

BOROUGH OF STATE COLLEGE

STRATEGIC PLAN

October 2009

Strategic Plan

Facilitated by:



EXECUTIVE SUMMARY

Beginning in the fall of 2008 continuing through the summer and early fall 2009, the Borough of State College initiated and completed a comprehensive strategic planning process. This included identification of the mission and core values through group discussion, environmental scanning through data gathering, summarization and analysis, an operations review including individual interviews and budget analysis, visioning, goal setting, action planning and “what if” scenario planning/budgeting and prioritization of implementation action plans. The process culminated in a consensus building process that included individual interview with elected officials resulting in adoption of the final plan on October 19, 2009.

The findings of the environmental scan and operations review concluded that the Borough of State College was a desirable community with a quality of life that was important to maintain and enhance. The Borough also has a strong, efficient organization with a professional management team that is efficient and effective in its operations, reaping benefits from regional programs and service agreements that have been put into place. However, the analysis also found that the Borough could not continue to do “business as usual” over the next 3-5 years, because of the declining tax and revenue base and the expectation of the community for continued and enhanced services.

The future sustainability of the Borough, its operations and the ability to continue to provide high quality public services to the region will be dependent on the Borough facilitating community and regional private sector leadership and participating in key strategic investments over the next 3-5 years into new initiatives and infrastructure. It is expected that these initiatives will ultimately achieve a return on investment in terms of revenue growth, sustainability of the neighborhoods, diversity of the tax base and development of the downtown and key commercial corridors.

The strategic plan includes 6 major goals:



1. Maintain safe, stable, attractive neighborhoods
2. Improve Operational Support Systems to Enhance Productivity
3. Partner with local, regional and state entities to expand cooperative opportunities and obtain funding for key initiatives
4. Expand Housing Opportunities
5. Continue to Improve Public Spaces and Community Infrastructure
6. Foster Commercial Revitalization

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INTRODUCTION

In preparation for a comprehensive strategic planning process, the Vision Committee met over several months starting in late 2008 to develop a vision statement and define core values for the organization. In addition, the Management Team and Committee conducted an environmental scan to identify strengths, weaknesses, opportunities and threats facing our community. This work was aided by feedback from all municipal employees.

A majority of the work was completed by developing the strengths, weaknesses, opportunities and threats (SWOT) assessment. From a list of specific items, the Committee further developed strategies to address concerns within each SWOT. It should be noted that in many cases, strategies can be cross-referenced in other areas. For example, many of the strategies found in opportunities, can also be found in strengths.

Borough Council reviewed the document late in 2008 and agreed with the major components of the environment scan. The environmental scan illustrated that the Borough had a number of key strengths including regional programs, collaboration with other agencies, a high level of service, professional staff, strong levels of volunteerism, a well educated community, technology, a steady economy, financial stability and State College is a nice place to live. Weaknesses identified included the gap between resources and expectations, the diminishing tax base, lack of a diversified workforce, citizen engagement, lack of retail diversity, growth that has been spurred by the development of I-99 and the demands associated with hosting Penn State University.

The region also boasts a number of opportunities including redevelopment, marketing, expanding the tax base, promoting sustainability, more intergovernmental cooperation, diverse workforce recruitment, citizen participation, becoming a regional transit hub, partnering with Penn State, hosting events, developing cultural opportunities and sharing technology resources. Threats identified included revenue diversity, energy costs, alcohol/drug abuse, neighborhood stability, the negative image of downtown, the changing face of Penn State University, competition between exempt and taxable businesses, high housing costs and safety and crime. Although not considered to be immediate significant issues, other threats that could impact the area and that need to be included in long term and contingency planning strategies include gangs, terrorist activities, and manmade disasters and nuclear risks.

The official Strategic Planning Process for the Borough of State College was begun in May, 2009. Strategy Solutions, Inc., a consulting firm with the mission “to create healthy communities” was retained to facilitate the process. The process began with a joint meeting of Borough Council and the Management Team on Wednesday, May 13, 2009.

This was followed by an operations review that included budget and procedural analysis that included individual interviews with elected officials, management team members and key staff. The process was designed to look for revenue generation and expense reductions, as well as opportunities to share services and/or achieve operating efficiencies through shared services. The findings of the operations review were presented to Borough Council and the Management Team on June 17, 2009.

The findings demonstrated that overall, the Borough was efficiently and effectively run, achieving strategic benefit from the economies of scale that had been created through regional service delivery and the COG. The operations review and budget analysis also revealed that selected revenue generation potential existed if the Borough would increase or initiate fees in some areas including parking, police services and public works. Cost savings potential was identified in selected areas as well including administration, police, parking and public works.

The environmental scan and operations review information were summarized, discussed and used as a platform upon which to build a vision of the future of the Borough. Recognizing that while the Borough was strong, if “business as usual” continued into the future, within a few years the borough could be in financial crisis.

The elected officials and management team together worked to craft a vision of the future of the Borough. Recognizing that the future of the borough must include building on the existing strengths of the region as well as addressing the opportunities and threats facing the municipality, the team concluded that the future vision and strategic plan must include downtown revitalization, neighborhood development initiatives, and strategic partnerships with both Penn State University and surrounding municipalities.

The Vision Committee then met in July of 2009 and reviewed changes proposed to the mission statement and core values. Based on the interpretation by Borough Council and Department Directors, the Vision Committee agreed and amended the mission statement “to enhance the quality of life by fostering a safe, vibrant, diverse and sustainable community” and finalized the core values of Integrity, honesty, innovation, accountability, transparency responsibility, customer service and diversity

The Management Team spent several weeks identifying strategies and working on the action plans that would support strategic plan implementation. The Management

Team met again on July 17 to review the action plans and begin to develop a proposed strategic investment budget. The proposed strategic plan and associated action plans were presented to Borough Council at an extended meeting on August 10. The strategic was reorganized to reflect the input provided by Council. After discussion, and additional financial and operations analysis, the team identified 6 goals and related objectives that would describe the key initiatives that would serve as the building blocks to guide the Borough to achieve this vision.

Additional interviews were conducted with individual members of Council to identify and address concerns and to determine key priorities for implementation. The final strategic plan was presented to Council at the October 12, 2009 work session and approved at their public meeting on October 19, 2009.



MISSION STATEMENT

State College Borough's mission is to enhance the quality of
life

by fostering a safe, vibrant, diverse and sustainable
community.

CORE VALUES

Our core values provide the foundation for the organization. They are the basis for all our decisions and actions. These are our guiding principles that affect the manner in which programs are defined and resources are allocated. Our core values are:

- Integrity
- Honesty
- Innovation
- Accountability
- Transparency
- Responsibility
- Customer Service
- Diversity

CORE FUNCTIONS

Core functions are those that meet the following criteria: has a potential immediate or near-term effect on public safety or health; meets but does not exceed a State or Federal mandate or the Charter; the loss of which would have a long-term and potentially catastrophic effect on the public; provides revenue that is in excess of its total costs; provides direct support or critical indirect support for a core service; and is essential for fulfilling the mission of the Borough.

POLICE

1. Law enforcement
2. Drug & alcohol prevention, investigation and enforcement
3. Traffic control
4. Community relations
5. Crime prevention
6. Community safety

FIRE PROTECTION

EMERGENCY MANAGEMENT

FINANCE

1. Tax collection
2. Payroll
3. Budget administration
4. Financial and performance Auditing
5. Accounts receivable
6. Accounts payable
7. Cash management

INFORMATION TECHNOLOGY

1. Technology asset management
2. Software management
3. Communication system
4. Network administration and security
5. Strategic technology projects

PARKING

1. Public parking
2. Parking enforcement

HEALTH & CODES

1. Public health and health education
2. Ordinance and property maintenance code enforcement
3. New construction code enforcement

ADMINISTRATION

1. Risk management
2. Human resource management
3. Purchasing
4. Records management
5. Budget preparation and administration
6. Public information

PUBLIC WORKS

1. Street maintenance
2. Traffic management
3. Street lighting
4. Municipal facilities management
5. Urban forest management
6. Solid waste management
7. Storm water management
8. Sanitary sewer collection
9. Fleet services
10. Engineering services

PUBLIC LIBRARY SERVICES

PARKS & RECREATION

PLANNING

1. Comprehensive planning
2. Neighborhood Planning
3. Downtown planning
4. Zoning administration and enforcement
5. Housing services (affordable and fair housing)
6. CDBG and HOME administration
7. Community and economic development
8. Historic preservation
9. Design Review

STRENGTHS

REGIONAL PROGRAMS

The Borough is committed to the meeting regional goals. There is a reciprocal relationship between the Borough and the surrounding townships through organizations such as CATA and COG in meeting the needs of the community.

Possible Strategies:

- Consolidation of municipal services
- Share project/program cost, data, and coordination
- Encourage cooperation agreements

COLLABORATION WITH OTHER AGENCIES

The Borough draws strength from collaboration with state (PENNDOT, DEP, PSP) and local governments (see Regional Programs), non-governmental agencies (DSC, Clearwater) and others. Where goals are congruent, the Borough uses these collaborations to use limited resources efficiently.

Possible Strategies:

- Share projects/programs cost, data, and coordination
- Increase tax base/revenue sharing
- Encourage cooperation agreements

LEVEL OF SERVICE

Citizen surveys indicate a satisfaction with the type and quality of service that we provide, and when faced with reducing services, citizens express a willingness to maintain higher levels of service in spite of the higher cost. For many, these are quality of life issues that separate State College from other communities. The willingness to go the extra mile sets the staff of the State College Borough apart, and is a reflection of the intention of municipal government to provide an unmatched level of customer service.

Possible Strategies:

- Institutionalize the strategic planning process
- Use National Citizen survey as a measurement

PROFESSIONAL STAFF

Employees are well-educated, well-trained, and motivated, resulting in outstanding customer service. Many have institutional memory and bring experience, which allows a high level of service to the citizens of the Borough.

Possible Strategies:

- Promote public service careers
- Implement mentor programs
- Increase recognition of professional development and certification

VOLUNTEERISM

The Borough citizenry, including the student population, provides a pool of knowledgeable and motivated volunteers to serve in many capacities, particularly in the role of service on the Authorities, Boards and Commissions and the Alpha Fire Company.

Possible Strategies:

- Define organizational needs that could be met using volunteers
- Promote volunteer program to attract most capable, dependable volunteers
- Coordinate with Penn State to offer students hands-on experience in local government

WELL-EDUCATED COMMUNITY

Because of the quality educational opportunities, the citizenry is well-educated and knowledgeable about current affairs. This is a community that is known for progressive change. In the Borough, 69.2% of our adult population is college educated compared with 22.4% for the state as a whole. The University provides a valuable resource with research facilities that contribute to the community.

Possible Strategies:

- Target recruitment, possibly using Penn State groups
- Use corporate culture at Penn State to promote community service

TECHNOLOGY

Ninety-five percent of the population has internet access, reflecting the value the community places on technology and computer resources.

Possible Strategies:

- Use digital communication more effectively with the public

DESIRABLE COMMUNITY

State College ranked well above average in a national survey of similar cities, at the 85th percentile, in terms of the Borough's overall appearance. With 71.3 percent under age 25 and 5.8% over 65, cultural opportunities and recreational activities are offered to meet the desires of people from all age groups.

State College enjoys a reputation as a great place to visit, live, work, and play. The combination of the small but active downtown, the livable neighborhoods close to the commercial center, the educational and cultural opportunities afforded by the presence of a major university, and the nearby rural areas makes State College a unique community in Pennsylvania.

Possible Strategies:

- Market State College as walking/biking community
- Provide support for cultural groups, troupes, artists
- Cultivate variety of experiences and diverse environments to appeal to different tastes
- Identify unique and appealing aspects of State College that are worthy of advertisement
- Consult with public relations experts
- Determine target audience, destination, purpose, time of day, and desirable outcome

STEADY ECONOMY

Owing in no small part to the presence of Penn State, the economy of State College has been insulated from the major economic turbulence of the state and the nation as a whole. Economic growth has been steady if not booming when the national economy is strong, and the area has maintained modest economic growth even in the face of national economic hard times.

The Borough hosts the University Park campus of The Pennsylvania State University. The University is the largest employer in the Borough (and in Centre County) with more than 11,000 full-time and 9,000 part-time employees. The presence of the University provides a very high degree of stability to the local economy. In addition to the University, there are approximately 740 businesses operating in the Borough employing 33,600 persons. Commercial property accounts for approximately 54.9% of the Borough's taxable assessed valuation.

Possible Strategies:

- Identify areas in need of revitalization
- Attract a variety of businesses to the downtown
- Improve the ability to handle technological demands of new businesses

STRONG NEIGHBORHOODS

Many of the neighborhoods of the Borough have matured into strong neighborhoods with a network of residents who work together to preserve the residential and historical quality.

Possible Strategies:

- Increase student housing close to campus
- Expand funding for workforce housing
- Reduce occupancy limits in established neighborhoods
- Work with community organizations to enable aging citizenry to remain in their homes

FINANCIAL STABILITY OF GOVERNMENT

The Borough is recognized as a financially stable, well-governed, and progressively managed municipality, as evidenced by the Aa3 rating assigned to its bonds by Moody's Investors Service. We are the only Borough in Pennsylvania to achieve this high rating.

Possible Strategies:

- Identify possible revenue streams
- Identify potential changes in local tax enabling legislation that expand our tax base
- Identify other municipalities and other taxing bodies that would be natural allies in promoting tax code reform
- In conjunction with PLCM, other state associations, other municipalities and tax bodies develop and pursue a tax code reform strategy
- Promote municipality merger, annexation, consolidation
- Reform real estate assessment
- Attract families to live in Borough
- Discourage conversion of Borough properties for tax-exempt use

WEAKNESSES

The Borough of State College recognizes weaknesses in the following areas:

GAP BETWEEN RESOURCES AND EXPECTATIONS

As a progressive community, the Borough of State College is willing to implement new or cutting edge programs or services. Innovation is constrained by resources consisting of human, financial and time limitations. In addition, the political decision process can be deliberative, which limits the ability to respond quickly to demands. Changes at Penn State tend to be unpredictable, leaving the State College Borough in a reactive mode at times.

Possible Strategies:

- Educate the public on the resources available
- Formalize staff relationships with outside groups to share information

REVENUE INDICATORS AND NEUTRAL FINANCIAL TRENDS

Current data indicate the Borough has a diminishing tax base when tax collections are converted to constant dollars. The Borough is densely developed making growth in real estate assessed valuation unlikely without major redevelopment. Borough management is committed to ongoing financial monitoring, allowing the Borough to review its reliance on current revenue sources and options and providing a strong basis to seek legislative changes to update our obsolete tax structure.

Possible Strategies:

- Lobby for changes in tax enabling legislation
- Streamline the permit process for redevelopment projects
- Recognize that redevelopment is crucial to maintain the tax base.

LACK OF DIVERSE WORKFORCE

Currently, the diversity of the workforce does not reflect the diversity of the community.

Possible Strategies:

- Target recruitment efforts

AFFORDABLE HOUSING (WORKPLACE)

The lack of affordable housing in the Borough is primarily caused by the growth of the Pennsylvania State University and related housing demand created by students seeking off-campus housing. Thus, a large portion of the housing stock is occupied by students, and the potential for high profit margins remains attractive to real estate investors. This trend has increased housing costs overall.

The average market price for a single family home in 2007 was \$233,433. The minimum income needed to purchase a home at that price is \$72,562 plus \$18,675 in down payment and closing costs. Median income for a 4-person household is \$64,200 and at that income level, a household could only afford to buy a home costing \$198,432. The gap between the average market price and the maximum affordable price for a household earning the median income is \$35,000.

In State College MSA, the Fair Market Rent (FMR) for a two-bedroom apartment is \$788. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$31,520 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of \$15.15 per hour, more than twice the minimum wage.

Possible Strategies:

- Increase student housing close to or on campus (West End)
- Lower the occupancy limits
- Expand funding for affordable housing initiatives

CITIZEN ENGAGEMENT

Although the borough enjoys an active participation in its ABC's, there are community-wide indicators that reflect national trends of citizens being less willing to volunteer. Examples of this trend include but are not limited to: declining involvement in Big Brothers-Big Sisters and Women Resources' Shelter volunteers. This is reflective of a nation-wide trend for declining citizen participation in community philanthropy.

Possible Strategies:

- Consolidate ABCs
- Target volunteer recruitment, possibly using Penn State groups

CORE COMMUNITY OF GROWING AREA

Growth in the area is being spurred by the construction of the I-99 corridor and the Borough continues to be prominent as the core community of the Centre Region. With that comes the added burden of a community that is more urban and less residential. The additional trips have created a strain on the road system as well as services.

Possible Strategies:

- Construct alternative routes around and to the downtown

- Construct parking structures on the fringe of the downtown core
- Consolidate municipal services
- Encourage transit-oriented development
- Lobby PSU to take responsibility for bus system

LACK OF RETAIL DIVERSITY

Downtown businesses are oriented to student and tourist-type sales. Downtown State College is no longer a destination for local residents who desire a variety of specialty shops.

Possible Strategies:

- Encourage more diverse activity centers (museum, youth activity center, senior center, ice rink, etc.)
- Expand office stock
- Encourage PSU to keep offices on the east side of Atherton Street
- Recognize much of this is market-driven and not easily corrected by other sources

DEMANDS OF HOSTING PSU

At a quick glance, the largest drain on borough services relates to police services needed to support Penn State activities with students, particularly in relation to alcohol abuse. However, there are other uses of borough resources that are significant. Examples include but are not limited to: trash pick-up and removal following special events, move-in and move-out activities, physical property repairs such as the replacement and reinstallation of stolen or damaged road signs, placement of additional dumpsters for clean ups, the closing of streets for special events, issuance with approval of permits for special activities, graffiti monitoring and enforcement, and the regulation of rental housing. Although there is a fine line where the borough obligation ends, the motivation to have a safe, beautiful community for all to enjoy requires that the borough exceed its requirements.

Possible Strategies:

- Encourage PSU to recognize the impact they have on our Central Business District and share the cost of keeping the downtown safe, clean, attractive and vital

OPPORTUNITIES

The Borough of State College recognizes opportunities for enhancing the quality of life, commerce, and economic stability in the following areas:

REDEVELOPMENT

Responsible, diverse land reuse is crucial to meet needs and expectations of a progressive, well-educated society. Resuscitating now tired community areas will enhance quality of life and ensure a strong, sustainable local economy. Creative revitalization will ensure a viable, unique, and attractive community for future generations to enjoy. Furthermore, substantial redevelopment opportunities exist, particularly on or near main campus.

Possible Strategies:

- Develop master plan
- Identify vibrant, well-functioning areas and evaluate surrounding areas
- Identify areas in need of revitalization
- Define community needs, expectations, and visions
- Explore methods for revitalization, making best use of site location for desirable outcomes
- Cultivate stakeholder relationships
- Articulate and promote vision for revitalization
- Determine and acquire funding, if necessary
- Partner with developers, consultants, contractors to ensure best affordable outcomes

MARKETING

Aggressive, proactive marketing is vital for healthy growth and to ensure a future economically strong State College. Promotional advertising will renew interest in State College as a premier, desirable destination for residency, tourism, commerce, and industry. The juxtaposition of downtown and main campus provides opportunities to attract a larger clientele during lunch time, at the end of the business day, and on weekends. The proximity to campus opens opportunities to partner with Penn State, the Centre County Visitor and Convention Bureau, and Downtown State College to secure additional tourism and convention business. Penn State is central Pennsylvania's largest employer which gives Borough neighborhoods an advantage in the most important real estate criteria – location, location, location.

Possible Strategies:

- Identify unique and appealing aspects of State College that are worthy of advertisement
- Consult with public relations experts
- Determine target audience, destination, purpose, time of day, and desirable outcomes
- Explore various media opportunities for marketing
- Determine best advertising methods to reach target audience
- Partner with other agencies for additional promotional opportunities

- Determine and acquire funding

EXPANDING REVENUE BASE

As the Borough tax base shrinks due to factors such as expanding non-taxable property ownership, fewer owner-occupied single-family properties, and businesses locating elsewhere, we must explore opportunities to seek out and attract new revenue streams such as shared tax base or shared revenues with other COG municipalities through intergovernmental agreements. In addition to these local initiatives, the Borough, working with the PLCM, should pursue the legislative reforms at the state level needed to expand our taxing authority.

Possible Strategies:

- Identify possible revenue streams
- Identify unsatisfied needs and untapped niches in the community
- Target businesses to fill needs and niches
- Cultivate partnerships
- Market community to desirable business and industry, families
- Redevelop aspects of community for relevancy to families
- Identify potential changes in local tax enabling legislation that expand our tax base
- Identify other municipalities and other taxing bodies that would be natural allies in promoting tax code reform
- In conjunction with PLCM, other state associations, other municipalities and taxing bodies develop and pursue a tax code reform strategy
- Promote municipality merger, annexation, consolidation
- Reform real estate assessment

PROMOTING SUSTAINABILITY

Ensuring that State College is a sustainable community is an essential community goal. The Borough will seek opportunities to promote sustainability on the broadest community level possible. This includes environmental sustainability, sustainable neighborhoods, an economic base that can be sustained over time, sustainable government operations and ensuring equitable treatment for all residents.

Possible Strategies:

- Identify components, entities, and areas of sustainability
- Determine level of desired sustainability
- Ensure sustainability of organization human resources: employees and volunteers
- Pursue green initiatives:
 - Reduce energy consumption
 - Reduce solid waste
- Research and implement community initiatives to:
 - Ensure equal opportunity, social justice
 - Expand home ownership

- Attract/retain business

MORE INTERGOVERNMENTAL COOPERATION/COORDINATION

The Borough enjoys benefits and advantages in working cooperatively with other Centre Region agencies. The Borough seeks to maintain and enhance relationships by mutually providing services and expertise, coordinating programs, sharing data, and splitting project costs. Intergovernmental cooperation is particularly beneficial when programs and services would not be possible as a separate entity. The Borough and its local government partners will seek innovative methods to deliver high quality public services and the least cost possible. Opportunities for tax base and revenue sharing through intergovernmental cooperation agreements will be explored as a way of enhancing the long-term sustainability of local government services in the Borough and Region.

Possible Strategies:

- Share projects/programs cost, data, and coordination
- Increase tax base/revenue sharing
- Encourage cooperation agreements
- Research implementation of regional police department
- Share equipment such as used by Public Works
- Share functions such as tax collection

MORE DIVERSE WORKFORCE RECRUITMENT

The Borough desires to recruit the most highly qualified candidates reflective of our area demography.

Possible Strategies:

- Identify area demography
- Market Borough employment to attract best qualified candidates reflective of demography

CITIZEN PARTICIPATION/INVOLVEMENT

As home to a well-educated populace with an enormous pool of expertise, creativity, and energy, the Borough volunteer program could be expanded to extend its knowledge base and think tank in ABCs. Likewise, office volunteers perform various tasks, saving the Borough financial compensation costs. One largely untapped resource is our student population. Often, they are eager to volunteer in an effort to gain valid work experience and build their resumes. The Borough should expand its outreach to students to include them more fully in our pool of volunteers.

Possible Strategies:

- Define organizational needs that could be met using volunteers
- Promote volunteer program to attract the most capable, dependable volunteers
- Coordinate with Penn State to offer students hands-on experience in local government

WALKABLE AND BIKE FRIENDLY COMMUNITY

The Borough has an extensive sidewalk infrastructure in place, along with provisions for maintaining safe and passable walkways for pedestrians. Street lighting, accessibility curb cuts, and walk signals contribute to a viable, walkable community. In a recently published report, State College ranked well above average, in the 92nd percentile, in a national survey of similar cities in terms of pedestrian friendliness. According to the US Census, on average 3% of people in the workforce walk to work, while in State College, the number is closer to 40%. Although this will fluctuate over time, the borough's ratio remains much higher than the national average.

The Borough is also expanding its system of on and off street bicycle facilities providing improved opportunities to use bikes for both commuting and recreational purposes. Penn State and other municipalities in the Centre Region are committed to expanding bicycle facilities that will tie into those in the Borough.

As energy costs increase, the ability to walk and bike to work will improve the desirability of living in the Borough. The Borough should work with the local real estate industry to market this advantage for Borough living.

Possible Strategies:

- Market State College as walking/biking community
- Identify and rectify safety hazards
- Distribute bike maps
- Expand walk/bike facilities
- Consider removing on-street parking to broaden sidewalks
- Coordinate path networks and maintenance with adjacent agencies
- Promote/educate public concerning pedestrian/bicycle laws
- Expand bicycle facilities, signage
- Promote winter maintenance of bike facilities in adjacent townships

REGIONAL TRANSIT HUB

State College is well served by transit. The intercity bus terminal, located in the 100 block of North Atherton, provides easy access for students as well as visitors to the borough and main campus of PSU. Many students find the trip to State College by bus affordable and convenient. To supplement intercity bus services, CATA provides an extensive regional public transit network. All of CATA's regional routes terminate in downtown at CATA's largest stop and transfer point in the 100 block of East College Avenue. In addition, the CATA/PSU loop system flows through downtown with numerous stops on College and Beaver Avenues. The concentration of transit services in downtown provides ample business opportunities to the downtown businesses.

Possible Strategies:

- Continue support of mass transit services
- Identify additional routes to serve greater population
- Identify additional means of mass transit

- Identify additional funding options to expand mass transit
- Partner with outside agencies to expand mass transit
- Ensure transit stops are safe, convenient, and appealing
- Investigate viability of free transit services, possible funding by Penn State

GREATER PARTNERSHIPS WITH PENN STATE

As the host community of Penn State's main campus, the Borough has in numerous town/gown partnership opportunities. The Borough can tap expertise and other resources at PSU to assist our efforts in areas such as economic development, affordable housing, and improving delivery of public services.

One key ingredient for expanding our partnerships with Penn State is the state of town/gown relations. The story of the evolution of town/gown relations across the country is replete with examples of insular, inward focused campuses that either ignore their surroundings or are in a continual state of low level warfare with their host communities. The communities that host college campuses are not without sin either as they attempt to thwart campus development and exploit the captive market represented by their university's students and employees.

But the story of town/gown relations is not static and in many locations has evolved into one in which "both sides of the street" have come to realize that cooperation rather than conflict can lead to a greater good for all involved. The relationship between Penn State and State College is clearly in the camp where "both sides of College Avenue" understand that the power of partnering can lead to situations where the whole is greater than the sum of its parts. The Borough and University should actively build on the strength of these relationships to expand these cooperative efforts into areas of off-campus economic development, provision of affordable housing for our local workforce, and improve the level of services available to resolve landlord-tenant disputes without having to resort to the court system.

Possible Strategies:

- Identify areas where town/gown relationships are mutually beneficial
- Identify key Penn State contacts
- Enhance relationships with Penn State contacts
- Define and build on strengths of town/gown relationships
- Obtain financial buy-in to market/enhance downtown

REGIONAL CORE

The downtown is a regional core because of the in-migration of students and Penn State employees. The Borough businesses should capitalize on this as a marketing opportunity.

Possible Strategies:

- Identify under-served markets for Penn State students/employees, local residents and visitors
- Guide commerce to fulfill needs/wants of local community and visitors
- Identify funding strategies and other incentives to lure variety of businesses to downtown to fill needs/wants
- Improve walkability and accessibility of downtown for large crowds
- Cultivate downtown as a unique experience
- Beautify core, include water features and creative landscaping
- Partner with Penn State for design and funding

HOST EVENTS

Several venues currently exist in the borough with facilities geared to the hosting of events. This includes the Nittany Lion Inn, Day's Inn, the Atherton Hotel, the Ramada Inn, the State Theatre, the Penn State Downtown Theatre, and Eisenhower auditorium. Towns like State College appeal to those scheduling conferences. The borough's location near the center of the state makes it convenient for attendees at state-wide conferences. Other on campus venues such as the Palmer Art Museum can enhance the quality of a visitor's experience. The Borough should consider how to form stronger partnerships with the Downtown State College, Penn State, and the Convention Bureau to develop additional downtown venues for hosting events.

Possible Strategies:

- Encourage redevelopment to accommodate expanded conference/convention venues and expanded attractions to entertain conference attendees
- Enhance pedestrian mobility and safety
- Cultivate variety of experiences and diverse environments to appeal to different tastes
- Improve parking accessibility

CULTURAL OPPORTUNITIES

Many cultural opportunities are available in State College and the surrounding areas. Major events such as the Central PA Festival of the Arts, the Artist Series and events at BJC attract visitors not only from central Pennsylvania but from other sections of the state and neighboring states. Smaller events such as Centre Stage, First Night, performances at the State Theater, fairs celebrating the rich diversity of cultures from around the world that are part of the Penn State community and other local offerings provide year round opportunities for residents and visitors to experience a richness in the arts and cultures that is only matched in larger urban areas.

This cultural richness provides opportunities for new hospitality businesses, for artists and artisans as well as spinoff opportunities for other commercial enterprises. The Borough, DSC, and the hospitality industry should seek to capitalize on the arts and culture to create a more attractive and sustainable community.

Possible Strategies:

- Identify new cultural offerings
- Provide support for cultural groups, troupes, artists
- Designate/development an artists' loft
- Market cultural offerings as major attraction to State College
- Promote an "open air" market area

SHARED TECHNOLOGY RESOURCES

The pace of technological advancement seems to accelerate at an ever increasing rate. Taking advantage of advances in technology to improve service delivery or to expand our competitiveness in the 21st century market place will clearly benefit from partnerships and economies of scale. To the extent practical, the Borough should pursue partnerships with other governmental entities, Penn State, and private sector to use technology to create more sustainable community.

Possible Strategies:

- Identify technology projects mutually beneficial to multiple agencies
- Expand joint GIS project, currently between County and Borough
- Develop publicly available video conferencing facilities
- Create town/gown WiFi network at no or low cost
- Increase video surveillance cameras downtown and on campus
- Partner with agencies as appropriate
- Share resources, expertise, and project coordination with agencies
- Create incubator space environment with Penn State and CBICC
- Create local development opportunities
- Create intellectual property sharing venue

THREATS

The Borough of State College recognizes threats to quality of life, commerce, and economic stability in the following areas:

LIMITATIONS ON REVENUE DIVERSITY

State regulations prohibit the Borough from certain municipal taxation opportunities such as a per drink tax on alcohol and a personal income tax instead of the current earned income tax. The Borough could further benefit from a County-wide sales tax, levied by the County.

The Borough tax base has been gradually shrinking when adjusted for inflation, partially due to property acquisition by tax exempt entities (44.6% of the property in the Borough is tax exempt). Over the past ten years, the Borough's taxable assessed valuation has grown by an average of only 0.61% per year. This is a very modest rate of growth. The Borough's opportunities for growth are constrained because it is landlocked and essentially built-out. Future growth in taxable valuation will come largely through redevelopment.

Growth in the earned income tax, the Borough's other main source of revenue, has slowed substantially in recent years. In fact, when adjusted for inflation, revenues from this tax have actually declined. Many reasons can account for this trend. Changes in our population base are one contributing factor. Past hiring freezes at Penn State and relatively modest wage increases at Penn State contribute to this threat. We believe employers are using more part-time employees and fewer full-time employees as they try to keep labor costs under control, a phenomenon that would depress taxable wages and salaries. Finally, it is our perception that Penn State and other employers now more frequently use contract or fixed term contract employees to meet their staffing needs. These phenomena, if confirmed, would lead to impacts not only in potential revenue but also in issues related to neighborhood stability since shorter term employees would have less opportunity and incentive to put down roots in the Borough.

Possible Strategies:

- Attract families to live in Borough
- Further develop family-affordable housing within walking distance of amenities and attractions
- Enhance family-oriented venues in neighborhoods
- Market Borough as family-friendly, more attractive than suburbs
- Attract a variety of businesses, including professional offices to Borough locations to provide employment opportunities
- Identify and designate areas for redevelopment to stimulate commerce
- Discourage conversion of Borough properties for tax-exempt use
- Pursue initiatives to amend state tax enabling legislation to diversify our tax base

ENERGY COSTS INCREASE

Increases in energy costs are outpacing increases in our tax base, making it more difficult to provide necessary and/or desired public services. Increasing energy costs are pushing up housing costs in an already expensive housing market, making it more difficult for first time buyers to break into the market and for our many residents, especially for those on fixed incomes, to maintain their property. In the rental housing market, increases in energy costs may be passed through to the tenants resulting in even less affordable rental housing at a time when a growing number of the lower wage workers essential to the functioning of our local economy are seeking housing closer to their employment as a way of off-setting rising transportation cost.

Possible Strategies:

- Enhance walking/biking infrastructure for safety and easy access
- Identify opportunities to use alternative energy sources
- Set example for residents by acquiring energy-efficient vehicles
- Partner with Penn State to pursue energy-efficient solutions
- Educate public on alternative energy solutions
- Modify municipal facilities to decrease energy use
- Use rehabilitation funding for improving energy-efficiency in older home stock
- Use building code to require more energy efficiency
- Conduct energy audits

LOSS OF SENIOR STAFF/INSTITUTIONAL MEMORY

The Borough has been fortunate through the years to have low employee turnover. Consequently, we have a long-term senior staff, many of whom are nearing retirement. Because they were promoted from within to high-level positions, they possess an invaluable, extensive knowledge of State College Borough from varying, historical perspectives. Their institutional memory will be lost when these employees leave.

There is concern that when these employees do leave that the quality of individuals to replace them will be limited. Professional teaching staff in the Public Administration program at PSU has shared its comments with students that it appears that fewer students are seeking careers in public service.

Possible Strategies:

- Identify/hire fresh, skilled, quality talent
- Implement mentor program to transfer knowledge
- Document processes/procedures
- Promote public service careers
- Provide competitive salaries/benefits
- Partner with Penn State for student intern programs

ALCOHOL AND DRUG ABUSE ISSUES

State College neighborhoods and downtown area have been plagued by undesirable student behavior, primarily fueled by abuse of alcohol which is readily available from the numerous liquor establishments in downtown, private apartment parties, fraternities, and the high volume of sales at “state stores” and other carry-out stores. Assaults, fights, public urination, criminal mischief, sex crimes, and public drunkenness are damaging to people and property. It is frequently the case that both the victim and the perpetrator have misused alcohol. Unfortunately, the activities observed in the borough are within the range of what is normally expected in a large college town. In addition to destroying neighborhood ambience, undesirable student behavior perpetuates an impression that personal safety is threatened.

A second area of concern is that our large student population coupled with externalities such as the completion of I-99 and stepped up anti-drug activities in communities such as Johnstown and Williamsport is leading to an increase in drug related criminal activity. Because drug related activities are by their very nature underground activities, the extent of problem is less evident than is the case for alcohol abuse related activities. However, local law enforcement has documented that drug sales and abuse exist in State College and pose an increasing threat to health and safety of our community.

Responding to the problems caused by alcohol and drug abuse is a drain on community resources. The demand on the police force is the most obvious cost to the taxpayers. However, other services are also negatively affected by this abuse. Emergency medical services must respond to people injured in fights or by “self-inflicted wounds” resulting from alcohol abuse. Staff at the emergency room at Mt. Nittany Medical Center frequently must deal with patients who are abusive as a result of their intoxicated state when they arrive at the emergency room for treatment. Late night services at CATA on weekends can be disrupted by rowdy riders or by riders who become ill on the bus due to excessive alcohol consumption. The costs for this increased demand for public services are borne by the whole community and not just those who are creating the demand.

Possible Strategies:

- Educate public concerning the extent/seriousness of the alcohol/drug problem in Borough
- Cultivate partnership with Penn State in addressing/preventing inappropriate student behaviors
- Cultivate partnerships with liquor establishments, fraternities to control alcohol abuse
- Support/promote SIP initiatives
- Encourage non-alcoholic events/activities/establishments downtown while bars are open
- Expand on community service cleanup activities for offenders

NEIGHBORHOOD STABILITY LOSS

For many years, neighborhoods in the Borough have been losing their stable base of long-term residents. There are fewer families in Borough neighborhoods to provide future neighborhood stability. A smaller percentage of our population is represented by the age cohorts most typically associated with wage earners. There are a number of causes for these phenomena. The demand for

student housing close to campus has led to the conversion of owner-occupied homes to rentals or to student owned homes. The aging of the housing stock in the Borough has led some families to seek newer, higher amenity housing options in the suburbs. The expansion of our highway network and the relative lack of congestion have made it easy to commute from the suburbs to jobs in center city. The historically low cost of fuel and parking has made commuting to work by car from the suburbs relatively pain free. The development of suburban office parks and other commercial hubs have made it less advantageous to live in town. All of these factors threaten community sustainability created by the loss of long-term residents in our neighborhoods.

Possible Strategies:

- Discourage conversion of single-family homes to rentals, student-occupied homes

NEGATIVE IMAGE OF DOWNTOWN

One of the difficulties the Borough faces is the negative stereotype in which downtown is portrayed. All too frequently you hear the comment “I never go downtown because...” Reasons most frequently cited include there’s too little parking; parking is too expensive; there are too many poorly behaved students; all the businesses cater to students (and/or tourists); there’s nothing there for “adults”.

Possible Strategies:

- Enhance walkability, accessibility of downtown areas
- Convert 100-200 blocks of South Allen Street to walking mall
- Enhance attractiveness of downtown walkways, particularly along Calder Way and alleys
- Create unique experiences downtown to lure a variety of people
- Change perception that there is a parking problem
- Enlarge walkways/venues to accommodate large crowds, like European promenades
- Increase visible police bike/foot patrol
- Implement program for beautifying downtown

CHANGING FACE OF PENN STATE

Across the country we are witnessing an increase in distance and on-line learning. Increasing tuition costs, greater market penetration of broadband internet access, and improved and expanded course offerings are cited for this trend. Penn State, through its world campus, is taking advantage of this trend to extend its reach. There is a concern that, in the long run, these trends coupled with demographic changes in Pennsylvania will lead to smaller numbers of college age residents which could lead to stagnation or decreases in enrollment at University Park.

In the short term, Penn State has enrolled 43,252 students in 2007, which are 338 more enrolled students than 2006 and 2,781 more enrolled students than 1997. The increasing number of freshman is reflected in the impacts on Borough services. The challenge is determining at what size of enrollment at University Park that the Borough can sustain.

Possible Strategies:

- Enhance communication with Penn State
- Predict enrollment
- Encourage additional on-campus housing for Penn State students
- Encourage improvement of on-campus housing attractiveness
- Encourage extension of on-campus housing requirement
- Encourage making on-campus housing more relevant and desirable
- Encourage community-building on campus

COMPETITION BETWEEN EXEMPT AND TAXABLE BUSINESSES

Business Ad Hoc Committee interviewed downtown merchants and heard complaints that the businesses located downtown were at a business disadvantage due to the commercial nature of Penn State activities. PSU is exempt from tax and receiving an unfair favorable tax position. Penn State has become more entrepreneurial in their business activities and is viewed by some as a business disadvantage.

Possible Strategies:

- Work with Downtown State College to lure diverse, unique businesses downtown
- Establish a business recruitment and retention program to expand the business base in the Borough
- Lure enterprises that provide an experience or entertainment; i.e., Rainforest Café
- Encourage exciting displays, creative exhibits in shop windows
- Publicize downtown business offerings
- Establish themed downtown venues
- Market variety of downtown offerings

HIGH HOUSING COSTS

The lack of affordable housing in the Borough is primarily caused by the growth of Pennsylvania State University and related housing demand created by students seeking off-campus housing. Thus, a large portion of the housing stock is occupied by students, and the potential for high profit margins remains attractive to real estate investors. This trend has increased housing costs overall.

The average market price for a single family home in 2007 was \$233,433. The minimum income needed to purchase a home at that price is \$72,562 plus \$18,675 in down payment and closing costs. Median income for a 4-person household is \$64,200 and at that income level, a household could only afford to buy a home costing \$198,432. The gap between the average market price and the maximum affordable price for a household earning the median income is \$35,000.

Possible Strategies:

- See strategies for Changing Face of Penn State
- Partner with real estate professionals to seek a buyer market for single-family homes
- Partner with agencies for affordable, mixed housing

- Work with Penn State and other large employers to create an employer assisted housing program

SAFETY AND CRIME

Based on historic data accumulated by the State College Police Department, a pattern has been observed related to the occurrence of serious crimes. The largest percentage of crime is committed around the time that the bars and liquor establishments close disbursing their patrons into the community. People who live here feel safe, but the perception of the outside community is that downtown is dangerous, particularly after dark.

Possible Strategies:

- Increase bike/foot patrols downtown, after dark
- Publicize officer presence downtown
- Publicize downtown events after dark, showing the diverse population attending events
- Improve walkways, lighting

GANGS

Although Johnstown, Altoona, and Williamsport have reported significant problems with gangs, at this time the State College Police Department believes that they do not have a significant problem with gangs established here. Although there are visitors to the area with gang affiliations, the transient nature of the student population with turnover every four years rotates gang affiliates from our area. The police are proactive at this time having an officer that is trained on how to recognize the signs of gang infiltration. Efforts will be taken to ensure that gang related problems are handled quickly, before reaching the point of becoming a significant threat to our community.

Possible Strategies:

- Educate public about gang indicators and activity
- Research and implement gang deterrents
- Cooperate with other law enforcement agencies to ensure a coordinated approach to anti-gang activities

RICH TERRORISTIC TARGET AREA

The Centre Region is a popular tourist attraction. Seven weekends out of the year, over 100,000 football fans pack Beaver Stadium, making it a prime target for a high number of casualties and worldwide media attention. The student blend at the University includes students from worldwide points of origin, some of whose home countries have been in conflicts for thousands of years. With a number of Penn State events having broad, national coverage, a terrorist seeking a high profile event would find Beaver Stadium a desirable target. In areas such as New York with a police force of over 40,000 officers, the increased level of police services may serve as a deterrent.

Possible Strategies:

- Educate and encourage public to report unusual activity
- Research and access terrorist tracking data
- Partner with Penn State to identify students/faculty who may be risk factors
- Plan for terrorist attack in a highly congested area such as Beaver Stadium
- Implement preparedness logistics in case of mass evacuation, transport of injured to hospital, etc.

MANMADE DISASTERS AND NUCLEAR RISKS

The presence of a nuclear reactor in University Park leads some in the community to have concerns about safety. The University has advised us that the level of risk associated with their reactor is very low. The University maintains a paid, professional staff that is trained in the handling of hazardous materials. The hazmat team has up-to-date training and equipment ensuring that any accidental discharge of materials will be quickly and safely contained. The Centre Region will experience an increase to materials risk as I-99 reaches completion and increased traffic begins to flow through our area.

Possible Strategies:

- Request official safety reports of nuclear reactor
- Plan for disaster scenarios and conduct training exercises to assure preparedness
- Implement logistics in evacuation, transportation to hospital, etc.
- Periodically conduct air, water quality monitoring

STRATEGIC INITIATIVES

The 2009-2014 strategic plan for the Borough of State College outlines six (6) goals for the future of the municipality as illustrated in the table below. The highest priority objectives as identified by council members are highlighted in bold text.

Goal 1:	Maintain safe, stable, attractive neighborhoods
	A. Improve neighborhood programs**
	B. Encourage home ownership by expanding current programs and exploring new programs**
Goal 2:	Improve Operational Support Systems to Enhance Productivity
	A. Continue to offer municipal services that support the quality of life in the region and assure fiscal and operational sustainability**
	B. Formalize corporate culture and organizational policies to reflect core values
	C. Create and adopt a formal Risk Management Plan for the borough
	D. Continue facilitation of ERP project planning and implementation
	E. Develop a succession plan
	F. Achieve diversity of borough staff
	G. Review core functions in environmental scan (Oct 2008) to determine validity
	H. Improve communications within the organization, with retirees and the community
Goal 3:	Partner with local, regional and state entities to expand cooperative opportunities and obtain funding for key initiatives
	A. Create partnership between borough, DID and Penn State University to implement key community initiatives**
	B. Continue to lobby state representatives for flexibility for enhanced revenue sources**
	C. Continue and enhance inter-municipal regional cooperation**
	D. Explore non-tax revenue funding and collaboration with Penn State**
	E. Develop a strategy for county wide tax collection legislation
	F. Explore Vertical integration strategy with county, state, school districts, PSU, Chamber, etc. (super partnership)
Goal 4:	Expand Housing Opportunities
	A. Establish partnership with hospitals, lenders and key employers to create housing opportunities for staff in neighborhoods**
	B. Implement joint housing program
	C. Determine the student housing market in order to direct the demand in select areas (from R1 and R2 districts)
Goal 5:	Continue to Improve Public Spaces and Community Infrastructure
	A. Implement recommendations from sustainability report**
	B. Continue to improve transportation options
	C. Continue to evaluate downtown parking policies
	D. Complete improvements to the Public Works Service facility to preserve capital investments and improve productivity and responsiveness
	E. Improve the public realm of downtown
Goal 6:	Foster Commercial Revitalization
	A. Partner with property owners to redevelop revitalization plans for neighborhood shopping centers include the Hamilton & Westerly, and South Atherton**
	B. Update the downtown master plan
	C. Promote and develop the arts theme" for downtown programming"

Goal 1 of the plan addresses the importance of maintaining safe, stable and attractive neighborhoods. This will be accomplished through continued efforts to support and enhance neighborhood programming, including working with existing neighborhood groups and organizations. In addition to efforts to empower organizations and groups to within their neighborhoods, the borough seeks to expand housing initiatives by encouraging and fostering home ownership. A variety of strategies will be employed including working with property owners and private developers to encourage investment to maintain and enhance neighborhoods.

Goal 2 focuses on the continued efforts of the staff to increase the productivity and efficiency of the borough operations. This includes strategies to ensure sustainability of the parking, purchasing and risk management, Information Technology, human resources, planning/zoning, public works and COG functions that support the borough and region. This goal also includes several objectives to support and maintain the internal culture of the borough staff, as well as increase diversity of the staff communications with key stakeholders.

Goal 3 outlines the importance of regional partnerships to ensure the continued viability of the borough. This includes developing a formal partnership with Penn State University to develop and implement mutually beneficial initiatives, continuing to work with other municipalities and elected officials to explore revenue enhancing and cost savings opportunities and continue to foster collaboration.

Goal 4's primary focus is on developing additional housing and especially workforce housing within the borough. This will include strategies to work with the university and other major employers in the region to develop initiatives and provide incentives for the development of housing in the downtown areas. Over the long run, efforts will also include analyzing demand for student housing and identifying growth and selecting specific areas for the continued development of student housing.

Goal 5 addresses the continued importance of maintaining the infrastructure and public spaces that support the quality of life within the borough. This includes implementing key recommendations from the sustainability report along with efforts to maintain and enhance public transportation, parking, making selected public works and downtown streetscape investments.

Goal 6 outlines initiatives geared toward fostering commercial revitalization, particularly in the downtown area and within the Hamilton, Westerly and South Atherton neighborhoods. This will include working with property owners and investors to develop revitalization initiatives within the area.

These selected high priority investments along with a continued emphasis on the cost effectiveness of borough operations will ensure the sustainability of the borough into the future.

APPENDIX A: OPERATIONS REVIEW

Background

As part of its strategic planning process, the Borough of State College desired to complete a strategic planning process during the 2009 calendar year that included a hybrid approach of an early intervention plan and strategic plan. The hybrid approach accomplishes two primary objectives by providing Borough Council with information necessary to make informed decisions regarding the 2010 budget process, as well as, facilitating the development of a collective strategic vision that identifies key initiatives that in turn will drive the activities of the organization. An operations review was conducted as part of phase two of the contracted project scope. The methodology and findings are outlined in the narrative that follows.

Methodology

During the operations review the SSI consulting team conducted thirty-five initial in-depth interviews of key staff members and elected officials following the project kick-off meeting on May 13, 2009. An additional forty-seven in-depth interviews were completed between May 20, 2009 and June 11, 2009. Over the course of the entire interview process SSI met with all the elected officials, department heads, key line-staff, as well as, external players including key decision makers at the Pennsylvania State University.

An additional meeting was also held with representatives from the finance and administration areas to answer specific questions that SSI staff identified in the process of conducting interviews, reviewing the current budget and additional Borough financial documents.

Following the interview process, potential cost savings opportunities and operating efficiencies were identified by the SSI consulting team. It is important to note that the financial numbers associated with cost savings opportunities are relative estimates based on the information reviewed to date coupled with past experience of the consulting team.

The potential cost savings opportunities and operating efficiencies as well as the associated financial numbers are based on the observations of the consulting team and the interview process. They should be considered preliminary findings that are subject to further review and prioritization. Further analysis and refinement based on prioritization of key projects is required as the strategic planning and early intervention process moves forward. The estimates included in this report include order of magnitude projections and not final budget estimates. Further, the

operational efficiencies must be given careful consideration to determine how they are prioritized and specifically fit into the strategic plan as the Borough moves forward.

Operations Review Executive Summary

The Borough of State College faces critical financial challenges and opportunities over the next decade. Uniquely responsive to the community's expectation of exceptional customer service, the Borough provides enhanced core services to the borough residents as well as to a number of the surrounding municipalities. Maintaining a commitment to enhancing the quality of life of its residents by fostering a safe, vibrant, diverse and sustainable community when faced with an increasingly stagnant revenue base will continue to prove to be one of the greatest challenges faced by borough leadership.

While the Borough is well managed and seems far from economic crisis mode, maintenance of the status quo with respect to identifying and funding key strategic initiatives while increasing tax revenue could lead to crisis in relatively few budget cycles. The five-year financial forecast prepared by Borough staff during the 2009 budget process highlights three scenarios for consideration during the budget process. These scenarios present an excellent representation of the crossroads currently faced by the Borough as it continues to strive for financial sustainability in the long term. It is obvious that maintaining the "*Status Quo*" as suggested in *Scenario 1* of the five year financial forecast is a lose/lose proposition where expenditures continue along a historical trend line and funding for programs and services remain at their current levels while revenues are also projected to continue along their historical trend line without any increase in tax rate. The scenario of maintaining the "*Status Quo*" has expenditures exceeding revenues in each year with the General Fund Balance being exhausted by mid – 2010, driving home the point that without taking proactive measures, the Borough will find itself in economic crisis.

The Borough will benefit greatly from a strategic plan with specific goals and objectives based upon a clear vision that is articulated and highly supported by council leadership. This plan has the potential to serve as a virtual compass by which leadership decisions are gauged and budget funds are ultimately invested.

It is clear through the council and staff interview process that the Borough currently operates with a great deal of fiscal responsibility and effectiveness. There exist few opportunities for significant operational expense reductions without disruption of the current services provided and the level of service excellence that has come to be expected by the residents of State College. While there are some opportunities for additional revenue generation by means of increased fees and charges, many of these also have limited financial impact and may require some additional analysis and cost to implement in order to reap the maximum benefit. Selected tax

increases, including the pending sales tax legislation offer some opportunity for potential revenue enhancement, but must be used wisely in conjunction with an overall return on investment strategy.

The tables below quantify the impact of implementing all suggested primary operating cost reductions and revenue enhancements.

REVENUE ENHANCEMENT OPPORTUNITIES	
Restructure parking fees and violations	
<ul style="list-style-type: none"> • Increase on street parking fees from \$1.00 to \$1.25 per hour as a long-range goal. \$65,000 • Expand hours of meter enforcement \$112,500 • Increase meter violations from \$6.00 to \$10.00 per incident. \$68,000 • Elimination of 50% ticket reduction paid within 30 minutes of ticket issue. \$5,000 	
Home football game service fee (additional unreimbursed police expense/game – 8 games + blue & white plus public works set-up)	\$125,000
NET IMPACT TO GENERAL FUND:	\$375,500
Use Beaver Garage for long-term student parking.	
<ul style="list-style-type: none"> • 50 - 80 spaces @ \$250 per semester permit \$30,000 • Implement exit fees for vehicle use 	
<ul style="list-style-type: none"> • Increase parking garage hourly rates from \$0.75 to \$1.00 per hour. \$100,000 	
NET IMPACT TO PARKING FUND:	\$130,000
TOTAL PROJECTED REVENUE GENERATION:	\$505,500

COST SAVINGS OPPORTUNITIES	
Potential for police realignment and overhead cost reduction	\$25,000
Eliminate vacant public works laborer position	\$35,000
Arborist fee-for-service (cost savings or revenue generation)	\$20,000
NET IMPACT TO GENERAL FUND:	\$80,000
Reevaluate middle management component of parking staff to achieve maximum effectiveness and efficiencies.	\$40,000
Need to evaluate reducing the staffing compliment associated with customer service monitoring of “pay on foot” garage system. Concentrate staff in Beaver Garage with monitored call button service at Frasier and Pugh garages.	\$75,000
NET IMPACT TO PARKING FUND:	\$115,000
TOTAL PROJECTED COST SAVINGS:	\$195,000

In addition to revenue enhancing and cost savings opportunities, there also exist some options for enhancing the tax generated beyond raising borough millage. First is the implementation of an optional county sales tax with components of additional property tax revenue and a smaller portion of newly created tax. Appropriately raising real estate tax millage to meet current service levels is essential. While an alcohol tax is worthy of consideration, realistically it is not achievable with respect to the budgeting process in the short-term.

Operations Review

The following narrative offers key insights garnered through the in-depth interviewing process with respect to each department as well as key services provided by the COG. These bullet points represent the feedback obtained during the interview process, as it pertains to each department. Those comments that were “overview” type observations were included in the administration department section. While many of these highlights reflect the perception and opinions of individuals rather than stand alone strategic initiatives, it is important to consider them with respect to the overall process. It lends insight as to how elected officials, outside interviewees and staff at all levels perceive Borough operations at the present time, and could provide potential areas for further exploration by the Borough administration. It is also important to note that these findings in many cases are observations/feelings/beliefs of the individuals interviewed and are perceptions. The perceptions may not, in all cases, reflect the specific situation and should be considered in that regard.

Based on the data gathered, particular strengths are also noted by department. In conclusion, opportunities for revenue generation, cost savings and operational efficiencies are outlined by department. When possible, revenue generating and cost savings opportunities were assigned generalized financial dollars.

Administration

Overview

The Department of Administration includes the Manager, who directs all operations of the Borough, provides budgeting, performance measurement, human resources, purchasing and risk management services and provides support to the Mayor and Borough Council.

Interview Process Highlights

The interview process provides a great deal of underlying information about the culture of the organization. While many respondents regardless of position with the organization expressed significant strengths and cited many examples of solid business practices, some concerns were also expressed. Overall, several employees from various levels of staff and management expressed the perception that there is a “fear of risk taking” present in the organization and ultimately a “fear of failure”. The high level of professionalism and competency seem to produce an environment

for some that suggests failure will not be tolerated, and therefore hampers risk taking initiatives.

Those interviewed were asked if the Borough was essentially an architect of the future or a maintainer of the status quo. The vast majority of interviewees recognized that the Borough both needed to be and was striving to be an architect of the future, however, they were also very cognizant of limitations that perhaps hampered the Borough's ability to break through status quo mode and be real architects of the future. Many interviewees were well aware that the Borough could not continue to provide the same level of service with the same revenue base. Limitations cited include costs associated with innovative strategies and the lack of available funds due to what they perceived as a stagnant revenue base. Employees realize that a lack of room for physical growth greatly hampers growth of revenue generated from the tax base, and some think that regionalization is a key to long-term success.

The Borough has a high level of respect and responsiveness toward its residents; however, a few employees were quick to point out that this level of responsiveness often lead to a focus on tackling many little projects that the Borough had no capacity to complete. There is also a perception that this leads to losing focus on the strategic priorities and investing resources accordingly. It was suggested by one interviewee that the Borough needs to focus on strategic objectives, monitoring progress with respect to identified objectives and prioritizing issues.

The vast majority of staff possesses a high level of respect for the upper level administration. The Borough Manager is often cited as a strong leader and a driving force for change within the Borough. Many feel that administration is made up of innovative thinkers in leadership roles. Some staff, however, expressed specific concerns that there is "no concept of the big picture" prevalent in their department and that communication within their department and between departments was in need of improvement. Sporadic negative comments from the middle management level through line staff including those bulleted below suggest that not everyone is on the same page with respect to the big picture. This also suggests that internal communication (and consistency of internal communication) should be an area for further evaluation and the focus of improvement efforts.

- Concern that administration staff is a little top-heavy.
- Administration has some dead weight and could be reorganized to provide more support to council, but it is easier to be passive and wait for people to leave in their own time.
- Perception that administration spends too much money on studies and consultants.

It was noted on several occasions through the interview process that there existed an opportunity to reorganize the administrative support staff that currently function

as a pool. In general, perceived operational efficiencies are often lost in the pooling process in an effort to generalize administrative support work when unique skill sets can add value to specific departmental tasks. Reevaluating the particular skills and demands required of the administrative support staff coupled with an appropriate degree of cross-training could afford additional operational efficiencies and potential savings.

Finally, several members of the management team expressed concern regarding succession planning and the need for a new financial management system that ties in key functions of the human resource department. Some of the Borough's greatest assets are its long-term employees. Without deliberate succession planning initiatives, this could result in the loss of a significant amount of institutional capital being lost as long-term employees near retirement.

Strengths

- Leading role in COG administration and consolidated services provision.
- High level of staff expertise, quality service delivery and innovation.
- Reputation outside of the Borough as being a premiere, forward-thinking municipality.

Opportunities

The Borough leadership needs to strengthen communication to all departments. Some staff members specifically identify poor communication or lack of communication as an issue. This is further evident in divergent view that staff hold about administration with respect to change. Some staff members find administration to be visionaries and others feel their fear of change inhibits the Borough from moving forward.

With a great deal of long term employees, succession planning is critical to ensure the continued high level of quality services that the Borough provides both internally and externally. One of the greatest strengths of the Borough is the high level of expertise of its staff members. Succession planning is the key to preserving seamless service delivery.

A technology update of the financial management system is required to meet the needs of the day to day human resources functions. Follow through with the replacement of the technologically ineffective financial management system would provide employees with on-line access to insurance claims, vacation time, etc.

There is a great deal of negative feedback regarding the administrative support pool. With 4 full-time employees in the pool, operational efficiencies can be achieved by disbanding pooled administrative support functions.

Establish a position to centralize grant writing including public and private funding sources, and develop an internal marketing plan.

Purchasing

Overview

The Purchasing Office, part of the Administration Department, is responsible for the administration of the Borough's Purchasing Ordinance and regulations. This includes developing and reviewing specifications for bid packages, maintaining vendor contacts to enhance procurement of all municipal services and supplies, reviewing contracts, and the acquisition of required goods and services for all Borough Departments.

Interview Process Highlights

- A group purchasing function is needed for parks and recreation if and when adequate storage facilities could be obtained to handle bulk purchases.

Strengths

- Group purchasing agreements that include the COG when possible.
- Online auctions for sale of assets have increased revenue.

Opportunities

Continual review of group purchasing opportunities will lead to continued and proactive cost savings.

Finance

Overview

The Finance Department is in charge of matters concerning financial accounting, reporting services, payroll and tax collection. The finance department provides financial services to the Centre Region Council of Governments (COG) and tax collections services for various regional municipalities and State College Area School District.

Interview Process Highlights

The vast majority of comments and expressed concerns from staff with respect to the finance department were focused on taxes the revenue generating capability of the tax base. Specific concepts expressed by the majority of staff are as follows:

- The stagnant tax base is the greatest problem faced by the Borough.
- The tax base is maxed out.
- There is a need to further explore the opportunity of a county option sales tax, similar to Allegheny County.
- A poured drink tax could potentially generate two million dollars in revenue, but it would require a significant lobbying effort and a significant amount of time before it could become a reality.

It was also suggested by some that losing the business privilege tax was a huge mistake. The repeal generated some good will among downtown business, but the loss in steady revenue has been devastating.

The five-year financial forecast prepared by Borough staff during the 2009 budget process highlights three scenarios for consideration during the budget process. These scenarios present an excellent representation of the crossroads currently faced by the Borough as it continues to strive for financial sustainability in the long term. It is obvious that maintaining the “*Status Quo*” as suggested in *Scenario 1* of the five year financial forecast is a lose/lose proposition where expenditures continue along a historical trend line and funding for programs and services remain at their current levels while revenues are also projected to continue along their historical trend line without any increase in tax rate. The scenario of maintaining the “*Status Quo*” has expenditures exceeding revenues in each year with the General Fund Balance being exhausted by mid – 2010, driving home the point that without taking proactive measures, the Borough will find itself in economic crisis.

It can be asserted that a combination of *Scenarios 2 and 3*, “*Increase Taxes*” and “*Reduce Operating Expenditures*” respectively from the five-year financial forecast offer a balanced approach for the Borough to move forward in the 2010 budget process. A summary level excerpt of *Scenarios 2 and 3* from the five year financial forecast follow to provide some context for the recommended expenditure reductions and revenue enhancements, keeping in mind that the overall scenarios will have changed to some degree as a result of the implementation and exclusion of particular recommendations during the now completed 2009 budget process.

Scenario 2 of the Five-Year Financial Forecast

“Increase Taxes”

Because real estate assessed valuation is projected to continue at a flat rate of growth, a raise in the tax rate is necessary to generate additional revenue. This

model projects a total Real Estate Tax increase of 7.60 mills over the five-year period. Expenditures are projected to continue along the historical trend line, and the model maintains funding for programs and services at their current levels. Revenues exceed expenditures in 3 of the 5 years, and the Fund Balance is generally maintained at 12% of expenditures in all years.

	2009	2010	2011	2012	2013
Beginning Fund Balance	\$2,706,825	\$2,873,382	\$2,512,012	\$2,699,342	\$2,495,251
Revenue	\$17,992,761	\$18,403,439	\$19,848,243	\$20,303,187	\$21,373,288
Expenditures	\$17,826,205	\$18,764,809	\$19,660,912	\$20,507,279	\$21,330,882
Revenue less Expenditures	\$166,557	\$(361,370)	\$187,331	\$(204,092)	\$42,407
Ending Fund Balance	\$2,873,382	\$2,512,012	\$2,699,342	\$2,495,251	\$2,537,657
Fund Balance Reserve Goal (12%)	\$2,139,145	\$2,251,777	\$2,359,310	\$2,460,873	\$2,559,706

Balanced Budgeting

Annual expenditures exceed annual revenues in 2 of 5 years

Tax Policy

Raises Real Estate Tax (7.60 Total Increase)

- 4.25 mill increase in 2009 (Total = 14.79 mills)
- 2.00 mill increase in 2011 (Total = 16.79 mills)
- 1.35 mill increase in 3013 (Total = 18.14 mills)

Maintains current levies

- Earned Income Tax 1.3%
- Local Services Tax \$47.00
- Real Estate Transfer Tax 1.0%

Programs and Services

Maintains all programs and levels of services.

Fund Balance

Maintains 12% in all years.

Scenario 3 of the Five-Year Financial Forecast

“Reduce Operating Expenditures”

Revenues are projected to continue along the trend line without any increase in tax rates throughout the 5-year period. The model projects a \$2.1 million reduction in operating expenses in 2009 and projects future expenditures from that reduced baseline. Programs and services will be reduced with spending reductions.

Revenues exceed expenditures in 2 of the 5 years. A Fund Balance of 12% of expenditures is maintained in 4 of the 5 years, but is reduced to 9% in 2013.

	2009	2010	2011	2012	2013
Beginning Fund Balance	\$2,706,825	\$3,144,790	\$3,151,511	\$2,940,568	\$2,442,311
Revenue	\$16,168,009	\$16,567,564	\$17,131,970	\$17,570,358	\$18,029,911
Expenditures	\$15,730,043	\$16,560,844	\$17,342,913	\$18,068,615	\$18,764,491
Revenue less Expenditures	\$437,965	\$6,721	\$(210,943)	\$(498,257)	\$(734,578)
Ending Fund Balance	\$3,114,790	\$3,151,511	\$2,940,568	\$2,442,312	\$1,707,731
Fund Balance Reserve Goal (12%)	\$1,887,605	\$1,987,301	\$2,081,150	\$2,168,234	\$2,251,731

Balanced Budgeting

Annual expenditures exceed annual revenues in 3 of 5 years

Tax Policy

Maintains current levies

- Real Estate Tax 10.54 mills
- Earned Income Tax 1.3%
- Local Services Tax \$47.00
- Real Estate Transfer Tax 1.0%

Programs and Services

Reduces spending by \$2.1 million in 2009 and projects future operating expenditures from that reduced baseline. Programs and service levels will be impacted by the reduction; however, the impact cannot be specifically defined at the present time.

Fund Balance

Maintains 12% in years 1 – 4, but reduces to 9% in year 5.

The finance department staff expressed concerns specifically related to their department. Those commonly expressed by finance department staff are as follows:

- Finance staff has no interaction with their counterparts at the university, but constant contact with their counterparts throughout the region.

- Interdepartmental communication is terrible.
- Finance department staff is getting killed by manual processes. They feel needlessly overburdened and overloaded. A new financial management system would greatly improve employee morale.
- There is little room for cost savings without cutting personnel from the budget.

Strengths

- Finance provides exceptional quality financial services to the COG, library, access cable television, etc., in spite of a technologically antiquated financial management system.
- The finance staff exhibits a high degree of professionalism, enthusiasm and desire to market their expertise to attract high quality fee-for-service business outside their current scope of business once the appropriate financial management system resources are in place.

Opportunities

Replacement of the antiquated financial management system is absolutely essential to keeping the fee-for-service financial business viable. The finance staff is working diligently to establish a relationship with the new finance director of the COG while determining the immediate and future requirements of financial reporting for the COG. Presently, financial reporting is largely a manual process and can be quite time consuming. Finalizing the purchase of a new financial management system would allow for automated customized reporting for the Borough and its customers. The absence of the ability to respond timely to financial reporting needs and the continuation of manual “by passes” to generate routine financials could soon lead Borough customers to seek financial services elsewhere.

With the addition of a new financial management system, the Borough could potentially expand the scope of financial services that it offers to the COG and other regional entities to include purchasing and risk management as well as expansion of payroll and accounting.

There also exists an incredible opportunity to enhance Borough financial reporting in the areas of budget forecasting, outcomes and tracking. A new financial management system would allow for a more proactive approach to responding to the Borough’s own financial circumstances.

With the introduction of Act 32, that would establish income tax collection hubs across the state, the Borough has the opportunity to be one of the collection hubs. Again, it would be critical to have an updated financial management system to take on this type of service.

The current Council’s tolerance level for tax increase seems to fall at approximately 0.5 mils. In order to maintain current service levels and keep up with inflation the minimum annual millage increase is approximately 0.7 mils. A 1.0 mill increase generates approximately \$440,000 in revenue. A minimum consideration should be a 0.7 mil increase in the tax rate. Appropriately raising real estate tax millage to meet current service levels is essential.

The implementation of an optional county sales tax with components of additional property tax revenue and a smaller portion of newly created tax is a feasible relatively short-term solution to additional tax revenue generation. While an alcohol tax is worthy of consideration, realistically it is not achievable with respect to the budgeting process in the short-term.

TAX RESTRUCTURING OPPORTUNITIES	
Optional County Sales Tax	
• Additional Real Estate Tax	\$1,100,000
• Newly generated tax	\$700,000
Real Estate Tax Increase of 0.7 mills	\$308,000
TOTAL POTENTIAL TAX GENERATED REVENUE:	\$2,108,000
(Longer Term > 5 years) Alcohol Tax	\$2,000,000

Information Technology

Overview

The Information Technology Department provides centralized technology services for the State College Borough. The IT Department also provides technology services to other municipalities and regional entities

Interview Process Highlights

While the Borough has consolidated IT networking with all fiber and connections in place, staff intimate with the IT process expressed specific weaknesses associated with information technology strategy across the Borough as a whole. Those mentioned specifically are listed below:

- IT is not viewed strategically and there is no clear investment in a centralized Borough IT strategy.
- IT needs to be strategically ingrained into each of the initiatives that the Borough undertakes.
- IT needs to be routinely consulted when new projects are initiated – i.e.: when the new parking system was developed, IT was not consulted in the design and specification phase.

Strengths

- Consolidated IT networking; all fiber and connections are in place.
- Contract with Regional Technology Coalition, and a strong regional program.

Opportunities

An opportunity exists to develop a comprehensive Borough strategic IT plan and to imbed IT strategy into the design and implementation of all Borough project development. This would insure consistency and appropriate technology networking throughout the Borough.

Ordinance Enforcement and Public Health

Overview

The Department of Ordinance Enforcement and Public Health (DOEPH) is required to inspect and license all restaurants in the Borough as well as enforcing snow and weed restrictions and enforce the refuse ordinance. DOEPH must also enforce dog regulations, sanitation laws, referrals, and other various issues related to public health. This department aids and provides services for College, Patton and Ferguson Townships. Upon request, the department inspects rental housing for health hazards and tracks all nuisance rental housing violations. DOEPH will also inspect swimming pools and investigate complaints regarding health nuisances and hazards.

Strengths

- Strong presence with the COG and regional work being done in this capacity.

Opportunities

A vacancy in the Director position of this department presents an opportunity to address specific strategic goals:

- Further investigate the opportunity for a 315 designation for State College.
- Utilize the existing staff expertise and initiative to lead the effort in expanding to a state-certified health department.

There is an identified need for further research to compile a strategic business plan and solicit support throughout the region for growth to a state-certified health department within the Centre Region, perhaps focusing on the I-99 corridor.

Develop and expand Neighborhood Programs building on the strengths identified above.

Parking

Overview

The Parking Department operates over 1,600 parking spaces in the downtown both on-street and off-street. The Department parking inventory includes four garages, four surface lots and on-street, metered parking spaces. The Department also provides parking enforcement throughout the Borough and parking billing and revenue collection services.

Interview Process Highlights

The restructuring of parking fees and violations was a hot topic of interview discussion. Borough staff almost unanimously came down on the side of increasing parking rates and enforcement hours while eliminating existing grace periods and fine reductions currently in place. However, elected officials who commented on parking issues were advocates of building more incentives into the parking system to benefit local business and residents.

Examples of features that were considered as negatives by most staff and positive by most elected officials include:

- No monitoring of street meters after 6:00 p.m.
- Agents working and enforcement only until 10:00 p.m.
- Low parking fees.

When considering any change to the parking fee structure, it is important to develop a well thought out implementation process that minimizes negative public reaction.

Several staff members cited frustration with the parking system, feeling like it takes a long time to make any changes in this area and that a variety of issues exist with respect to parking and very few are actually addressed. A need for a technical plan for restructuring parking fees and services is a perceived need.

Also, several staff members cited the disrepair of the McAllister Street parking deck, and the potentially large maintenance investment that it will require in the near future. A potential opportunity to diffuse ongoing maintenance costs with little revenue generation is to explore the feasibility of selling the parking deck to the adjacent church and leasing back the first level.

Strengths

The parking department offers a high level of customer service and responsiveness. Borough residents and visitors are afforded benefits described below:

- Free parking on Sundays.
- No on-street enforcement after 6:00 p.m.
- No lot enforcement after 10:00 p.m.

However, many of these perceived strengths are in fact luxuries to residents and visitors that conversely reflect opportunities for additional Borough revenue generation when eliminated or modified. The key to implementing much of the parking restructuring is to capitalize on the strength of customer service and responsiveness and strive to virtually eliminate potential ticketing/citation errors.

Opportunities

The parking department has 12 full-time and 6 part-time employees. The Manager of Parking Operations position is currently vacant with the Assistant Parking Manager serving as acting manager. The Borough should take advantage of the opportunity created by the current Parking Manager vacancy to evaluate and address the size of the management team in the Parking Department.

Proposals to increase parking fees and fines have proven to be controversial not only within Borough government but also within the community. As a result, Council has approved only limited increases in the past. In an attempt to provide the level of customer service that has become the hallmark of State College Borough, the Borough is missing the opportunity to phase in parking increases over time to not only enhance the revenue base needed to continue to provide high levels of service, but to reflect consistency with the local parking market and demand.

An opportunity exists for the Borough to develop demand-based parking rates, for example evening enforcement and variable daytime and seasonal rates. While no on-street enforcement after 6:00 p.m. has been deemed an asset by some, it also represents a significant missed revenue opportunity. The Borough finance department has estimated full on-street enforcement until 10:00 p.m. to represent a revenue generating potential of \$225,000 annually. Through gradual phase in or limited additional hours of on-street enforcement, at least half of that potential should be realized. Since demand for on-street and surface parking remain strong past 10:00 p.m., the Borough should consider additional alternatives to match market demand.

An additional opportunity to generate revenue by eliminating the benefit of a 50% discount of parking meter fines when paid within thirty minutes of ticket issuance. The Borough currently offers a five-minute built in grace period before ticketing occurs, and staff has noted that the 50% discount may serve less as a courtesy extended to occasional parking offenders and more as a discounted parking fee

capitalized on by habitual offenders. This program should be evaluated to determine if it should be continued or modified in the future.

Finally, taking into account the high rate of foot traffic in state college borrow, the established service excellence of the transportation system and the demand for student parking, another opportunity to explore is the conversion of 50 to 80 unutilized spaces in the Beaver Garage to accommodate students who require transportation to and from campus, but do not have a need for daily or even weekly vehicle utilization. Pricing a semester parking permit at \$250 per semester with a nominal exit fee could generate a conservative estimate of \$30,000 in annual revenue.

Reduce staffing compliment associated with customer service monitoring of "pay on foot" garage system. Concentrate staff in Beaver Garage with monitored call button service at Frasier and Pugh garages.	\$75,000
TOTAL PROJECTED COST SAVINGS:	\$75,000
Restructure parking fees and violations	
<ul style="list-style-type: none"> Increase on street parking fees from \$1.00 to \$1.25 per hour as a long-range goal. Expand the hours for meter enforcement Increase meter violations from \$6.00 to \$10.00 per incident. Eliminate the 50% ticket reduction paid within 30 minutes of ticket issue. 	<p>\$65,000</p> <p>\$112,500</p> <p>\$68,000</p> <p>\$5,000</p>
TOTAL PROJECTED REVENUE GENERATION:	\$250,500
NET IMPACT TO GENERAL FUND:	\$325,500

Use Beaver Garage for long-term student parking.	
<ul style="list-style-type: none"> 50 - 80 spaces @ \$250 per semester permit Implement exit fees for vehicle use 	\$30,000
<ul style="list-style-type: none"> Increase parking garage hourly rates from \$0.75 to \$1.00 per hour. 	\$100,000
TOTAL PROJECTED REVENUE GENERATION:	\$130,000
NET IMPACT TO PARKING FUND:	\$130,000

Planning

Overview

The Planning Office is responsible for all matters pertaining to land use, planning and zoning inside the Borough. Additionally, the Planning Department administers the Community Development and Housing programs.

Interview Process Highlights

Most Borough staff and elected officials are highly concerned with downtown redevelopment and the need for residential housing for working families. They value a diversified business presence in the downtown area as well as sustainable, thriving green space and diverse neighborhoods that appropriately meet the needs of students, working families and seniors. It is in this context that the following priorities surfaced during the interview process:

- The Borough needs the ability to act on downtown redevelopment initiatives.
- The Borough should be leading the initiative in downtown redevelopment.

Several concerns also were cited in within the context of the leading paragraph. They include:

- Concern that if the population shift continues, the downtown area housing will be in shambles.
- Concern regarding the lack of housing diversity.
- Concern that there are limited opportunities for additional housing to keep working families residing in the Borough.

It was also noted that to achieve the level of community sustainability expected by Borough staff, elected officials and the community at large, zoning changes are imperative, as well as a high level of zoning enforcement.

Finally, succession planning has been identified as a concern throughout the Borough departments, however with the integral relationship that the planning department has with the strategic plan of the Borough, it is necessary to build succession planning as a key departmental priority in order to ensure seamless service delivery.

Strengths

- This Planning Department brings in a fair amount of revenue that enables the Borough to provide affordable housing and services as well as supplement some of the revenue that cannot be generated through taxes.
- The Borough has branched out to do housing in other municipalities, and could do more if there was more staff.
- Successful grant writing and administration is becoming more prevalent throughout the Borough departments, especially planning, public works and police.
- The Planning Department has a strong collaborative relationship with the region, County and Penn State University

Opportunities

Develop housing opportunities for non-students as a part of the downtown redevelopment plan.

Police

Overview

The Police Department is a full service police agency that is responsible for patrolling the community, responding to calls from citizens, and investigating and enforcing criminal and traffic laws and municipal ordinances. In addition to policing the Borough of State College, the police department provides police services to College Township and Harris Township.

Interview Process Highlights

When considering one of the largest departments within an organization, it is neither uncommon for staff members within the department to fear significant cut backs, nor is it uncommon for staff members outside the department to present a laundry list of potential cost savings opportunities for the department. Such was the case for the Borough's Police Department.

Borough staff and elected officials alike praised the training, high skill level and overall quality of service provided by the Borough police. However, more than one interviewee brought up the notion that perhaps the training and skill level and its subsequent cost were too costly for the needs of the borough.

The issue that was brought up most often with respect to the police department was the perceived inequity of the reimbursement by Penn State University with respect to Borough costs incurred providing police services during PSU home football games. Specifically interviewees cited the following:

- The university should be helping to fund some of the university events that police have to cover.
- The Borough needs to make sure that the department is spending money on the right things, and charging appropriately for the services that police provide.
- Something needs to be done about revenue sharing for special events, paying for officer overtime, community readiness, and making sure the population is safe.

Most were so impressed with the caliber of professionalism and service provided by the Borough police that they felt the need to explore additional partnering opportunities further with municipalities in the region.

Strengths

- Positive culture.
- Well respected throughout the community.
- High degree of competency in terms of public safety and handling problems in the Borough included those related to the challenges of a large university student population.
- High level of employee job satisfaction.

Opportunities

The Police Department provides significant unreimbursed services for home Penn State University football games. A service fee for police service at home football games represents an opportunity for revenue enhancement.

There is a potential long-range opportunity in exploring the option of expanding police service to additional regional municipalities. The Borough and the University may want explore the strategic long-range possibility of merging the Borough police force with the University police force.

The Borough should further explore the possibility that there exists a potential opportunity for police force realignment that could result in the reduction of overhead costs. One focus area of exploration should include the utilization of the captain position. It is possible that at least one of these positions could be shifted to achieve greater value with a two captain staffing structure, while re-categorizing training and accreditation functions under a separate position.

With 8 detectives, 1 community resource officer, and 2 school resource officers and 6 ink-jet printers currently in use, there is potential for cost savings.

Home football game service fee (additional unreimbursed expense/game – 8 games + blue & white) and Public Works costs for game day set-up	\$125,000
TOTAL ANTICIPATED REVENUE GENERATION:	\$125,000
Potential for realignment and overhead cost reduction	\$25,000
TOTAL ANTICIPATED COST SAVINGS:	\$25,000
NET IMPACT:	\$150,000

Public Works

Overview

The Public Works Department services include engineering and construction management, refuse collection, sanitary sewer conveyance, storm water management, street trees, fleet maintenance, parkland maintenance, maintenance of municipal buildings and facilities, and street and sidewalk maintenance. Street

maintenance includes pavement maintenance, street sweeping, snow and ice removal, signs and traffic markings, and traffic signals.

Interview Process Highlights

The overall sentiment expressed throughout the interview process is that the Public Works Department is stretched to capacity. The excerpts that follow illustrate how the department feels stretched.

- The facilities area no longer has the financial resources to absorb unplanned expenses. (i.e.: purchasing buildings for other non-profit entities)
- The workload is overwhelming and employees feel helpless.

This department identified numerous challenges that they face in serving beyond the confines of the Borough and into the region. Some specific challenges include:

- It's difficult to prioritize regionally serving five masters.
- An additional technician position within public works would give the department the capacity to charge outside municipalities for services rendered.
- Need for greater planning and communication between individual municipalities who buy "stuff" for parks and regional staff who are required to maintain the "stuff."
- There is the perception of us vs. them between those functions that are handled internally by the Borough and those that are regionalized.

The Public Works department feels stretched by both financial and staffing constraints as well as by regional service challenges, and several staff members from this department made suggestions to be considered in meeting their needs. They include:

- A strong need for departmental direction, clarity and goals.
- Better communication between administration and public works department.
- The development of a clear website project development plan.
- Need to build cross training capabilities into the inspector function.
- Need for storage facilities to be able to cut costs by buying in large quantities and having a place to keep larger quantities.
- Need to be more efficient with lighting and heating.
- The public works department needs an employee who is LEED certified.
- Need for a computerized tree inventory system.
- Need to develop diversity among staff.
- Need to address succession planning with the department.

In addition to the services currently being provided by the Public Works Department, there are further initiatives that were identified as desirable during the interview process. They include:

- The need for a year-round community indoor sports venue.
- The need to have a connection to personal activity and health to work to strengthen families.
- The need to focus more on green initiatives. There are a lot of environmental issues that are not being addressed because the current staffing level doesn't allow for it.

Strengths

- Level of service is considered the best of the best.
- Excellent customer service.
- Garbage collection and all that it offers is unmatched in the region, and it is recognized and highly prized by the citizens of the community.
- Participation in food waste pilot program that will provides cost savings in the area of decreased land fill fees and revenue generation by selling compost.
- Efficiency gained through the use of alternate fuel vehicles.
- Use of water conservation nozzles.
- This department has expertise that can be shared including traffic signal maintenance, fleet service capabilities and capacity.

Opportunities

Staff has already been reduced to a level that is negatively impacting the services delivered by the department. There remains one vacant Public Works laborer position that could be eliminated. The Borough may have an opportunity to leverage the expertise of the arborist by expanding the fee-for service revenue generation opportunities for arborist services or contracting Borough service hours with the arborist on a fee-for-service basis.

Eliminate vacant public works staff position	\$35,000
Arborist fee-for-service (cost savings or revenue generation)	\$20,000
TOTAL PROJECTED SAVINGS:	\$55,000

Centre Region COG Services

In 1969 the Centre Region Council of Governments (COG) was formed. Comprised of State College Borough and College, Ferguson, Halfmoon, Harris and Patton Townships, with a combined population of 80,000 residents and a land area of approximately 150 square miles, they are collectively one of the fastest growing

areas of Pennsylvania, having seen about 10% population growth per decade over the last 30 years.

COG is governed by the General Forum, which is comprised of all 32 elected officials from the six municipalities. In addition, there is a non-voting representative from Penn State University and a liaison from the local school district. Despite its large size, most General Forum votes are unanimous. In large measure, this consensus flows from the COG's Committee system, which is designed to prepare recommendations to be developed on regional policy issues. Each municipality appoints one elected official to each of the COG Committees – Executive, Finance, Human Resources, Public Services and Environmental, Public Safety, Parks Capital, and Transportation and Land Use.

The position of the General Forum chair rotates annually among the municipalities. Each municipality also has the opportunity to host one General Forum meeting per year. COG meetings are cablecast on the area's local government/education access channel, and the local media is a regular attendee of General Forum meetings. The media has acted as an ally in helping to inform the public about regional policy issues.

The COG not only consists of relationships among the local municipalities, it also has relationships with the local water, sewer and transportation authorities, the school district, the county government and Penn State University. These relationships increase the COG's capacity to provide services and coordinate land use plans.

Each COG program is established by each individual adopting, by ordinance, Articles of Agreement which clearly define the terms for membership, governance, scope of services, funding and withdrawal.

Participating in the COG makes sense to its member municipalities. Working through the COG, the municipalities make effective use of public funds, provide high quality public services and coordinate community planning in a highly dynamic area. Additionally the COG makes sound business sense. Because of its large service area, the COG is able to realize economies of scale in the production of its services, and the costs of many COG services are recovered through fees paid by the users. Together the municipalities are better able to leverage their funds to obtain grants and public contributions.

Emergency Management

Overview

Since 1990, on behalf of its six member municipalities, the Centre Region COG has operated a regional emergency management program. Coordinating their efforts with the Centre County Emergency Management Office and PEMA, the municipalities adopted a single emergency management plan, designated a shared operations center, and recommended the appointment of the same volunteer emergency management coordinator.

Interview Process Highlights

- The regional Emergency Management Program was restructured successfully in January 2009. The Centre Region now has a full-time senior staff position dedicated to emergency preparedness planning and response.

Strengths

The Pennsylvania Emergency Management Code (Title 35) requires each municipality to have an emergency management coordinator, an emergency operations center and an emergency management plan. Since 1990, the six municipalities have opted to fulfill these requirements through a regional COG program. In the event of a declared disaster, the communities will respond in a coordinated manner rather than pulling in separate directions.

Opportunities

An opportunity exists to pursue an agreement with Penn State University to make improvements to the communications and information systems located at the Centre Region Emergency Operations Center (EOC) at Penn State University by purchasing additional equipment and infrastructure.

Parks and Recreation

Overview

The mission of Centre Region Parks and Recreation is to serve Centre Region residents of all ages throughout the year with a variety of recreation opportunities for enriching their lives through the use of programs and facilities, leadership

resources, and technical assistance services for participating municipalities, individuals and groups. The COG maintains 48 municipal parks, two pools and a senior citizen's center.

Interview Process Highlights

The following enhancements to the parks and recreation service offerings were articulated during the interview process:

- The need for a year-round community indoor sports venue.
- The need for a connection to personal activity and health as a way to strengthen families.

Strengths

In 2003, the COG's parks program received *Sports Illustrated's* Sportstown, U.S.A. designation as Pennsylvania's premier sports community.

Opportunities

An opportunity exists to pursue a lease agreement with the COG for the Parks and Recreation Agency's use of space at the maintenance service facility. For over thirty years the agency has used, at no cost, lands for a maintenance facility located on Borough property.

Code Administration

Overview

The mission of the Centre Region Code Administration (CRCA) Agency is to promote, provide and ensure the health, safety and welfare of all people working and residing in the participating municipalities of College, Ferguson, Harris, Halfmoon, Patton Townships and State College Borough through the administration of the Pennsylvania Uniform Construction Code and, for all but Halfmoon, the administration of the locally adopted International Property Maintenance Code.

Interview Process Highlights

- This agency provides high quality, cost effective code enforcement with a strong emphasis on public safety.

Strengths

- Self-supporting operation through fees and permit revenue. No funding through the tax base.
- Primary emphasis on public safety through code enforcement, not revenue generation through code “crack down.”
- Permit fees very low, 0.75% of construction value.

Opportunities

This department is self-sustaining and requires no additional funding from the tax base; however opportunities exist to increase revenue generated to the COG’s Code Administration services. These opportunities include:

- Consider increasing the multiplier used to calculate building permit to more accurately reflect and capture actual costs.
- Consider broadening the administration of the property maintenance code to maintain the current level of emphasis on public safety while strengthening the PM Code administration related to health and welfare – making all three parts of the mission equally important.

Alpha Fire Company

Overview

The Alpha Fire Company provides fire, rescue, and related emergency services to the Borough of State College and the Centre Region. Alpha Fire Company is all-volunteer. The 95-member Company responds to approximately 1000 emergencies annually, operating out of three fire stations; one in the Borough of State College at Beaver Avenue and Atherton Street, one in the College Township Municipal Building, and one on North Atherton Street in Patton Township off of Green Tech Drive.

Interview Process Highlights

- Greatest challenge facing the fire company is volunteer membership. Fire fighting is not an average volunteer commitment; it is considerably more akin to a part-time job.
- Fire equipment prices are rising rapidly.

- The director keeps a strong handle on the current volunteer climate and continually projects when the fire service may cease to be feasible. At this time the estimate is 2018.
- The director has also developed a contingency plan of paid-call hours in the event of a reduction in volunteer forces.
- The budget is approximately 25% relief association, 1% donation, 1-2% grants revenue, and the remainder is tax revenue from the participating municipalities.
- Volunteers can earn small annual stipends based on a point earning system.

Strengths

- Approximately 95 volunteer members strong.
- Approximately 32 volunteers are university students.
- Alpha Fire Company currently enjoys very high community support.
- Excellent emergency response time. It is estimated that converting to an all-paid department would only pick up about 45 seconds of emergency response time.
- It costs about \$17 per capita for fire service in the region. The national average for paid and volunteer companies combined is about \$150 per capita.

Opportunities

The Alpha Fire Company director has expressed a concern regarding the under-representation of women and minorities among the membership. This presents a unique recruiting opportunity throughout the region.

The Alpha Fire Company director is constantly charged with maintaining and expanding the volunteer base through value added incentives such as annual stipends, paid call, etc. New and creative incentive development will help to sustain the volunteer effort further into the future.

Library

Overview

Schlow Centre Region Library's mission is to open doors for the community to gather, share, and discover a wealth of ideas, the joy of reading, and the power of information by providing services and resources in a welcoming, convenient and responsive manner.

Strengths

Cooperating through COG, the municipalities contributed \$4 million to the construction of a new regional library. Because of the COG contribution, the Library Board was able to leverage an additional \$7 million in public donations and state and federal grants. The result is a beautiful and functional 38,000 square foot library that is located at a gateway intersection in the Region.

Opportunities

The COG is currently posing the question, "Should the usage-based funding formula for allocating municipal shares be revised to incorporate materials checked out of Schlow Centre Region Library by Penn State students who live on campus?" These checkouts have not been counted previously, but checkouts by Penn State students living off campus are counted in the municipalities in which they live. The historic basis for the difference is that the students who live off campus pay taxes (property taxes through their rent) to the municipality where they live, while the students who live on campus do not. There is not a rational basis for changing the formula. The students who live on campus are an "overhead cost" balanced by the fact that community residents can and do use the campus libraries – particularly High School students doing research for class assignments and papers. There is the potential for the Library to continue to experience a budgetary shortfall if Ferguson Township uses one formula for the Library, and the other municipalities use another. In 2009 that shortfall is \$6,883.

Regional Planning

Overview

The CRPA provides both regional and local planning services to its member municipalities. State College participates only in the regional planning component of the CRPA and has its own local planning department. **Regional planning** services include the preparation and maintenance of the regional comprehensive plan, and

special studies and planning activities related to sewer, water, land use, open space, recreation, demographics, environmental, community facilities or transportation issues. The Agency promotes dialogue among the member municipalities to develop cooperative solutions to regional problems. **Local planning** services provided to participating townships involve staff support to individual municipalities to address more localized planning issues. These services include the review of subdivision and land development plans, preparation of ordinances and regulations to implement the regional comprehensive plan, special studies related to specific issues or areas within a municipality and staff support to municipal planning commissions.

Strengths

The Center Region municipalities have been working cooperatively on regional land use planning for over 30 years. The Regional Comprehensive Plan establishes a blueprint for how the Centre Region should look in the future. The plan includes a Regional Growth Boundary (RGB), which identifies the area where most of the Region's growth should occur over the next 30 years. Areas within the RGB are zoned for growth and are provided with public utilities and services. Locations outside of the RGB are targeted for open space, and agricultural and rural preservation efforts.

Centre Area Transportation Authority (CATA)

Overview

The mission of the Centre Area Transportation Authority, CATA, is "to deliver safe, reliable, accessible and affordable transportation, provided in a courteous and environmentally, fiscally and socially responsible manner." The Authority is a joint municipal authority independent of the Council of Governments, but its annual budget and request for municipal approval of the local shares of the authority's funding is submitted and reviewed through COG.

Strengths

- CATA ridership is up almost 7% from one year ago.
- On Friday, February 27, 2009 more passengers were carried on CENTRE LINE and LOOP/LINK buses than any other day in CATA's thirty-five year history. CATA's Bus Drivers recorded 45,178 trips, easily eclipsing the previous record

of 43,869, which was set in October of 2005 on a Friday prior to that year's Penn State vs. Ohio State football game.

- CATA's average daily ridership typically runs around 32,000 trips, making it a viable transportation option for the community at large.

Opportunities

- Explore opportunities for the University to provide more extended free service to faculty, staff and students beyond current on-campus scope.
- Consider bus lanes where appropriate to enhance bus services.

Governance

Overview

In 1973, the residents of State College adopted a Home Rule Charter, which provides for a Council/Manager/Mayor form of government. Under the Charter, there is a 7-member Council, elected at-large, for four-year, overlapping terms. The Mayor is elected directly and also serves a four-year term. The Mayor presides at all meetings of Council, has veto power over legislative enactments and represents the Borough as the ceremonial head of government. Council sets policy and has ultimate responsibility for the municipal government. Members of Council work on a part-time basis, without compensation.

Interview Process Highlights

Throughout the interview process Borough staff and elected officials offered opinions regarding what they perceive council's role to be, as well as what council's top priorities should include.

The following comments are indicative of what staff and elected officials believe the role of council should be:

- Council's role is not to micromanage operations, but be more of visionary policy makers.

The following comments reflect what Borough staff and elected officials feel that the strategic focus of council should include:

- Finances and revenue generation.

- Building relationships with the university and revenue enhancement.
- Leading the effort for building and revamping College Avenue.
- Focus on green initiatives, especially as a branding strategy for State College.
- Becoming heavily invested in the downtown redevelopment plan, especially retail presence and accessibility.
- Preserving the quaint and charming nature of State College.
- Focus on identified strategic priorities.
- Real estate taxes stabilization.
- Shifting the view from a tax burden on the community to a tax investment for the community to ensure the quality of life that the community has come to value and expect.
- Preservation of the village appeal.

It was also expressed that council should reflect more of the community diversity and student perspective.

Strengths

- Strong Borough charter which provides separation of policy and administration functions.
- Council commitment to strategic planning.
- Council commitment to stewardship of economic resources.
- Council commitment to community sustainability.
- Council commitment to preserving the quality of life in the Borough.

Opportunities

The opportunity exists for Council to provide the leadership to set the strategic course to fulfill the mission and vision of the Borough. Council can use its meeting time more effectively to focus attention on the key strategic decisions facing the Borough. In order to accomplish this Council needs to be more selective in identifying and considering issues.

Additional secondary opportunities exist in the areas listed below:

- Increase public outreach and involvement to educate the community about key strategic issues.
- Adopt a municipal master plan as a blueprint for the future. Create consensus around key community priorities and projects, and ensure university buy in to key downtown initiatives.
- Use the National Citizen Survey and the Center for Performance Measurement data to inform decisions regarding various municipal issues and services, and provide feedback from the community.
- Conduct community focus groups to ascertain the level of importance that key initiatives have in the community as well as community tolerance for

increased taxes and fees for the exceptional quality of life that Borough residents enjoy.

- Develop a Leadership State College program (as a compliment to Leadership Centre County) to build leadership capacity and create a pool of volunteers for the Borough.
- Create a State College Borough Fund within the Centre County Community Foundation.

University Relations

Overview

The Borough of State College is home to the main campus of the Pennsylvania State University. The University enhances the quality of life in the community by contributing to shaping an atmosphere of youth, excitement and vibrancy. However, increased Borough costs also come with that culture, as well as challenges with respect to housing and community development. While the University has a positive impact on the region as a whole, the negative impacts, including increased costs for service, are focused within the Borough.

Interview Process Highlights

There is a great deal of respect and appreciation of the positive role that Penn State University plays in helping to define the pulse of State College, however, Borough staff and elected officials also recognize the give and take of being a borough that houses a large university. Comments with respect to this relationship are reflected below:

- Sometimes we don't give the students credit for the good things that they do and focus too much on the negative impact of students.
- Borough lacks a student perspective.
- Seems to be increased student drunkenness in downtown public areas.
- Concern that the community and university impact each other and there is a lack of appreciation on the part of the university regarding the extent of the impact. The university should understand that the success of the Borough provides a foundation for the university's success.
- The university should be helping to fund some of the special events that police have to cover.
- Payment In-Lieu of Taxes (PILOT) and Impact Fee agreement is not large enough, but not optimistic about change.
- University is viewed as reluctant to increase service fees because of student push back.

- University is revered by some who feel that it is responsible to a great degree for the atmosphere and quality of life in the Borough and should not be asked to contribute financially further than the PILOT and Impact Fee agreement allows for, while others feel that it is important for the university to pay its fair share to the Borough for the service that it provides.

Regardless of interviewees specific feelings regarding the impact of the university on the Borough and vice versa, there was a great deal of support for focusing on building a stronger relationship with the university, as evidenced by the comments below:

- Primary focus should be on building a relationship with the university.
- It is absolutely critical to cultivate a strong relationship with the university for greater partnerships. It would prove to be more beneficial for everyone in the long run.
- The Borough needs to find a way to engage students and the university.

Strengths

- A willingness on behalf of both the university and the Borough to build a mutually beneficial partnership.
- An existing PILOT and Impact Fee agreement.
- The University provides financial support for a variety of Borough programs and services on an ad-hoc basis beyond the requirements of the PILOT and Impact Fee agreement.
- At the departmental level, there is a close working relationship with the university that provides mutual benefit, frequent collaboration and takes advantage of the intellectual capital available within the community.

Opportunities

There exists a huge opportunity to engage the university administration and students directly in a mutually beneficial alliance. The Borough and the University should continue the dialog to identify areas of mutual interest such as neighborhood housing development, student housing and downtown redevelopment. This dialogue will strengthen the trust required to continue and expand the university collaborations with the Borough, including financial participation in programs that also support the university's mission.

There are additional smaller opportunities for collaboration, such as developing a computerized tree inventory system which would benefit the Borough strategically as well as continue to strengthen a spirit of partnership with the university.

APPENDIX B: ELECTED OFFICIAL INTERVIEW SUMMARY

Background and Methodology

Given the current economic environment, many municipalities are challenged by changing demographics, suburban out-migration and a decreasing tax base. In order to be proactive and to analyze options regarding the future sustainability of the borough, Strategy Solutions was retained during early 2009 to conduct an operations review and facilitate a strategic planning process for the borough. The objectives of the engagement were three-fold:

- To conduct an operations review of the borough to determine opportunities for cost efficiencies and revenue enhancements for the borough
- To identify the vision for the future of the borough and outline the action steps and strategic investment that will be required over the next several years to achieve the vision
- To outline a financial investment strategy to support the strategic plan implementation that allows the borough to achieve their vision, while maintaining financial sustainability.

Over the course of the engagement, the consulting team held several meetings with the borough council to discuss the current environment, articulate the vision, goals and objectives and to review the recommended implementation action plan. At the borough council meeting on August 10, council members had the opportunity to review the strategic action plan and suggested investment budget in detail. While council members individually and collectively voiced general agreement with the plan, several concerns were raised regarding perceived areas of duplication in the plan as well as with some of the strategies recommended for plan implementation. Several council members expressed concerns specifically regarding the level of investment required to implement the plan.

In order to fully understand the concerns that were raised and to offer the opportunity for council members to provide their personal input into the plan, individual one-on-one interviews were conducted with members of borough council in early September.

In preparation for the interviews, the borough planning staff reorganized the plan into 6-goal areas, to highlight the specific topic areas covered in the plan and to eliminate the duplication/redundancy in the plan. The 6 goals include:

1. Foster Commercial Revitalization
2. Expand Housing Opportunities
3. Improve the Public Realm
4. Improve Neighborhood Programs
5. Partner with local, regional and state entities to expand cooperative opportunities and obtain funding for key initiatives
6. Improve Operational Support Systems to Enhance Productivity

Interviews were scheduled by Cynthia Hanscom, borough secretary and conducted by Debra Thompson, President of Strategy Solutions on September 2 and 3, 2009. All interviews were held in the borough administration conference room and lasted between 50 and 90 minutes. Handwritten notes were taken during the meeting and later typed and compiled by question.

General Findings

Overall, all members of borough council support the vision of the future of the Borough of State Collage and agree with the goals and objectives. Most expressed that they would vote to accept the plan when put to a vote, but that they would like to have a more clear sense of what the priorities are within the plan before they do so. Many positive comments were received regarding the importance of various specific initiatives including strong consensus in support of the major goals in the plan.

Council members for the most part express belief that it is the primary mission of the borough to provide public services and maintain fiscal sustainability while not raising property taxes. While they also express that it is important for the borough to have a role in fostering commercial development, housing development, and downtown improvement, most council members do not believe that the borough should necessarily lead investment in these areas or take on the role of “venture capitalist.” Some believe that the role of the borough is limited to what they can do legislatively (through regulations and zoning), and not facilitating change.

Concerns expressed about the plan were almost always related to making capital investments or hiring staff to support implementation. Overall, most council members feel that the vast majority of the strategic plan can be implemented by existing staff through work redesign and strategic use of their time. Many council

members expressed that any staff capacity additions or other strategic capital investments should be very carefully individually evaluated with a clear cost-benefit analysis along with appropriately proportional investment from multiple partners, not just the borough. Two council members expressed disappointment that the strategic plan was not more “financially focused” in terms of identifying specific areas where services and costs could be cut in order to keep the budget balanced without raising taxes.

Goal 1: Foster Commercial Revitalization

While all council members agree that fostering commercial revitalization is a key priority, there are varied opinions regarding whether it is the number one priority for the borough. Most council members agree that the partnership with Penn State is a key priority, with a number of them expressing that it is the most important. Commercial revitalization is also the top priority, with some members of council expressing this as most important, along with expressing strong interest in supporting local entrepreneurial development. Several council members expressed that the Downtown Improvement District needs to step up their role in marketing the downtown and attracting new businesses.

Some council members expressed concern that they did not know how the borough could be a catalyst for change and whether Penn State could be influenced to be a partner in these efforts. They also were not able to identify the role they might personally play in making a difference. While a number of council members expressed interest in being personally involved in the various initiatives, particularly related to partnership and development topics, they also did not see the specific pathways by which change might happen. There is a perception that the university and private developers are powerful entities that cannot be influenced and subsequently raises doubts whether the borough can get their attention to invest in these development efforts. Additionally, most council members questioned the borough’s financial investment in these efforts and even whether the borough should be expected to be an “equal” partner, when the university and private developers have more financial capacity for investment.

- Who speaks for us with the University? Just the manager? Who pushes this agenda? Who is going to talk and negotiate and bring something with them? Tom and Mark are not enough – I don’t know the answer because the way we are organized there is nobody. It is the nature of local government – we are not equals.

Goal 2: Expand Housing Opportunities

All of the council members expressed support for this goal and the importance of increasing housing opportunities, especially workforce housing. Support was expressed for the idea of the housing partnership and coordinating with key regional employers to develop strategies to attract first time and relocating home buyers in and around the downtown area.

Concerns expressed included the potential cost of investment and whether a borough housing coordinator was needed. Some council members expressed support for borough investment in this area, but only if other partners are willing to invest as well. There is a desire for the borough to help support efforts to see funding from outside sources to make this a reality.

Goal 3: Improve the Public Realm

Most of the council members discussed elements of this goal as important topics that require the attention and investment of the borough. Several mentioned parking as the highest priority area within this goal. There are varied opinions about the investment in new technologies (including the multi-space meters) but most agreed that the borough should be strategically shaping parking policies to maximize revenues and support access to downtown businesses.

There were no substantive concerns expressed related to this goal with the exception of the proposed plan for the public works facility. Individual council members expressed concern over some aspects of the parking plans and police. One council member expressed concern regarding the usability of the public works site. One council member expressed concern regarding the language of the goal itself, noting that the current wording makes it sound like there is a problem in the area where there is not. The current environment is good and the suggested strategies enhance the environment and it should be noted that way.

Goal 4: Improve Neighborhood Programs

All council members agree that supporting neighborhood development and programs is an important priority for the borough. There is also a desire to offer the opportunity for the neighborhoods to get involved in housing development. Several council members expressed that some of the neighborhood groups are strong and do not need a large amount of support to keep them viable.

The biggest concern expressed about this goal was related to the proposed staffing. While the majority of council members indicated that there should be some level of staff support to the neighborhoods, only one endorsed the idea of adding additional capacity to do it and one expressed that additional information was needed about what that individual might do. Most council members expressed that they felt that most of the neighborhood development support that is needed could be accomplished through better communication between existing staff in the borough who have various responsibilities and a more specific connection of existing staff to neighborhood groups.

Goal 5: Partner with local, regional and state entities to expand cooperative opportunities and obtain funding for key initiatives

Most council members expressed that this was an important goal and that efforts should continue to foster regionalization and shared services. Most agreed that efforts should continue toward cooperation and consolidation, while acknowledging that consolidation may be an unrealistic goal. One council member expressed that they did not care much about this. Support was expressed to continue to support the fire recruitment and the purchasing consortium. Most council members also noted that there is a need to continue lobbying efforts. Some considered this the most important priority within this goal.

There were no substantive concerns expressed regarding this goal, except that efforts to continue lobbying and regionalization are sometimes challenging because of the political environment, although it is important to continue to do it. One council member expressed concern regarding the perception that the borough sometimes appears “schizophrenic” in its communications in the region: on the one hand we don’t have any money and on the other hand we are trying to manage the county wide tax collection. This can be sometimes confusing to the region.

Goal 6: Improve Operational Support Systems to Enhance Productivity

Most council members agreed that fiscal and operational sustainability was the most important objective within this goal and most support the elements that are outlined. While most council members were in support of the majority of items that are outlined, some had questions about individual elements they were not knowledgeable about. For example, questions were raised regarding familiarity with the environmental scan and what the risk management plan was.

Concerns expressed regarding goal 6 included the potential for the corporate culture objective to have elements in it that one council member may not be able to support. Another council member expressed concerned about the IT system and the need to create operating efficiencies from a system-wide investment in IT.

Overall Highest Priority

Housing, the partnership with Penn State to foster downtown development and fiscal accountability were most often mentioned by the majority of council members as the highest priorities, although all council members did not pick the same top priority. Regionalization was also mentioned by one of the council members as the highest priority.

Overall Concerns or “Deal breakers”

Overall, the major concern about the plan expressed by council members related to money and the financial investment associated with certain aspects of the plan. One council member noted that much of the “reticence comes out of ignorance,” implying that there is a need to better educate council members about the various aspects of the plan and the benefits associated with any potential expenditure.

Plan Approval

In order to fully support and vote for the approval of the plan, most of the council members interviewed indicated that they would like to have a better sense of what they key priorities are within in the plan.

