water Heater:** Vent pipe in contact with combustibles; closet door may require louver for combustion air.
- **Main Line:** Water pressure above 100 PSI, potentially stressing fixtures/valves.
- **Supply Lines:** Corrosion noted at joints, indicative of past pinhole leaks; recommend monitoring.

Bathrooms

- Possible active leak at wall.
- Substandard workmanship on sink drain line.

Electrical System

- **Panels:** Sub-panel functioning but aged; double and triple-tapped breakers present. Recommend upgrading panel.
- **Wiring:** In storage area, conduit does not fully house wires; substandard modifications observed.
- **GFCI Protection:** Limited coverage; garage/shop circuits and exterior receptacle not compliant with commercial code requirements.
- **Fixtures:** Front office light fixture nonfunctional (suspect bulb/ballast).

Heating / Air Conditioning

- Furnace is beyond typical service life; replacement should be budgeted soon.
- Thermostat damaged; some duct insulation compromised.

Life Safety

- Fire extinguishers require periodic servicing.
- Smoke/CO alarms not specifically identified; ensure compliance.

Walls, Roof, and Structural Elements

- **Exterior Walls/Siding:** Damaged, weathered, and loose areas exposing wall cavity to water and rodent activity.
- **Floor Slab:** Deteriorated in multiple areas; one location exposes wall cavity, creating pest risks.
- **Roof:** Evidence of past leaks; workmanship and overall reliability questionable; localized insulation damage observed.
- **Gutters/Downspouts:** Incomplete drainage system; missing downspout elbow; debris present. Poor drainage risks foundation damage.
- **Interior Walls/Ceilings:** Water stains and active leaks visible; water damage present.
- **Windows/Doors:** Front entrance door rusted.

Site / Grounds

- Rear property slope drains toward foundation; additional drainage measures recommended to prevent settlement.
- Site is constrained by adjacency to PPL property on side of the building and an eroding steep slope at the rear of building.

Given the age and location of these buildings, it is not surprising that there are numerous issues that require maintenance, repair and replacement. Mr. Nilsen has been taking steps to address some of these issues that do not require a significant financial outlay. He has provided locker and break room

facilities for employees which has provided a morale boost. Other issues will require continued monitoring, further evaluation and repairs by qualified, competent tradespersons.

Recommendations – 100 Ridge Street

- **Priority Safety Repairs:**
 - Correct water heater vent clearance, reduce water pressure and upgrade GFCI protection.
- **System Upgrades:**
 - Replace aging furnace and electrical sub-panel; repair/replace damaged duct insulation and thermostat.
- **Structural/Exterior Repairs:**
 - Repair or replace deteriorated siding, slab floor sections, roof deficiencies, gutters, and downspout connections.
- **Water Management:**
 - Improve drainage around building perimeter and hillside.
- **Ongoing Maintenance:**
 - Monitor plumbing supply line corrosion, inspect and service extinguishers regularly, ensure alarms are installed and operational.
- **Capital Plan and Budget**
 - Incorporate findings of the Kraklio report into the borough's Capital Plan and Budget to establish priorities. Appendixes C and D provide detail on a format for use in the Capital Plan.

Industrial Point Road Facility

The borough's secondary public works facility, located off Industrial Point Road near 12th Street, serves primarily as a storage building for smaller DPW equipment, park and recreation items, and seasonal street decorations. It also houses the road salt storage bin. Recently items stored in the building were inventoried and prepared for auction.

Operationally, site access is limited. Delivery of road salt is particularly difficult, requiring challenging maneuvering by truck drivers. The director has worked with their engineer to develop a lighting plan for the building that would address both interior and exterior safety and usage issues. Implementation of the plan is on hold due to a lack of funding. Although a full building assessment has not been completed, borough staff have noted several maintenance concerns, including:

- Electrical system deficiencies – no emergency signage or exterior lighting.
- Trees encroaching on the building, raising concerns about roof integrity.

- General deterioration of the salt storage bin.

Recommendations – Industrial Point Road Facility

- Conduct a formal facility assessment to document electrical and structural conditions.
- Evaluate the adequacy of the salt storage facility, including potential alternatives for improved site access and safer delivery.
- Undertake maintenance to address tree overgrowth and roof protection.
- Auction surplus items in storage.

Stormwater Management

Stormwater issues are a major concern for the borough. Recent storm events have exposed vulnerabilities in the borough's aging and incomplete stormwater infrastructure, underscoring the urgent need for coordinated planning, mapping, and investment.

Recent Storm Events and Damage

- **Tropical Storm Debby (August 2024):** Caused widespread damage, including sinkholes and compromised stormwater facilities. Governor Shapiro declared a state of emergency for 21 counties, including Wayne County, which triggered access to state and federal disaster funding.
- **Heavy Rains (May 2025):** Exacerbated pre-existing damage from Debby and created new issues, particularly worsening sinkholes. Although the borough mayor issued a Disaster Declaration in May, this event did not trigger a disaster declaration, leaving the borough ineligible for additional state or federal disaster aid.

Borough officials continue to work with PEMA and FEMA to secure and implement funding related to Debby with several grant applications pending. Repair projects are beginning to receive approvals, but additional funding will be required to supplement federal and state aid.

- **Estimated Costs:**
 - Temporary stabilization: \$1.5–\$2.0 million
 - Permanent repairs: \$2.5–\$3.0 million (multi-year effort)

Infrastructure and Mapping Challenges

The borough's stormwater system is antiquated, with no comprehensive mapping of pipes, inlets, or related facilities. This lack of system knowledge has hampered both emergency response and long-term planning. At their June meeting, council appointed Gene Ruzanski of Construct Engineering, LLC, Milford, to work on stormwater issues.

Steps currently underway:

- Consultants are conducting a robotic camera inspection from Carroll Street to the Lackawaxen River to map stormwater lines.
- Results will serve as the foundation for a complete stormwater infrastructure map, identifying system extent, condition, and vulnerabilities.
- A full Stormwater Management Plan can then be prepared, prioritizing projects for inclusion in the borough's capital improvement plan and annual budgets.

Ordinance and Regulatory Framework

Honesdale has enacted a Stormwater Management Ordinance, authorized under the PA Storm Water Management Act of 1978. The ordinance recognizes stormwater as both a resource and a hazard, requiring regulation of development to:

- Support groundwater recharge and base stream flows.
- Protect and maintain surface water quality.
- Prevent erosion and flooding from accelerated runoff.
- Safeguard public health, safety, and welfare.

Recommendations – Stormwater Management

1. **Accelerate mapping** of the stormwater system borough-wide to establish a complete baseline inventory.
2. **Develop a Stormwater Management Plan** consistent with the borough's Stormwater Management Ordinance based on system mapping, with prioritized projects, cost estimates, and integration into the capital plan.
3. **Aggressively pursue grant funding** (DCED, PennVEST, FEMA Hazard Mitigation, USDA Rural Development) to supplement disaster aid and offset the borough's financial burden.
4. **Evaluate and adopt dedicated stormwater funding mechanisms** (e.g., stormwater fee/utility model) to ensure sustainable revenues for operations, maintenance, and capital projects.
5. **Prioritize permanent repairs** over temporary fixes where feasible, to avoid repetitive damage and costs.
6. **Coordinate with Wayne County Planning** to align with countywide stormwater management objectives and to leverage technical resources.

Water and Wastewater Treatment

Water service in Honesdale is provided by Aqua Pennsylvania, which supplies water to approximately 1.5 million people statewide. Water quality and uninterrupted service are Aqua's highest priorities. There were no reported service issues in Honesdale during the review period.

Wastewater conveyance and treatment are managed by the Central Wayne Regional Authority, established under the Pennsylvania Municipalities Authorities Act. The authority serves Honesdale as well as portions of Texas Township and Cherry Ridge Township, providing both financing and operational oversight for these facilities.

Solid Waste

Honesdale requires that all individuals or firms that collect, transport and dispose of solid waste be licensed by the borough and adhere to specific collection and disposal requirements and provide certificates of liability and property damage insurance. The borough does not contract for refuse and solid waste collection but rather requires that services be provided by private firms and are the responsibility of the property owner.

The borough also has established a recycling program pursuant to Act 101, the Municipal Waste Planning Recycling and Waste Reduction Act.

Chapter 8

Economic and Community Development

Parks and Recreation

Introduction

Nestled in the heart of Wayne County, Honesdale Borough stands as a vibrant economic and cultural hub, blending historic charm with forward-looking development. With its scenic rivers, parks, and architectural heritage, Honesdale offers both residents and visitors a unique small-town experience enriched by diverse businesses, dining, and cultural opportunities. Recognizing the importance of preserving this character while fostering growth, the borough has embraced a collaborative approach to economic and community development.

Central to this effort is the borough's partnership with the Greater Honesdale Partnership (GHP), designated as its official economic development agency. Together, they have spearheaded initiatives such as the Downtown Revitalization Plan, which outlines a shared vision for enhancing the borough's appeal and economic vitality. This plan has already led to significant investments in infrastructure, storefront improvements, and public spaces supported by grants from programs like the state Local Share Account, Keystone Partnership, and Multi-Modal Transportation.

Honesdale's commitment to inclusive development is further reflected in its participation in the Community Development Block Grant (CDBG) program, which targets infrastructure improvements and support for low-income residents. Projects such as the 12th Street Connector and Ridge Street paving exemplify the borough's strategic use of funding to improve accessibility and quality of life.

Beyond economic initiatives, Honesdale is actively engaged in regional planning and recreation development. As part of the Central Wayne Region, the borough contributed to a Multi-Municipal Comprehensive Plan aimed at guiding sustainable growth across neighboring communities. With 15 years since its adoption, the borough should update this plan to reflect evolving needs and priorities.

In the realm of parks and recreation, Honesdale boasts an impressive array of public amenities from Central Park to the Apple Grove Dog Park. A proposed Comprehensive Park Plan and potential partnerships with nearby municipalities like Hawley aim to revitalize recreational offerings and enhance regional connectivity.

Together, these efforts underscore Honesdale's dedication to building a resilient, welcoming, and economically vibrant community. By aligning local initiatives with regional strategies and leveraging public-private partnerships, the borough is well-positioned to shape a future that honors its past while embracing opportunity.

Economic Development

The borough of Honesdale serves as the economic hub of Wayne County with its numerous businesses, financial institutions, healthcare facilities, historic buildings, and religious and non-profit entities. With a small town, feel Honesdale offers the region beautiful outdoor amenities including

its rivers and parks, historic architecture in its buildings, the birthplace of the American railroad, a downtown with many dining and cultural opportunities, and a diversity of businesses offering local goods and services.

To maximize these assets, it is imperative that the borough collaborate with County government and agencies, businesses, non-profits and property owners to promote investments to businesses, infrastructure, storefronts and social media to ensure Honesdale offers a welcoming atmosphere for residents and visitors alike.

The borough entered into a cooperative agreement with the Greater Honesdale Partnership (GHP) on November 10, 2003. The agreement designates GHP as the Economic Development Agency for the borough. Under the agreement GHP is to assist and advise Council on all aspects of economic development and revitalization activities in the borough.

The GHP as the economic development organization for the borough of Honesdale will lead many of the initiatives and serve as the coordinator for the project management, grant applications and other supportive services.

The GHP, in cooperation with the borough, completed a Downtown Revitalization Plan in 2021 that provided a number of recommendations to strengthen and enhance the downtown Honesdale. The plan was developed over a 10-month period by Derck & Edson in association with Econ Partners working with the Downtown Honesdale Design Committee.

The plan prepared a shared vision for the economic development and enhancement of Downtown Honesdale with the goal of establishing prioritized actions and significant investments by both the public and private sectors. The plan's goal is to make Honesdale a more vibrant and attractive destination for shoppers, diners and tourists while preserving the borough's unique character and history.

The plan requires full and ongoing support for priorities established under the plan from the borough, county and the Wayne Economic Development Corporation. Work continues to implement various recommendations of the plan including a number of grants that have been obtained or have been requested, several of which are described below.

The borough received a \$311,000 grant from the Local Share program in 2024 for the 12th Street Connector project that will enhance access to the downtown. Council adopted a resolution on June 24, 2024, to enter into a cooperative arrangement with GHP to administer the project and granted GHP authority to implement the design prepared by Woodland Design Associates, oversee the construction bidding process and manage the construction of the project.

The project involves improvement of pedestrian safety and river trail connectivity on 12th Street, between Church and Main Streets, installing a sidewalk and bike lane on 12th Street, connecting the Lackawaxen River Trail to Main Street, changes to the streetscape, changing traffic to one way. Site furnishings include wayfinding signage, lamp posts, benches, trash receptacles, ADA accessibility, four crosswalks, and landscaping.

In February 2024, the borough was awarded a \$100,000 Keystone Partnership grant to continue the work on storefront improvements and provide grants for local business owners to upgrade the

appearance and/or functionality of their properties in order to foster an attractive shopping environment and preserve the downtown's architectural heritage. This program is also being administered thru GHP.

The borough also received approval of a \$450,000 Multi-Modal grant from the Commonwealth Financing Authority on April 17, 2024. The grant will fund the engineering, construction and inspection of the Phase 1 Streetscape Improvement Project along Main Street between 11th Street and 12th Street. The borough entered into a Memorandum of Understanding (MOU) with GHP to designate GHP as the administrator for this project as well.

The borough received a DCNR Community Conservation Partnership program grant for \$114,000 in January 2023 for the Apple Grove Dog Park and Multi-Modal Trail project which included the development of a Dog Park. The borough has designated Woodland Design as manager for this project.

The borough received a Local Share Account grant for \$297,000 in October 2024 for the Honesdale-Lackawaxen Trail/Park Development project. The borough is the grantee and has entered into an agreement with Hailstone Economic to administer this grant.

Honesdale is an entitlement municipality under the Community Development Block Grant program and receives approximately \$100,000 annually. Wayne County also receives an allocation every year though Honesdale's allocation is separate from Wayne County. The County cannot utilize any of their CDBG funding towards projects in Honesdale.

Wayne County serves On Behalf Of (OBO) the borough and has contracted with Hailstone Economic to administer the borough's program. Even though Honesdale has a separate allocation, it falls under the Wayne County CDBG contract, and their projects are included in the application submitted to DCED every year.

The most recent three-year plan covering FY 22-25 focuses on low-income needs and infrastructure improvements to complement implementation of the Downtown Honesdale Revitalization Plan. The plan establishes a short-term goal of repaving a portion of Ridge Street and long-term goal of additional street improvements. The three-year plan is updated annually, and the FY 2025 application is due by October 31.

The FY2024 allocation is \$98,314 which is incorporated as part of Wayne County's CDBG contract. The total contract amount for Wayne County's FY 24 CDBG contract is \$447,304. Broken down it includes allocations for Wayne County \$254,934, Honesdale \$98,314, and Salem Township (another entitlement municipality) \$94,596. The contract is for a 4-year period from May 2025 thru May 2024.

Current projects under the CDBG program include paving projects for Forest Street (\$81,713) with FY 23 allocation and paving of Ridge Street (\$79,000) with the FY 24 allocation.

Moving forward, the borough should continue its collaborative approach with GHP and the county to further advance economic development projects. It should integrate projects identified in the Downtown Revitalization Plan and in its three-year CDBG plan into the Capital Program and Budget process so that activities as well as funding opportunities are prioritized.

Recommendations

Continue to strengthen the borough's collaborative approach to economic development by leveraging its partnership with the Greater Honesdale Partnership (GHP), Wayne County, and other regional stakeholders to implement projects that advance downtown revitalization and vibrancy, trail connectivity, and business reinvestment.

To maximize impact, economic development initiatives, whether through the Downtown Revitalization Plan, Local Share grants, CDBG, state and federal grants or local investment—should be fully integrated into the Capital Program and Budget to ensure that infrastructure, storefront improvements, and public space enhancements are strategically funded and delivered.

Looking forward, Honesdale should also position itself to capitalize on tourism, trail connectivity, and outdoor recreation as key economic drivers, recognizing that investments in parks, river access, and pedestrian/bicycle infrastructure strengthen both the borough's economy and its quality of life. By coordinating these initiatives, Honesdale can reinforce its role as the economic hub of Wayne County while fostering a welcoming, vibrant, and resilient community for residents and visitors alike.

Parks and Recreation

The Honesdale Borough Park and Recreation Commission was formally established by borough council on November 11, 1996, with the adoption of its constitution and bylaws. Its purpose was to guide, coordinate, and promote parks and recreation activities within the borough, consistent with Pennsylvania laws governing public recreation.

At present, the commission is dormant; recreation issues are managed directly by borough council and its parks and recreation committee.

Commission Objectives

- Policy development and oversight: Formulate policies, advise Council, and oversee maintenance of public parks and recreation facilities.
- Integration with schools: Coordinate with public schools for shared use of grounds and facilities.
- Program implementation: Conduct recreation programs using available borough and area resources.
- Community coordination: Lead community recreation efforts to maximize public benefit.
- Balanced Recreational Offerings: Ensure diverse programs that meet resident needs and interests.
- Municipal tree plan: Prepare and maintain a tree management plan.
- Tree maintenance: Plant, maintain, and protect shade trees along borough streets and parks.
- Organizational Cooperation: Work with existing organizations to advance recreation objectives.

Borough Recreation Facilities

Honesdale maintains a variety of public parks and recreational amenities, including:

- Central Park – The borough’s signature park and gathering space, used for concerts, ceremonies, children’s play, and seasonal events such as *Winter Wonderland*.
- Gibbons Memorial Park (55 acres) – Features wooded trails and the Richard “Dick” Smith Memorial Star atop Irving Cliff, with views of the Lackawaxen River.
- Apple Grove
- Veterans Park
- Honesdale Dog Park
- Honesdale Area Pool – Operated seasonally by two full-time and approximately 15 part-time employees.
- Other Park Areas: Torrey (Triangle) Park, Berris Memorial Park, Riverside Park (both sides of the Lackawaxen), Fred R. Miller Pavilion (Main Street), and Little League Baseball Association leased premises.

Partnerships

The borough partners with Friends of Honesdale Parks (Friends), a non-profit, community-supported initiative administered through the Wayne County Community Foundation. Friends has provided funding and volunteer support for:

- Park signage
- Playground improvements
- Lighting upgrades
- Community concerts and events

It has also partnered with the Honesdale Lions Club on pool renovations. Although blessed with a number of park and recreation facilities, Honesdale does not offer any recreational programming. It rather relies on non-profit and community organizations such as the YMCA and various soccer, baseball, softball and basketball associations.

Planning and Regional Cooperation

Following the adoption of the Multi-Municipal Comprehensive plan in 2010, Honesdale—along with Bethany borough and the townships of Texas and Dyberry—participated in preparing a Comprehensive Recreation, Parks, and Open Space Study with a DCNR grant through the Community Conservation Partnership Program (C2P2).

The plan completed in February 2012 inventoried recreational assets and based on the established prevailing minimum standard for active parkland of 10.5 acres per 1,000 residents (8 acres community parks, 2.5 acres neighborhood parks) found that the borough should maintain 48 acres of active parkland. Based on Honesdale’s 2020 population of 4,458, according to the 2010 survey, Honesdale exceeds this standard with 76 acres of public parks and recreation facilities.

The plan was intended to guide the borough as well as the other municipalities in decision-making regarding parks, open space, recreation services, and their financing. The recommendations at the time reflected the direction in which Honesdale desired to move forward in enhancing the quality of life for its citizens.

The study's overarching recommendation was to create a regional parks and recreation system, coordinated with surrounding municipalities, to manage land conservation and recreation services in a way that maximizes public health, safety, and welfare.

The status of plan recommendations has not been identified.

Comprehensive Park Plan

Recognizing that recreation is a quality-of-life consideration for residents and is looked upon favorably by residents as well as businesses looking to locate in a municipality, in March 2025, the borough submitted a DCNR grant application for a new Comprehensive Park Plan

The application builds on the Outdoor Towns initiative and explores the creation of a parks and recreation director position. a major component of this effort is collaboration with Hawley borough to design and implement a trail system linking the two municipalities, supporting tourism, recreation, and regional connectivity.

Recommendations – Recreation

The borough should revitalize its parks and recreation governance and planning framework to ensure long-term sustainability and regional coordination. Specific steps include:

Reestablish an Active Parks and Recreation Commission. Reactivate the dormant Commission to provide policy guidance, program oversight, and stronger community engagement.

Complete the Comprehensive Park Plan. Use the DCNR-supported plan to establish clear priorities for park improvements, program offerings, and capital investments, integrating the plan into the borough's Capital Improvement Program.

Pursue Regional Recreation Partnerships. Continue cooperative efforts with Hawley and surrounding municipalities to develop a regional system, including joint trail development, cost-sharing agreements, and coordinated programming.

Strengthen Community Partnerships. Expand collaboration with Friends of Honesdale Parks and other civic organizations to leverage volunteer and fundraising capacity.

Evaluate Staffing Needs. Consider creating a Parks and Recreation Director position (shared regionally if feasible) to provide professional management, grant administration, and program development.

Sustainable Financing. Explore diversified revenue sources for recreation—such as grants, sponsorships, and shared-service agreements—to reduce the reliance on the General Fund.

Chapter 9

Observations and Recommendations

Introduction

Honesdale Borough stands at a pivotal moment in its evolution. While the community has demonstrated fiscal stability and resilience in recent years, it faces a complex mix of demographic, economic, and infrastructure challenges that demand strategic action. To ensure a sustainable and vibrant future, three key recommendations emerge from the borough's comprehensive assessment.

First, Honesdale must strengthen its fiscal resilience by diversifying revenue sources and controlling rising costs. Although the borough has maintained consistent budget surpluses, projections show a narrowing financial margin, driven largely by escalating personnel expenses.

The borough's reliance on property taxes alone leaves it vulnerable to economic shifts and legal liabilities, such as the pending Smith-Morris judgment and stormwater infrastructure repairs. Introducing an earned income tax would provide a more balanced and reliable revenue stream, while proactive cost management, particularly in the police department, will be essential to preserving long-term fiscal health.

Second, modernizing governance and administrative operations is critical to improving efficiency and transparency. Frequent leadership turnover, outdated ordinances, and unclear departmental roles have created gaps in oversight and hindered strategic planning. The borough should seek to hire a permanent borough manager to provide stability. In addition, strengthening internal controls, updating financial policies, and investing in technology, such as digitizing records and streamlining office operations, will enhance service delivery and public trust. Exploring Home Rule governance could also offer greater flexibility and autonomy in addressing local needs.

Third, the borough must continue investing in infrastructure and community development to support growth and quality of life. Aging housing stock, deteriorating public facilities, and stormwater vulnerabilities pose significant risks.

A comprehensive Stormwater Management Plan, paired with aggressive pursuit of grant funding, is essential to mitigating future damage. Simultaneously, ongoing collaboration with the Greater Honesdale Partnership and regional stakeholders will help revitalize downtown, expand recreational amenities, and update long-term planning documents like the Multi-Municipal Comprehensive Plan.

Together, these recommendations chart a path toward a more resilient, responsive, and forward-looking Honesdale, one that honors its historic character while embracing the opportunities of tomorrow.

The Pennsylvania Economy League advises the borough to consider implementing the recommended initiatives as outlined in the remainder of this chapter. Recommendations and target dates for initiatives are categorized by immediate, short term (one to two years) and long term (two years or more). Budget impact refers to the General Fund unless otherwise noted. Please see individual chapters in this report for additional details regarding recommendations.

While various initiatives have already been highlighted, **PEL encourages the borough to seek Strategic Management Planning Program Phase II funding for any initiatives as appropriate.** Certain initiatives will require funding that might be obtained through STMP Phase II or other state grants and programs.

Financial

FIN 01	Conduct EIT Analysis
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	Improved revenue

Conduct a detailed fiscal impact analysis of implementing an Earned Income Tax to determine potential revenue and how it might diversify and stabilize the borough’s tax base.

FIN 02	Evaluate Millage Allocation
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	Improved revenue

Evaluate current millage allocations and the potential for adjustments within the legal limits to help ensure resources are aligned with operational and capital priorities. The evaluation should include a determination of whether to fully pay debt service through a special purpose millage or include it in the General Fund.

FIN 03	Leverage audit process
Target Date	As needed in conjunction with annual audit
Responsible Party	Borough Manager
Budget Impact	Improved fiscal management

Leverage the annual audit process for use as a strategic tool, not only for compliance, but also for identifying long-term financial trends and incorporating that information into multi-year budgeting and capital planning efforts.

FIN 04	Consider modified accrual
Target Date	Long Term
Responsible Party	Borough Manager
Budget Impact	Improved Fiscal Management

Consider gradually moving toward enhanced financial reporting standards such as a modified accrual basis of accounting to improve transparency and long-term fiscal planning. While full GAAP compliance may not be immediately feasible, steps such as tracking accounts receivable/payable, developing a schedule of OPEB liabilities, and disclosing contingent legal liabilities in greater detail would strengthen the borough’s financial position and creditworthiness.

Adopt a formal policy to monitor and report these items annually—outside the audit if necessary—would provide council with clearer insight into long-term obligations and risks and place the borough on stronger footing for future borrowing, grant applications, and public accountability.

FIN 05	Actively pursue pilots
Target Date	Short term
Responsible Party	Borough Manager/Borough Council
Budget Impact	Improved revenue

The borough should actively pursue additional PILOT agreements with its larger tax-exempt institutions, particularly Wayne Memorial Hospital, county government facilities, and non-profit institutions. Tax-exempt institutions are more receptive to a PILOT when money is used for a specific purpose, such as the purchase of police cars. PILOT agreements could be structured to include:

- Annual financial contributions tied to property value or service demand, or
- In-kind service arrangements, such as hospital-provided support for public health outreach, or county provided support for property maintenance and equipment sharing.

These agreements would help restore equity to borough taxpayers, ensuring that all organizations benefiting from municipal services contribute, at least in part, to their cost.

FIN 06	Adopt best practice budget procedures
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	Improved fiscal management

- To ensure that the borough has a true understanding of departmental costs, the borough should allocate health insurance costs to the appropriate department rather than recording everything under general government.
- Annual budgets should be prepared for all active funds, including fire and recreation, so millage-based revenues and expenditures are fully tracked.
- A capital reserve fund should be established to account for all capital-related revenues and expenditures.
- The annual budget message prepared by the manager should explain the financial data presented, highlight historical trends, and state the assumptions underlying projections.
- Budgets should include a two-year history of revenues and expenditures, the proposed budget year, and two additional projection years.
- A budget calendar should be formally adopted to guide timely development, review, and approval of the budget. Appendix A provides a sample template for a Budget Calendar.

FIN 07	Develop a capital plan and budget
Target Date	Long term
Responsible Party	Borough Manager and Department Heads
Budget Impact	Improved fiscal management

- Develop and adopt a formal Capital Improvement Plan (CIP) covering at least five years, linked directly to the annual operating budget.
- Conduct a borough-wide inventory of facilities, infrastructure, equipment, and technology assets to identify and prioritize critical repair and replacement needs.

- Establish clear project selection criteria that emphasize public safety, core infrastructure, and alignment with borough goals, while considering operational cost impacts.
- Complete the CIP process by September each year to ensure recommendations are integrated into the upcoming operating budget.
- Incorporate findings from the Vialytics street assessment, Kraklio report, future energy audit, and safety initiatives into the CIP.
- Pursue a Phase II STMP grant to secure consultant expertise in multi-year capital planning, funding strategies, and implementation scheduling.
- Review and update the CIP annually to reflect changing priorities, completed projects, and new funding opportunities.
- Pursue Grant and Loan Opportunities – Various grant and loan programs are available from DCED, DCNR, DEP, PennDOT, PIB, PENNVEST and other state and federal agencies to assist with funding capital needs for infrastructure, equipment, and community and economic development activities. The borough should aggressively pursue these opportunities consistent with the priorities established in the Capital Plan.

FIN 08	Improve purchasing procedures
Target Date	Immediate
Responsible Party	Borough Manager and Borough Council
Budget Impact	Improved fiscal management

- Clarify Authorized Purchasers – Remove the “Police Commissioner” from the list of authorized purchasers, as the borough does not have that position.
- Council Oversight – Revise the language that currently allows certain invoices (payroll, utilities, employee benefits, insurance premiums, etc.) to be paid “without council approval” to instead authorize interim payments between meetings, subject to formal ratification at the next council meeting.
- Budget & Receipt Controls – Require documented acknowledgment that goods/services were received and that expenditures are within the approved budget line item before payment is processed.
- Quotation Records – Ensure written or telephonic quotation records are maintained for three years, including vendor details, vendor representative, and pricing.
- Annual Threshold Updates – Incorporate a process to formally update the policy each January when new bidding thresholds are published by the PA Department of Labor & Industry.
- Purchasing Procedures – Appendix B provides a sample structure for a detailed purchasing policy.

FIN 09	Implement pension best practices
Target Date	Immediate and ongoing as necessary
Responsible Party	Borough Manager
Budget Impact	Improved fiscal management

- **Maintain Strong Funding** – Continue to fully meet the annual MMO for the Police Pension Plan to preserve its current 96 percent funded ratio and ensure all borough contributions to the Non-Uniformed Plan are made accurately and on time.
- **Review Assumptions Annually** – Work with the borough’s actuary to evaluate the Police Plan’s investment return, salary growth, and inflation assumptions against actual trends to ensure they remain realistic and aligned with market trends.
- **Benefit Adjustments** - Track and document the long-term fiscal impact of benefit adjustments—particularly cost-of-living increases—on plan liabilities.
- **Tighten Eligibility & Contribution Controls** – Implement clear internal procedures to identify new Non-Uniformed Plan-eligible employees and process their contributions by the required start date to avoid future audit findings.
- **Optimize State Aid Usage** – Apply State Aid strategically to offset MMO obligations and, in strong aid years, consider using surplus amounts to pre-fund future liabilities.
- **Audit Finding** – Resolve the outstanding audit finding in the Non-Uniform plan prior to the next audit.
- **Enhance Reporting & Monitoring** – Timely file with the Auditor General required annual employee reports to ensure the accurate receipt of State Aid. Maintain up-to-date participant records for both plans and provide annual reporting to council summarizing funded status, contributions, and notable actuarial or audit findings.

FIN 10	Consider Home Rule
Target Date	Long Term
Responsible Party	Borough Council
Budget Impact	STMP Phase II match

Consider the adoption of an ordinance to place the question of Home Rule and the formation of a Home Rule Study Commission on the ballot for action by the electorate.

FIN 11	Monitor and prepare for legal judgements
Target Date	Immediate
Responsible Party	Borough Manager and Borough Council
Budget Impact	Improved fiscal management

- Closely monitor the Smith & Morris Holdings appeal and evaluate potential fiscal impacts under different scenarios (upheld judgment, reduced award, or reversal). Consider funding options to resolve.
- Review borough insurance coverage to clarify the extent of protection against judgments of this scale.
- Establish a regular legal risk reporting protocol so borough council receive quarterly updates on litigation status and potential financial exposure.
- Ensure all settlements, agreements, and ongoing claims are clearly documented and incorporated into future budget and audit planning.

- readily available to employees.

FIN 12	Consider increasing cable franchise fee
Target Date	In conjunction with the current agreement renewal
Responsible Party	Borough Manager and Borough Council
Budget Impact	Improved revenue

Clarify the time to provide notification for the borough to amend the franchise fee. Amend the current agreement with Blue Ridge Cable Technologies, Inc., pursuant to Section 2.1 of the agreement to increase the franchise fee to 5%. Provide for an independent comprehensive franchise fee audit pursuant to Section 2.4 of the current agreement.

Borough Council

BC 01	Provide orientation
Target Date	As needed
Responsible Party	Borough Council
Budget Impact	N/A

Provide new council members with an orientation on Borough Code authority, council Rules of Conduct, Sunshine Law, Open Records Law, and the limits of individual vs. collective powers.

BC 02	Review conduct rules
Target Date	Immediate
Responsible Party	Borough Council
Budget Impact	N/A

Review the Rules of Conduct annually to ensure they remain aligned with best practices and borough needs.

BC 03	Clarify Committee Structure
Target Date	Short Term
Responsible Party	Borough Council
Budget Impact	Improved fiscal management

Clarify the roles and responsibilities of standing committees to support efficiency and reduce overlap.

BC 04	Establish a process for board appointments
Target Date	Short Term
Responsible Party	Borough Council
Budget Impact	Improved fiscal management

Establish a clear process for reviewing and appointing members to advisory boards and authorities to promote transparency and continuity.

BC 05	Consider establishing a Council of Governments (COG) with neighboring municipalities
Target Date	Short Term
Responsible Party	Borough Manager
Budget Impact	Cost control

Under the state Intergovernmental Cooperation Law, if a municipality has the power to take an action or deliver a service under the provisions of its code or charter, it has the power to cooperate with another municipality in doing so. COGs are established to enable a group of municipalities to work together on programs of mutual interest. They can provide a forum for regional discussion on everything from sharing equipment to establishing Halloween hours.

COGs have numerous functions and programs depending on the needs of its members including joint purchasing, equipment sharing, shared recreation, joint code enforcement, regional economic development and emergency preparedness, and more.

Information on COGs, including steps to form one, is available from the DCED publication [Intergovernmental Cooperation Handbook](#). The [Pennsylvania Association of Councils of Government](#) (PACOG) is another resource for information on COGs.

Administration

ADMIN 01	Hire a permanent Chief Administrative Officer
Target Date	Immediate
Responsible Party	Borough Council
Budget Impact	Improved stability and sustainability; STMP match

The borough should hire a permanent Chief Administrative Officer to promote stability. Given recent challenges in retaining a permanent manager, council should evaluate the position's term length, recruitment strategy, compensation package, and onboarding process to improve stability and continuity in leadership. The borough should consider obtaining STMP Phase II funds to support this position.

Establishing clear expectations, performance metrics, and a supportive governance environment will help attract and retain qualified candidates, ensuring consistent administrative oversight. Consider broadening candidate outreach to professional municipal management networks.

Review and update the borough manager ordinance to align with a new Chief Administrative Officer position covering current operations, particularly regarding supervisory authority over the police department, responsibilities of the borough secretary/treasurer, and other administrative functions. Any revisions should clarify the manager's role in agenda preparation, tax administration, and publication of official notices to avoid duplication or gaps in responsibility.

ADMIN 02	Clarify administrative role definitions
Target Date	Immediate
Responsible Party	Borough Manager and Borough Council
Budget Impact	Improved stability and sustainability

Create clear, documented position descriptions for the borough secretary, treasurer, and part-time staff, distinguishing between routine duties and temporary expanded responsibilities during leadership transitions.

ADMIN 03	Revise the organizational chart for borough elected and appointed officials and departments, including all borough related operations
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	Improved stability and sustainability

Clearly define responsibility for all borough related operations including administration, financial management, police, fire, public works, planning/community/economic development, code enforcement, and recreation within its organizational structure. This could involve assigning these functions to existing departments, creating dedicated positions, or establishing interdepartmental coordination protocols. Clarifying oversight will improve accountability, reduce duplication of effort, and ensure that these service areas receive consistent attention and resources.

ADMIN 04	Prioritize training for administrative staff
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	Improved stability and sustainability

All borough employees benefit from and should attend regular training, particularly in cases of high turnover. The Pennsylvania Municipal League provides the [PATH Pennsylvania Training Hub](#) through a contract with the State Department of Community and Economic Development. [The Pennsylvania State Association of Boroughs](#) also provides extensive training.

ADMIN 05	Leverage institutional knowledge
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	Improved stability and sustainability

Implement a knowledge transfer process to capture and document critical historical and procedural information held by long-serving staff in writing, ensuring continuity in the event of retirements or turnover.

ADMIN 06	Obtain quotes for digitization and archiving services, and property management software
Target Date	Short Term
Responsible Party	Borough Manager and Borough Council
Budget Impact	STMP Phase II grant

File digitization and archiving services to review, digitize, organize, and dispose of files per the records retention schedule.

Purchase of or subscription to property management software that allows the borough to track code violations and rental inspections. The software may also expedite the rental license application process by having an online rather than paper form.

ADMIN 07	Develop a financial management and accounting policies and procedures manual
Target Date	Short Term
Responsible Party	Borough Manager

Budget Impact	Improved fiscal management
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The manual should cover cash management, billing and collections (including window transactions), purchasing and capital acquisitions, cash disbursements, payroll, long-term debt management, interfund transactions, financial reporting (monthly and annual budget to actual statements), and fund balance policy. Review and update the manual annually.

ADMIN 08	Establish bank reconciliations and deposit procedures
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	Improved fiscal management

Ensure bank statements and reconciliations are reviewed monthly by an individual independent of cash handling. Deposit receipts at least weekly to safeguard borough assets.

ADMIN 09	Establish Cash Disbursement Controls
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	Improved fiscal management

Require confirmation of goods or services received prior to check preparation. Ensure all payments are formally approved by council before checks are released with the exception of certain payments for payroll, utilities, employee benefits, insurance premiums, and documented emergency situations that are made between council meetings, with their ratification at the next council meeting.

ADMIN 10	Conduct an Independent Review
Target Date	Short Term
Responsible Party	Borough Manager
Budget Impact	Improved fiscal management

Conduct a periodic independent review of QuickBooks records and banking practices by an external auditor or finance committee to help ensure ongoing compliance with governmental accounting standards.

ADMIN 11	Consolidate bank accounts
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	Improved fiscal management

Evaluate the benefits of consolidating bank accounts with institutions offering competitive interest rates and municipal services, which could increase returns on idle funds and streamline account management.

ADMIN 12	Study investment opportunities
Target Date	Long Term
Responsible Party	Borough Manager and Borough Council
Budget Impact	Improved fiscal management

Consider other investment opportunities such as PLGIT, money market and treasury bill investments that would likewise increase investment income.

ADMIN 13	Establish a capital reserve fund
Target Date	Immediate
Responsible Party	Borough Manager and Borough Council
Budget Impact	Improved fiscal management

Establish a Capital Reserve Fund that will fund projects identified in the Capital Plan and Budget. Consolidate CD's being held in the General Fund for capital projects into the Capital Reserve Fund.

ADMIN 14	Continue to update e-code
Target Date	Ongoing
Responsible Party	Borough Secretary
Budget Impact	N/A

To maintain accuracy and transparency, the borough should continue to update E-Code on at least an annual basis. Each update should include a review to confirm consistency among ordinances, update statutory citations as necessary, ensure all administrative and regulatory laws of a general and permanent nature are included in the codification.

ADMIN 15	Strengthen workers' compensation management practices
Target Date	Immediate and ongoing
Responsible Party	Borough Manager
Budget Impact	Improved fiscal management

To reduce costs over time, the borough should strengthen WC risk management practices, including:

- Implement a formal claims management process in cooperation with the borough's insurance carrier to ensure timely reporting, medical case management, and return-to-work coordination.
- Track incident types and causes to identify trends and address systemic risks.
- Establish and maintain a comprehensive employee safety program supported by a formal Safety Committee.

ADMIN 16	Improve unemployment claim practices
Target Date	Immediate and ongoing
Responsible Party	Borough Manager
Budget Impact	Improved fiscal management

- Maintain thorough employment documentation. Effective management of UC claims requires detailed records related to hiring, job performance, discipline, and discharge. This is critical because the employer bears the burden of proof in UC claims and hearings.
- Ensure cross-coverage with broader employment risks. Documentation also supports the borough in the event of Equal Employment Opportunity Commission (EEOC) inquiries or other employment litigation.

- Adopt a clear retention policy. All UC-related employment documentation should be retained for a minimum of 18 months.

ADMIN 17	Update the personnel manual
Target Date	Short Term
Responsible Party	Borough Manager
Budget Impact	STMP Phase II match

Update and specify in the manual that the written acknowledgement of receipt and compliance is to be signed upon hiring and before work begins. Incorporate the updated flow chart directly into the manual.

Public Works

PW 01	Develop a multi-year equipment replacement schedule
Target Date	Short Term
Responsible Party	Borough Manager
Budget Impact	STMP Phase II match and improved fiscal management

Integrate into the borough’s capital improvement plan and budget to ensure timely replacement of high-use vehicles and equipment.

PW 02	Strengthen staffing stability and training
Target Date	Immediate and ongoing
Responsible Party	DPW Director
Budget Impact	Improved fiscal management

Continue CDL reinstatements and encourage staff participation in PennDOT LTAP programs to build long-term operational capacity. Explore cross-training opportunities so employees can flex across road, park, and winter operations.

PW 03	Formalize preventative maintenance program
Target Date	Short term
Responsible Party	DPW Director
Budget Impact	Improved fiscal management

Establish a documented system for regular inspection and servicing of vehicles, equipment, and stormwater infrastructure to extend useful life and reduce emergency repairs.

PW 04	Enhance grant-seeking and project prioritization
Target Date	Immediate (stormwater) and ongoing
Responsible Party	Borough Manager
Budget Impact	Grant match

Pursue DEP, PennDOT, DCED and CFA programs to fund paving, stormwater, and traffic control upgrades. Create a ranked list of capital priorities (paving, traffic signals, stormwater) to align grant applications with the most urgent needs.

PW 05	Pursue financing for infrastructure as needed through the Pennsylvania Infrastructure Investment Authority.
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Target Date	Immediate (stormwater) and ongoing
Responsible Party	Borough Manager
Budget Impact	Debt service expenditure

PENNVEST is a financing authority that provides low-cost financial assistance to address water, wastewater, stormwater, and non-point source pollution problems that impact public health, safety, the environment, regulatory compliance, and economic development. Municipalities in STMP receive priority points for PENNVEST financing.

PW 06	Consider the Pennsylvania Infrastructure Bank for street improvements.
Target Date	As needed
Responsible Party	Borough Manager
Budget Impact	Debt service expenditure

PIB is a revolving fund that finances transportation improvements by providing low-interest financing to accelerate projects, support local governments, and promote economic development.

PW 07	Expand partnerships for service efficiency
Target Date	Short Term
Responsible Party	DPW Director and Borough Manager
Budget Impact	Improved revenue

Finalize transition to a single responsive signal maintenance provider (Kuharchik). Continue leveraging agreements with PennDOT and local institutions but renegotiate payment rates where borough costs exceed reimbursement.

PW 08	Update street maintenance strategy
Target Date	Short Term
Responsible Party	Borough Manager and DPW Director
Budget Impact	Expenditures

Use pavement condition assessments thru the use of Vialytics to create a rotating schedule for resurfacing and seal coating. Incorporate cost-saving strategies (e.g., thermoplastic line painting, LED conversion) into ongoing maintenance planning.

PW 09	Increase communication and transparency
Target Date	Immediate
Responsible Party	Borough Manager and DPW Director
Budget Impact	Improved fiscal management

Continue to provide borough council with monthly DPW Status Reports, summarizing staffing, project progress, equipment needs, and grant activity. Include clear metrics (miles resurfaced, culverts repaired, parks maintained) to demonstrate performance and guide policy decisions.

PW 10	Maintain and renovate public works facilities
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	Potential grant match

Prioritize safety repairs, upgrade systems, repair or replace structural and exterior issues, improve drainage, conduct ongoing maintenance, and provide a capital plan and budget for the Ridge Street facility.

Conduct a formal facility assessment to document electrical and structural conditions, evaluate the adequacy of the salt storage facility, including potential alternatives for improved site access and safer delivery, and undertake maintenance to address tree overgrowth and roof protection at the Industrial Point Road Facility.

Stormwater Management

SW 01	Accelerate stormwater mapping
Target Date	Immediate
Responsible Party	Borough Manager and DPW Director
Budget Impact	Potential grant match

Accelerate mapping of the stormwater system borough-wide to establish a complete baseline inventory.

SW 02	Develop a stormwater management plan
Target Date	Immediate
Responsible Party	Borough Manager and DPW Director
Budget Impact	Potential grant match

Develop a Stormwater Management Plan consistent with the borough’s Stormwater Management Ordinance based on system mapping, with prioritized projects, cost estimates, and integration into the capital plan.

SW 03	Aggressively pursue grant funding
Target Date	Immediate
Responsible Party	Borough Manager and Borough Council
Budget Impact	Potential grant match

Aggressively pursue grant funding (DCED, PennVEST, FEMA Hazard Mitigation, USDA Rural Development) to supplement disaster aid and offset the borough’s financial burden.

SW 04	Seek PENNVEST low cost loans as needed
Target Date	Immediate
Responsible Party	Borough Manager and Borough Council
Budget Impact	Debt service expenditure

PENNVEST is a financing authority that provides low-cost financial assistance to address water, wastewater, stormwater, and non-point source pollution problems that impact public health, safety, the environment, regulatory compliance, and economic development. Municipalities in STMP receive priority points for PENNVEST financing.

SW 05	Develop stormwater funding mechanisms
Target Date	In conjunction with stormwater improvements
Responsible Party	Borough Manager and Borough Council
Budget Impact	Potential revenue

Evaluate and adopt dedicated stormwater funding mechanisms (e.g., stormwater fee/utility model) to ensure sustainable revenues for operations, maintenance, and capital projects.

SW 06	Prioritize permanent repairs
Target Date	Immediate
Responsible Party	Borough Manager and Borough Council
Budget Impact	Improved fiscal management

Prioritize permanent repairs over temporary fixes where feasible, to avoid repetitive damage and costs.

SW 07	Coordinate with Wayne County Planning
Target Date	Immediate
Responsible Party	Borough Manager and Borough Council
Budget Impact	In kind services

Coordinate with Wayne County Planning to align with countywide stormwater management objectives and to leverage technical resources.

Police Department

POLICE 01	Determine the appropriate size and structure of the police department
Target Date	Immediate
Responsible Party	Borough Manager and Borough Council
Budget Impact	Police department expenditure level

Borough council, in consultation with the borough manager, should determine the appropriate structure and size of the police department, whether using full-time officers, part-time officers or a combination, based on considerations listed in the financial, operations and labor sections of this STMP report.

The borough should weigh the local needs for the service and the borough's financial resources. For example, state police would not provide the same patrol presence and will not enforce local ordinances. The borough should also consider options such as regionalization and contracting with other municipalities, as well as assistance DCED can provide for additional studies related to police services.

POLICE 02	Resolve the workers' compensation issue with the police chief.
Target Date	Immediate
Responsible Party	Borough Manager and Borough Council
Budget Impact	Expenditure control

The issue of the chief's return remains unclear and adds to the uncertainty in the department particularly regarding personnel. The borough should work to resolve the chief's status as expeditiously as possible.

POLICE 03	Develop contingency plans to maintain continuity during absences.
Target Date	Short Term
Responsible Party	Borough Manager and OIC
Budget Impact	Improved fiscal management

Consider temporary staffing adjustments, cross-training of administrative staff to cover administrative duties, and proactive scheduling strategies that reduce reliance on overtime shifts.

POLICE 04	Establish eligibility list
Target Date	Immediate
Responsible Party	Civil Service Commission
Budget Impact	Expenditure for new officer(s)

The Civil Service Commission should complete the recruitment process and establish a list of eligible candidates to fill the current full-time vacancy in the Police Department.

POLICE 05	Implement unified phone system
Target Date	Long Term
Responsible Party	Borough Manager
Budget Impact	Potential grant match

Implement a single phone system serving both police and administrative offices for all non-emergency communications with integrated voicemail capabilities.

POLICE 06	Create dedicated emergency access
Target Date	Long term
Responsible Party	Borough Manager
Budget Impact	Potential expenditure

Install a separate phone in the Police Station entryway with direct connection to the County 911 Center, clearly marked for emergency use.

Fire and EMS

FIRE 01	Conduct an emergency services study
Target Date	Short Term
Responsible Party	Borough Manager
Budget Impact	N/A

DCED provides studies of local government fire and emergency services at no cost to the municipality. Honesdale should seek a study to review and improve current operations and to determine if regional solutions could improve services.

FIRE 02	Encourage succession planning
Target Date	Ongoing
Responsible Party	Borough Manager and Borough Council
Budget Impact	N/A

Establish a coordinated leadership succession framework across all four companies to ensure continuity and retention of institutional knowledge. Integrating leadership development with operational efficiency initiatives will enhance service delivery, support volunteer retention, and maintain consistent fire protection throughout the borough and surrounding service area.

FIRE 03	Establish written agreements for funding transparency
Target Date	Immediate
Responsible Party	Borough Manager

Budget Impact	Improved fiscal management
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Adopt a written agreement with the fire department to clarify fire tax distribution, Fireman’s Relief funding, reporting, and accountability for use of public funds.

FIRE 04	Monitor fire relief funds
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	Improved fiscal management

Ensure that future fire service agreements explicitly include provisions for the allocation and use of Fire Relief Funds. Require annual reporting from the Fireman’s Relief Association to borough council summarizing receipts, distributions, and expenditures. Confirm that DCED filing requirements are completed to maintain compliance and protect funding eligibility. Continue to monitor the Auditor General’s audit cycle to ensure the borough remains in good standing with respect to relief fund management.

FIRE 05	Update intermunicipal fire service agreements
Target Date	Immediate
Responsible Party	Borough Manager and Borough Council
Budget Impact	Cost containment, potential revenue

In conjunction with the fire department, evaluate costs and trends regarding the provision of fire services to neighboring municipalities with the goal of fully understanding these costs and to provide context to future agreement negotiations. Upon completion, update and expand intermunicipal fire service agreements to reflect current costs, insurance responsibilities, and service levels, ensuring equitable cost-sharing with neighboring municipalities. Cost sharing could be based on assessed property value, population within the service area, and historical call volume.

FIRE 06	Evaluate the fire tax millage rate
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	Potential revenue

Evaluate the fire tax millage rate to ensure it adequately supports the operating and capital needs of the fire department while maintaining fiscal sustainability and fairness for borough taxpayers.

FIRE 07	Continue discussion regarding ambulance services
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	Expenditure control

In conjunction with an emergency services study, continue discussions with the Wayne Memorial Hospital to work towards a solution that would provide a more expeditious response to medical emergencies.

FIRE 08	Formalize use of the fire training ground
Target Date	Short Term
Responsible Party	Borough Fire Chief
Budget Impact	N/A

Formalize scheduling, safety protocols, and integration of the fire training ground into regular drills and certification programs. Structured use of this facility will enhance the skills, preparedness, and coordination of volunteer personnel while ensuring compliance with safety standards. Integrating this training site into ongoing drills and certification programs will support both operational efficiency and volunteer retention by providing consistent, accessible opportunities for hands-on experience

FIRE 09	Develop call tracking and reporting system
Target Date	Short Term
Responsible Party	Borough Fire Chief
Budget Impact	STMP match

Develop a centralized call-tracking and reporting system to strengthen coordination, monitor response times, and address false alarm trends

FIRE 10	Review fire escrow ordinance
Target Date	Short Term
Responsible Party	Borough Manager
Budget Impact	Improved fiscal management, revenue

Review the current fire escrow ordinance to ensure it remains up to date and fully enforceable, confirm that it is properly posted with the Department of Community and Economic Development, and establish internal procedures to track and recover costs promptly following any fire loss. This will protect municipal resources and ensure compliance with Act 93.

Parking

PARK 01	Raise meter rates
Target Date	Immediate
Responsible Party	Borough Council
Budget Impact	Increased revenue

Increase parking meter rates to at least .75/hour with corresponding increases in parking permit fees.

PARK 02	Promote PANGO
Target Date	When implemented
Responsible Party	Borough Manager
Budget Impact	Increased revenue

Proactively promote the PANGO application when it becomes available.

PARK 03	Consider a parking study
Target Date	Short Term
Responsible Party	Borough Manager
Budget Impact	STMP grant match

Consider a parking study to review parking assets to determine if they are meeting borough needs, particularly given the borough’s status as a prime tourist destination and county seat.

Planning, Zoning, Codes

PLAN 01	Develop a comprehensive plan
Target Date	Short Term
Responsible Party	Borough Manager
Budget Impact	STMP Match

Initiate update of the 2010 Central Wayne Multi-Municipal Comprehensive Plan with Bethany, Texas Township, and Dyberry Township or independently if necessary.

PLAN 02	Consider regional zoning
Target Date	Long Term
Responsible Party	Borough Manager
Budget Impact	STMP Match

Consider regional zoning in conjunction with an update of the Central Wayne Multi-Municipal Comprehensive Plan. Instead of each municipality having to allow every type of land use within its borders, regional zoning allows member communities to designate specific areas for certain uses across the entire group.

PLAN 03	Review and update current zoning as needed
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	STMP Match

Review and update current zoning for clarity, consistency and alignment with evolving land use needs (e.g., mixed-use, historic preservation, short-term rentals, industrial solar array, data centers, etc.).

PLAN 04	Continue strengthening the code administration framework to ensure effective enforcement and efficient service delivery.
Target Date	Short Term
Responsible Party	Borough Manager
Budget Impact	STMP Match as needed

Actively explore the option of joining or forming a regional/multi-municipal UCC Board of Appeals to address vacancies and improve responsiveness. Modernize the UCC, Property Maintenance Code and Rental Registration and inspection process by implementing an electronic application and tracking system for registration and violation processes. Periodically review contractor performance standards to ensure that third-party providers meet the borough’s expectations for timeliness and consistency.

Review and update the rental registration ordinance and consider related tools to combat blight. Ensure that any fees set capture the full cost of administrating the service. The Housing Alliance of Pennsylvania provides a comprehensive toolkit in [Blight to Bright](#) with information on ordinances, inspections, strategies, policies and procedures, and more related to code enforcement and blight reduction. Blight control is key to maintaining a strong tax base.

PLAN 05	Fill Zoning Board
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Target Date	Immediate
Responsible Party	Borough Council
Budget Impact	N/A

Fill vacancy on Zoning Hearing Board to ensure quorum and continuity.

PLAN 06	Update and maintain floodplain activities.
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	N/A

Ensure updated FEMA floodplain maps are fully adopted into borough ordinances. Continue submission of required annual floodplain activity reports to PEMA. Coordinate with the Wayne County Planning Office to maintain compliance and access technical support

Economic and Community Development

ED 01	Strengthen collaboration on economic development
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	STMP Match as needed

Continue to strengthen the borough’s collaborative approach to economic development by leveraging its partnership with the Greater Honesdale Partnership (GHP), Wayne County, and other regional stakeholders to implement projects that advance downtown revitalization and vibrancy, trail connectivity, and business reinvestment.

ED 02	Integrate initiatives
Target Date	In conjunction with capital program and budget
Responsible Party	Borough Manager
Budget Impact	Improved fiscal management

To maximize impact, economic development initiatives, whether through the Downtown Revitalization Plan, Local Share grants, CDBG, state and federal grants or local investment, should be fully integrated into the Capital Program and Budget to ensure that infrastructure, storefront improvements, and public space enhancements are strategically funded and delivered.

ED 03	Leverage borough assets
Target Date	Immediate and ongoing
Responsible Party	Borough Manager
Budget Impact	STMP Match as needed

Looking forward, Honesdale should also position itself to capitalize on tourism, trail connectivity, and outdoor recreation as key economic drivers, recognizing that investments in parks, river access, and pedestrian/bicycle infrastructure strengthen both the borough’s economy and its quality of life. By coordinating these initiatives, Honesdale can reinforce its role as the economic hub of Wayne County while fostering a welcoming, vibrant, and resilient community for residents and visitors alike.

Recreation

REC 01	Evaluate Staffing Needs
Target Date	Immediate
Responsible Party	Borough Manager
Budget Impact	STMP Match

Consider creating a Parks and Recreation Director position (shared regionally if feasible) to provide professional management, grant administration, and program development. The borough may consider the use of a STMP Phase II grant if the position is full time.

REC 02	Reestablish an Active Parks and Recreation Commission
Target Date	Short Term
Responsible Party	Borough Council
Budget Impact	N/A

Reactivate the dormant commission to provide policy guidance, program oversight, and stronger community engagement.

REC 03	Complete the Comprehensive Park Plan
Target Date	Short term
Responsible Party	Borough Manager
Budget Impact	Potential grant revenue

Use the DCNR-supported plan to establish clear priorities for park improvements, program offerings, and capital investments, integrating the plan into the borough’s Capital Improvement Program.

REC 04	Pursue Regional Recreation Partnerships
Target Date	Short Term
Responsible Party	Borough Manager
Budget Impact	STMP Match for initiatives

Continue cooperative efforts with Hawley and surrounding municipalities to develop a regional system, including joint trail development, cost-sharing agreements, and coordinated programming.

REC 05	Strengthen Community Partnerships
Target Date	Short Term
Responsible Party	Borough Manager
Budget Impact	In kind support and potential revenue

Expand collaboration with Friends of Honesdale Parks and other civic organizations to leverage volunteer and fundraising capacity.

REC 06	Pursue sustainable financing
Target Date	Short Term
Responsible Party	Borough Manager
Budget Impact	Potential Revenue

Explore diversified revenue sources for recreation—such as grants, sponsorships, and shared-service agreements—to reduce the reliance on the General Fund.

Labor and Personnel

LABOR 01	Consider options to reduce public safety costs
Target Date	Immediate
Responsible Party	Borough Council and Borough Manager
Budget Impact	Expenditure reduction

The borough has several options, ranging from reducing the hours of the police department even further and relying more on the PSP to only utilize the services of part-time officers. The borough should also consider the possibility of a regional department. Regionalization often makes practical sense, but it requires cooperation among different local governments and organization and is a time-consuming process.

LABOR 02	Consider regional public works
Target Date	Short Term
Responsible Party	Borough Council and Borough Manager
Budget Impact	Expenditure reduction

The borough has ample equipment and a combination with other surrounding municipalities and sharing all of the costs could be an attractive alternative to having to fund and maintain its own public works department. The borough should begin an analysis of this issue and enter into discussions and a feasibility study for a regionalized public works department.

LABOR 03	Improve general pension management
Target Date	Short Term or In Conjunction with Labor Negotiations
Responsible Party	Borough Manager and Labor Attorney
Budget Impact	Expenditure reduction

- Prefer Defined Contribution Plans: Continue using the PSAB Plan for non-uniformed employees due to its fiscal responsibility.
- Avoid Optional Benefits: Under Act 600, resist adding or increasing optional benefits, which are costly.
- Conduct Cost Impact Studies: Before adding any new pension benefit, perform a cost analysis as required by Act 205.

LABOR 04	Make changes to Police Pension Plan benefits
Target Date	Short Term or In Conjunction with Labor Negotiations
Responsible Party	Borough Manager and Labor Attorney
Budget Impact	Expenditure reduction

- Eliminate Costly Optional Benefits:
 - Consider removing service increment, reduced retirement age, and COLA for future retirees.
 - Avoid adopting a DROP (Deferred Retirement Option Plan) without thorough cost-benefit analysis.
 - Be cautious about adding Act 49 benefits (buyback of part-time service).
- Create a New Structure for Future Hires:

- Limit benefits to Act 600 minimums.
- Increase pension averaging period from 36 to 60 months.
- Base pension calculations only on base salary and longevity, excluding overtime and lump sum payments.
- Clarify Pension Definitions:
 - Revise “Final Monthly Average Salary” (FMAS) to exclude all lump sum payments.
 - Ensure definitions align with the CBA and Act 600.
- Avoid Automatic Benefit Increases:
 - Do not agree to provisions that automatically increase benefits when Act 600 changes.
- Mandate Maximum Employee Contributions:
 - Require officers to contribute the legal maximum to their pensions to reduce taxpayer burden.
- Include Sunset Provisions:
 - Any new benefit should expire after a set time or if funding drops below a threshold.

LABOR 05	Improve disability and Heart & Lung management
Target Date	Short Term or In Conjunction with Labor Negotiations
Responsible Party	Borough Manager and Labor Attorney
Budget Impact	Expenditure reduction

- Limit Disability Benefits:
 - Do not exceed the statutory 50% salary disability benefit.
 - Review current disability cases regularly and recall officers if no longer disabled.
 - Avoid providing post-retirement health benefits to disabled officers unless exceptional.
- Improve HLA Claim Handling:
 - Remove grievance-based language from the CBA.
 - Establish clear procedures and timelines for handling HLA claims.
 - Coordinate HLA and Workers’ Compensation claims but manage them separately.
- Consider Switching to PMRS:
 - If the number of full-time officers drops below three, explore moving to the Pennsylvania Municipal Retirement System (PMRS) for more manageable disability provisions.

LABOR 06	Consider health insurance initiatives
Target Date	Short Term or In Conjunction with Labor Negotiations
Responsible Party	Borough Council
Budget Impact	Expenditure reduction

- Plan Redesign: Modify health, prescription, and vision plans.
- Higher Co-Pays: Increase office visit and prescription co-pays.
- Generic Drugs: Require use of generics when available.

- Defined Contributions: Cap or reduce borough contributions to health plans or reimbursement accounts.
- Tiered Plans: Offer multiple plans, including low-cost and “buy-up” options.
- Dependent Coverage: Increase cost sharing for spouses and dependents.
- Coverage **Coordination**: Enforce and improve coordination of benefits with other available coverage.

LABOR 07	Reduce OPEB costs
Target Date	Short Term or In Conjunction with Labor Negotiations
Responsible Party	Borough Council
Budget Impact	Expenditure reduction

- Eliminate Family Coverage. Stop providing post-retirement health benefits to spouses or family members.
- Mandatory Use of Other Coverage. Require retirees to use any available health coverage from other sources (e.g., another employer). Eliminate borough-funded secondary coverage in such cases.
- Eligibility Restrictions. Do not offer OPEB to officers who retire before age 50 or without 25 years of service (i.e., those on disability retirement).
- Align Retiree Benefits with Active Plans. Retirees must accept the same health plans and cost-sharing terms as current employees, even as those plans change.
- Increase Retiree Cost Sharing. Require retirees under age 60 to pay a larger share of premiums to encourage acceptance of cost-saving changes.
- Avoid Expansion of OPEB. Do not expand OPEB to other employee groups or allow retiring employees to “buy” OPEB using unused leave.
- Disallow Leave Cash-Outs for OPEB. Prevent employees from converting unused sick or other leave into cash or OPEB benefits, as this creates hidden costs.
- Conduct an OPEB Cost Study. Commission an actuarial study to determine the borough’s unfunded OPEB liability (UAAL).
- Establish an OPEB Trust. Consider creating a trust to begin funding the borough’s OPEB obligations based on the cost study findings.

Additional Labor Initiatives			Responsible Party	Budget Impact	Target Date
Labor 08	Wages and Compensation	Create new wage scale, curtail longevity pay, control overtime costs	Manager/labor attorney	Expenditure Control	Short Term or In Conjunction with Labor Negotiations
Labor 09	Work related Injury and Light Duty	Remove language related to heart and lung benefits from CBAs, replace current reporting policy, review administration of claims	Manager/labor attorney	Expenditure Control	Short Term or In Conjunction with Labor Negotiations
Labor 10	Part-Time Employees	Limit benefits	Manager/labor attorney	Expenditure Control	Short Term or In Conjunction with Labor Negotiations
Labor 11	Unused Time	Eliminate the practice of carry over or payout of unused time	Manager/labor attorney	Expenditure Control	Short Term or In Conjunction with Labor Negotiations
Labor 12	Seniority	Monitor seniority provision	Manager/labor attorney	Expenditure Control	Short Term or In Conjunction with Labor Negotiations
Labor 13	Training	Eliminate education reimbursement	Manager/labor attorney	Expenditure Control	Short Term or In Conjunction with Labor Negotiations
Labor 14	Grievance Procedure	Clarify grievance procedure.	Manager/labor attorney	Expenditure Control	Short Term or In Conjunction with Labor Negotiations
Labor 15	Employ Termination	Eliminate severance for police	Manager/labor attorney	Expenditure Control	Short Term or In Conjunction with Labor Negotiations
Labor 16	Bill of Rights	Eliminate Bill of Rights	Manager/labor attorney	Expenditure Control	Short Term or In Conjunction with Labor Negotiations
Labor 17	Establish a bargaining strategy	Develop a cost consistent containment strategy that applies to all employee groups.	Manager/labor attorney	Expenditure Control	Short Term or In Conjunction with Labor Negotiations

Labor 18	Short Term CBAs	New collective bargaining agreements should be kept to the shortest possible term	Manager/labor attorney	Expenditure Control	Short Term or In Conjunction with Labor Negotiations
Labor 19	Personnel Manual	The Personnel Manual should apply to all employees	Manager/labor attorney	Expenditure Control	Short Term or In Conjunction with Labor Negotiations
Labor 20	Benefits Audit	Conduct a benefits audit, an eligibility audit, and reduce opt out pay	Manager/labor attorney	Expenditure Control	Short Term or In Conjunction with Labor Negotiations
Labor 21	Regionalization and shared services	Eliminate current limitation on regionalization and shared services from the police CBA.	Manager/labor attorney	Expenditure Control	Short Term or In Conjunction with Labor Negotiations
Labor 22	Command staff in bargaining unit	Consider removing the police chief from the bargaining unit.	Manager/labor attorney	Expenditure Control	Short Term or In Conjunction with Labor Negotiations

Appendix A BUDGET CALENDAR

Month	Comment	Responsible Party	Start Date	Finish Date	Completed
July					
Review status of current Capital Plan	Obtain status of all current capital projects	Borough Manager/ Consultants	7/1	7/15	
Discuss Capital Plan update	Council reviews and updates	Borough Council	7/15	7/31	
August					
Obtain public input on Capital Plan	Public meeting on Capital Plan	Borough Council	8/1	8/31	
Forward department budget request forms to department directors	Obtain feedback from department heads	Borough Manager	8/25	9/7	<input type="checkbox"/>
September					
Review 2025 GF and other funds line items performance to date	<ul style="list-style-type: none"> Identify revenues or expenditures that vary from 2025 projections Verify accuracy of postings 	Borough Manager/ Treasurer	9/1	9/19	<input type="checkbox"/>
Review department requests	Evaluate feasibility of department 2026 requests for inclusion in GF or Capital budget	Borough Manager/ Finance Committee	9/8	9/19	<input type="checkbox"/>
Begin drafting 2026 budgets		Borough Manager	9/9		
Complete first draft of 2026 budgets—GF and budgets for other funds	First draft of 2026 budgets	Borough Manager	9/26	9/26	<input type="checkbox"/>
Obtain Minimum Municipal Obligation from Chief Admin Officer for Pensions		Chief Administrative Officer for Pensions	9/15	9/30	<input type="checkbox"/>
Adopt Capital Plan elements for FY 26	Incorporate Capital Plan elements for FY 26 into draft budget	Borough Council	9/1	9/30	<input type="checkbox"/>
October					
Discuss 1 st budget draft with Finance Committee		Borough Manager/ Finance Committee	Week of 9/29		<input type="checkbox"/>

Discuss 1 st budget draft with Council	Include discussion of a 2025 TRAN, if needed	Borough Council	October Work Session		<input type="checkbox"/>
Revise 2026 budget draft	Second draft of 2026 budgets	Borough Manager	10/31		<input type="checkbox"/>
November					
Prepare budget message for Council		Borough Manager	11/1	11/15	<input type="checkbox"/>
2026 TRAN	Reach out to creditors for proposals, if needed	Borough Manager	11/1	11/30	<input type="checkbox"/>
Review proposed budget with Council		Borough Manager/ Borough Council	November Work Session		<input type="checkbox"/>
Formally introduce 2026 budget and budget message		Borough Council	November Council Meeting		<input type="checkbox"/>
Publish public notice for proposed budget available for inspection	Subsequent to Council meeting Send to newspaper	Borough Secretary		11/30	<input type="checkbox"/>
Publish public notice (once) for following ordinances: GF budget Property tax rates	(At least 7 days prior to day adopted)	Borough Secretary		11/30	<input type="checkbox"/>
December					
Discuss proposed GF budget and other fund budgets, tax ordinances, TRAN (as applicable)		Borough Council	December Work Session		<input type="checkbox"/>

Action on the following (as applicable): Ordinances: GF budget Property taxes Resolutions Other funds & taxes TRAN		Borough Council	December Council Meeting	12/31	<input type="checkbox"/>
Prepare and advertise upcoming calendar year Council meeting and workshop schedules		Borough Secretary		12/31	<input type="checkbox"/>
January					
In years following a municipal election, the adopted operating budget may be amended, subject to the 10-day public notice requirement and 7-day ordinance notice requirement		Borough Council	1/1	1/31	
Deadline to adopt amended Budget Ordinance or resolution and amended tax ordinance (only applicable in years following a municipal election)		Borough Council	2/1	2/15	

Appendix B – Model Purchasing Procedures

1. General Principles

- All purchases must comply with the Borough Purchasing Policy and Section 1402 of the Borough Code.
 - Purchases may not be split into smaller amounts to avoid bidding thresholds.
 - Purchases should be cost-effective, with staff periodically soliciting price lists or quotes to ensure favorable pricing.
 - Cooperative purchasing programs (COSTARS, KPN, etc.) may be used where advantageous.
 - Exceptions: Section 1401(d) of the Borough Code specifically lists contracts or purchases which do not require advertising, bidding, or price quotations
-

2. Purchasing Thresholds (2025)

- Under \$12,900 – No formal bidding; use purchase order.
- \$12,900–\$23,800 – Obtain three written or telephonic quotations.
- Over \$23,800 – Formal bidding required.

The PA Dept. of Labor & Industry adjusts thresholds annually.

3. Authorized Purchasers

- Borough Manager
 - Secretary
 - Treasurer
 - DPW Director
 - Police Chief
 - Pool Manager
- (Note: Policy should be updated to remove “Police Commissioner” as the Borough does not employ one.)*
-

4. Purchase Orders

- Required for all purchases over \$ 500.
 - Must include vendor info, date, description, account code, unit price, and total cost.
 - Copies distributed to:
 - Vendor (original)
 - Treasurer (with quote)
 - Requestor (with packing slip/invoice)
 - Signature authority:
 - \$500 or less – Manager/Dept. Director
 - \$500–\$5,000 – Manager/Dept. Director
 - \$5,000+ – Borough Manager
-

5. Payment Authorization

- Certain routine categories (e.g., utilities, debt service, insurance, payroll, etc.) may be paid without prior Council approval but must be ratified at the next meeting.
 - Treasurer verifies receipt of goods/services before payment.
-

6. Emergency Purchases

- Borough Manager may authorize emergency purchases necessary to protect health, safety, property, or regulatory compliance.
 - If over \$5,000, Council must be notified within one business day (email acceptable).
 - Emergency actions must be ratified at the next Council meeting.
-

7. Recordkeeping

- Written or telephonic price quotations must include date, vendor name, representative, description, and price.
-

- Records (including emails) must be retained for three years.
- Bid Procurement
- The Borough Manager shall oversee all purchasing and contracts but may designate the Borough Secretary or other qualified individual to advertise, tabulate and publish all necessary specifications and bid results to the public and bidders.
- Nothing in this policy shall preclude the prerogative of the Borough Manager or his/her designee to engage in a Request for Proposals (RFP) to contract for specialized professional services for designated projects.
- Purchasing
- A purchase order is required for all budgeted and unbudgeted purchases and must be signed by the purchaser and their Department Head, if applicable. Department Heads are to make fiscally responsible choices in supplier selection by periodically soliciting price lists or quotes to ensure the receipt of favorable prices.
- Borough Council shall have the authority to approve unbudgeted purchases over \$5,000 as they deem are in the best interests of the citizens of the Borough. The Borough Manager shall have the authority to approve unbudgeted purchases under \$5,000 as he/she deems necessary to sustain normal Borough operations.

Purchase Order Process

The purchase of any product or service for the Borough valued over \$250 requires the issuance of a purchase order. Purchases of less than \$250 can be processed through a Borough purchasing card or purchased and reimbursed to the employee if a personal credit card or cash. (Please retain valid original receipt for proof-of payment for all purchasing card purchases or requests for personal reimbursements).

Purchases less than \$12,900 (this is the rate for 2025)

1. Verify the proper accounting code and available budget for the purchase. If budget is not available, please obtain approval prior to generating a purchase order.
2. Verify the vendor contact information (Name, Address, Email, Phone Number, etc.) for all new vendors. Recurring vendors will not require verification.
3. Obtain a standard 3 part pre-numbered Borough purchase order form. Complete the following information. Vendor Name & Address
 Add contact information (Telephone and email) if available Purchase Order Date Project Number- Project name or other identifying information Quantity- Number of units or items Description- Complete identifying information from quote or how the product will appear on vendor invoice Account Number – Based the accounting code per the Borough approved codes Unit Price-

The cost of each unit or item. Add shipping or installation costs if required Total Cost- Value of the entire purchase (Note no sales tax should be charged to the Borough)

4. Complete Purchase Order Copies to be distributed. Original Copy- Mailed, Fax, Scanned to vendor. Vendor should be instructed that the purchase order number should appear on all invoices. Second Copy- Provide to Treasurer. Please attached written or emailed quote from the vendor. Third Copy- Maintained by requester and should be provided to the Treasurer along with invoice and/or packing slip to verify that product or service was received by requestor

5. Receipt of goods/services

6. Vendor invoice received and compared to packing slip or other verification from requestor.

7. Treasurer will process payment per the Borough's normal vendor payment schedule upon verification of receipt of goods/services.

Purchases between \$12,900-\$23,800 (this is the rate for 2025; this rate is adjusted annually by the Dept. of Labor & Industry)

1. Will require three valid written/telephonic quotations from vendors for the same product/services requested.

2. Quotations must include Date of quotation Name of the Vendor/Contractor Name/Contact Information of the contractor representative The nature of the product/services (i.e. Construction, Reconstruction, repair, maintenance or other work that is the subject of the quotation and the price)

3. Once the vendor is chosen, please follow the same purchase procedure as identified previously.

Purchases greater than \$23,800 (this is the rate for 2025; this rate is adjusted annually by the Dept. of Labor & Industry)

1. Purchases of this value will require a formal bidding process which is outlined in a separate procedure.

2. Borough officials may not evade the bidding requirements by contracting in a piecemeal fashion or making a series of contracts below the defined dollar limits.

3. Even if a purchase is exempted from the competitive bidding process, Borough officials may still decide to bid the contract or obtain competitive quotes for prices and services through a Request for Proposal (RFP).

