
2018 TOWNSHIP MANAGER COMPREHENSIVE BUDGET PRESENTATION

MONDAY OCTOBER 9, 2017



PRESENTATION AGENDA

- Major Revenue Assumptions
- Major Expense Assumptions
- 2018 General Fund Operating Statement Summary
- Capital Plan Summary
- Sanitary Sewer Fund
- Park & Open Space Fund
- Next Steps

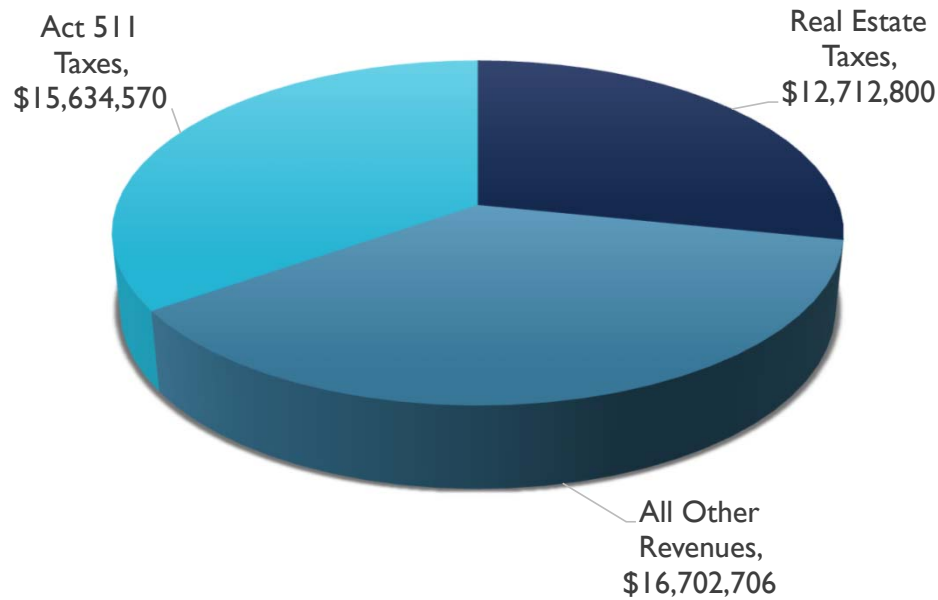
MAJOR REVENUE ASSUMPTIONS | SUMMARY

- General Fund:
 - No Tax Increase needed to fund operations and capital for 2018
 - Normal revenue growth in business taxes
 - Normal revenue growth in regular department activity (from non-tax sources)
- Sanitary Sewer Fund:
 - Discuss options and potential opportunities surrounding rate changes resulting from RHM increases, emergency sewer replacements and needed ongoing replacement program
- Stormwater Fund:
 - No adjustment in the stormwater fund fee (2018 will be the fifth year of collection, all at the same rate, as planned)
- Park and Open Space Fund:
 - The Board will need to provide direction on whether to levy the millage necessary to fund the voted open space bonds

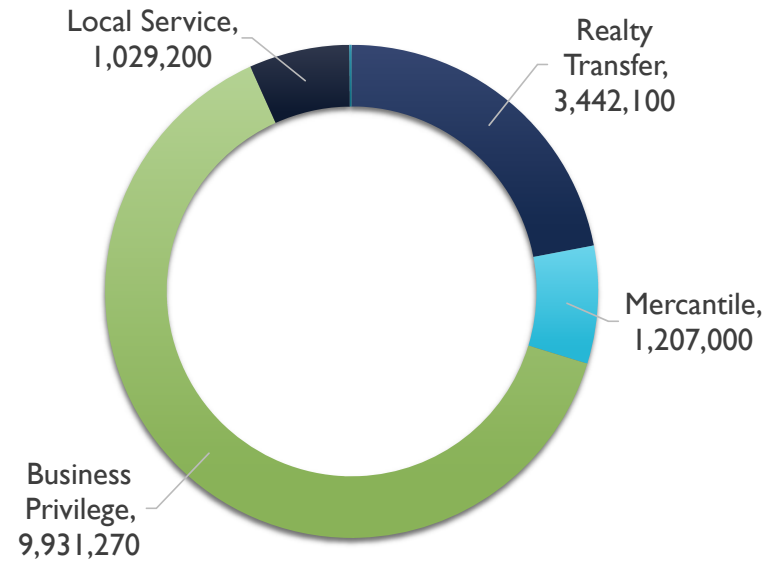
MAJOR REVENUE ASSUMPTIONS | REVENUE MAKEUP SUMMARY

[AGGREGATE – ALL FUNDS]

Township Revenue Sources



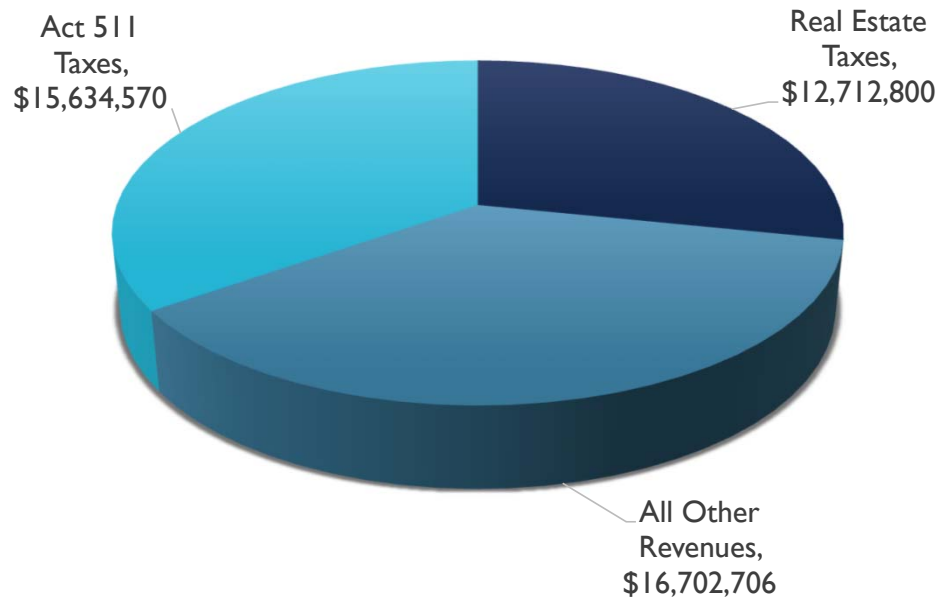
Act 511 Group



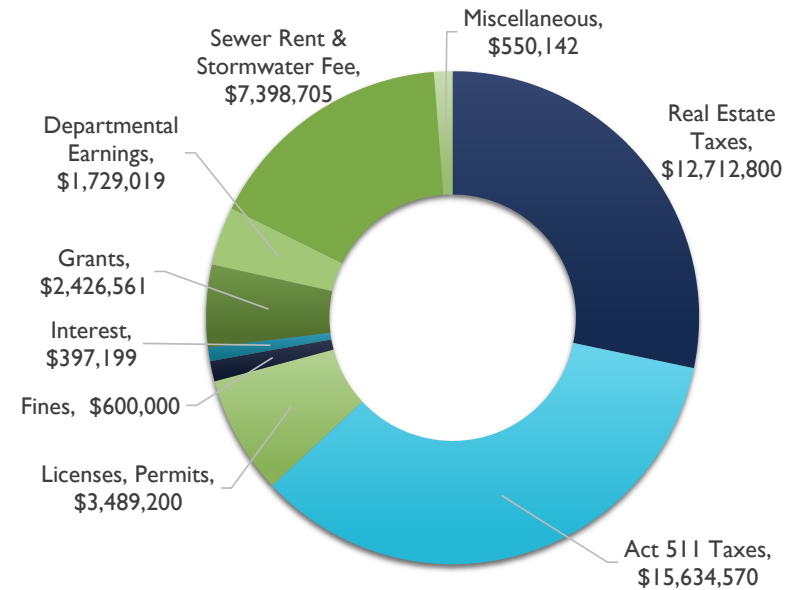
MAJOR REVENUE ASSUMPTIONS | REVENUE MAKEUP SUMMARY

[AGGREGATE – ALL FUNDS]

Township Revenue Sources

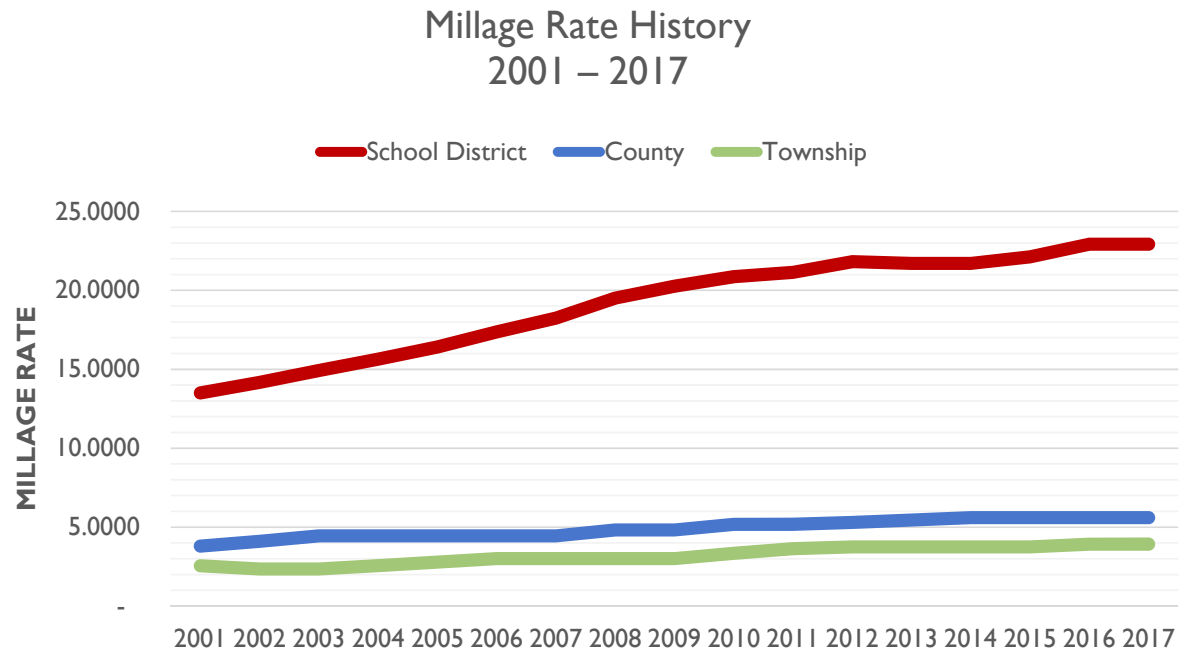


Township Revenue Sources



MAJOR REVENUE ASSUMPTIONS | REAL ESTATE TAXES

Year	Rate	Millage Δ	%Δ
2011	3.6411	0.3000	9.0%
2012	3.7511	0.1100	3.0%
2013	3.7511	0.0000	0.0%
2014	3.7511	0.0000	0.0%
2015	3.7511	0.0000	0.0%
2016	3.9228	0.1717	4.6%
2017	3.9228	0.0000	0.0%
2018 ¹	3.9228	0.0000	0.0%



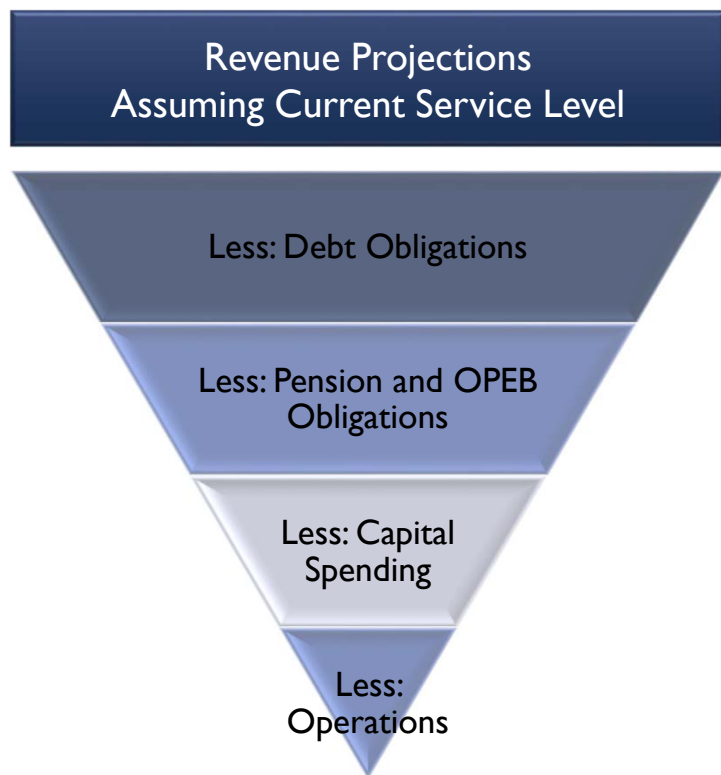
¹ 2018 Millage Rate Proposal does not include any potential millage needed for the voted open space bonds



GENERAL FUND



BUDGET BUILDING BLOCKS | APPLIED BY FUND



General Fund	
Revenue Projections	\$35,376,304
Less: Debt Service	(3,090,520)
Less: Pension (MMO)	(3,984,564)
Less: OPEB Funding Plan	(3,051,868)
Less: CapEx	(1,719,677)
Less: Operations	(23,125,972)
Net Revenue	\$403,703

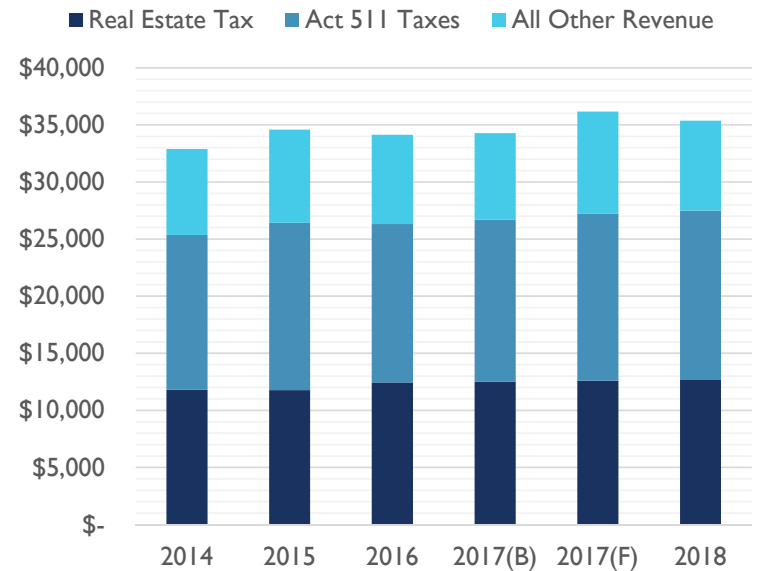
MAJOR REVENUE ASSUMPTIONS | GENERAL FUND REVENUE

[GENERAL FUND ONLY]

Rev	2014	2015	2016	Budget 2017	Forecast 2017	2018
RE Tax	11,803	11,773	12,445	12,502	12,604	12,713
Act 511 Tax	13,551	14,655	13,871	14,190	14,607	14,774
All Other	7,537	8,158	7,823	7,579	8,954	7,889
Total	32,891	34,586	34,139	34,271	36,164	35,376

Amounts in \$1,000's

General Fund Revenue Totals



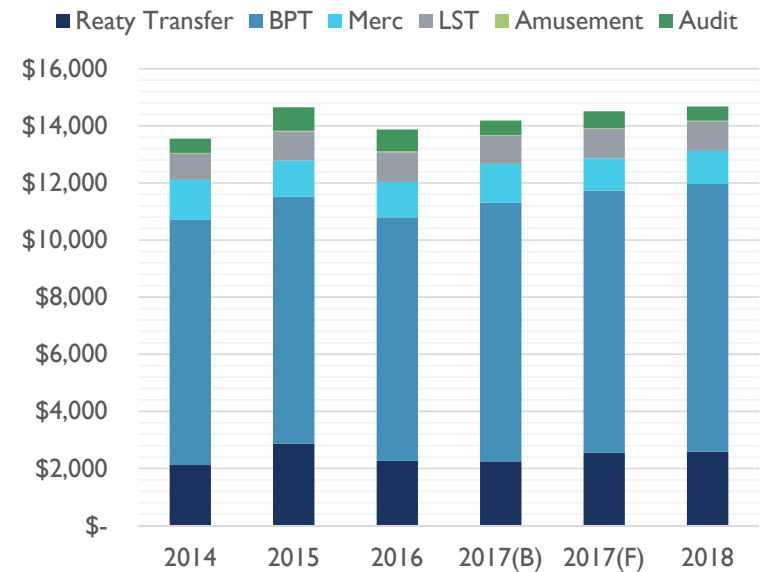
MAJOR REVENUE ASSUMPTIONS | ACT 511 TAX REVENUE

[GENERAL FUND ONLY]

Rev	2014	2015	2016	Budget 2017	Forecast 2017	2018
Realty Trans.	\$2,121	\$2,873	\$2,270	\$2,250	\$2,556	\$2,582
BPT	8,587	8,647	8,523	9,061	9,180	9,387
Merc.	1,397	1,266	1,235	1,354	1,129	1,157
LST	910	1,019	1,050	983	1,029	1,029
Amus.	38	24	39	37	23	25
Audit	498	826	754	505	598	500
Total	13,551	14,655	13,871	14,190	14,607	14,774

Amounts in \$1,000's

Act 511 Tax Revenue



MAJOR EXPENSE ASSUMPTIONS | SUMMARY

- Staffing Assumptions:
 - All Departments | Based on today's position counts
 - Includes assumptions as adopted with the new Organization Chart [Res# 2017-63]
- Payroll Related Assumptions:
 - Wages | Increase of 2.75% for civilian (both union and non-union) and +2.75% for F.O.P. (collectively bargained)
 - Healthcare | Slight increase (+2%) over 2017 forecasted (net of use of stabilization funds)
 - Pension | MMO decrease of 5% as adopted with Resolution #2017-108
 - OPEB | Year four of the funding plan, adding \$200,000 thus bringing this portion of the OPEB funding to \$1,059,209 (Noting: Additional annual funding is added for prefunding new police hires and funding current retiree healthcare premium expenses)
- Capital Plan:
 - Pay-as-you-go-portion | Short-term assets (less than ten years in useful life, generally) will be funded through current Revenue
 - Pay-as-you-use-portion | Long-term assets (permanent, long-life assets) Further discussion will be necessary

BOARD DIRECTION NEEDED ON OPERATING ITEMS

- Radnor Fire Company:
 - Requested an Increase of \$200,000 per year in funding to support hiring full time firefighters (in addition to the increase of \$125,000 included with the 2017 budget)
- Community Organization Funding:

Organization	2017	TMRCB 2018	Difference
Library	\$880,507	\$929,600	\$49,093, 6%
Senior Center	123,602	127,000	\$3,398, 3%
Surrey Services	49,049	50,000	\$951, 2%
Art Center	16,475	17,000	\$525, 3%
Historical Society	15,000	15,000	\$0, 0%
Parades	8,000	8,000	\$0, 0%

MAJOR EXPENSE ASSUMPTIONS | DEBT SERVICE

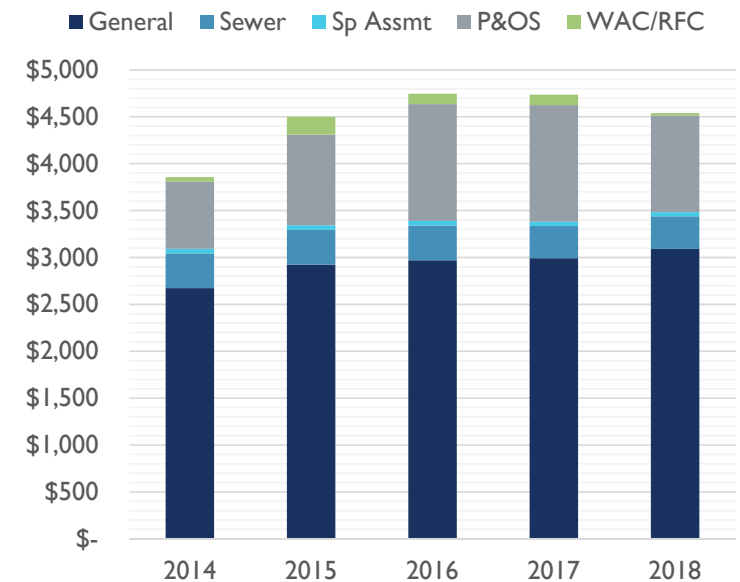
[AGGREGATE – ALL FUNDS]

Fund	2014	2015	2016	2017	2018
General	2,673	2,924	2,970	2,991	3,091
Sewer	369	369	369	344	347
Special Assessment	50	50	50	46	46
Park & Open Space	715	966	1,246	1,244	1,026
W.Art Center/Radnor Fire ¹	50	191	111	111	30
Total	3,857	4,500	4,746	4,736	4,539

Amounts in \$1,000's

% of General Fund Exp.	8.2%	8.7%	8.9%	8.7%	8.8%
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Debt Service Expense by Fund

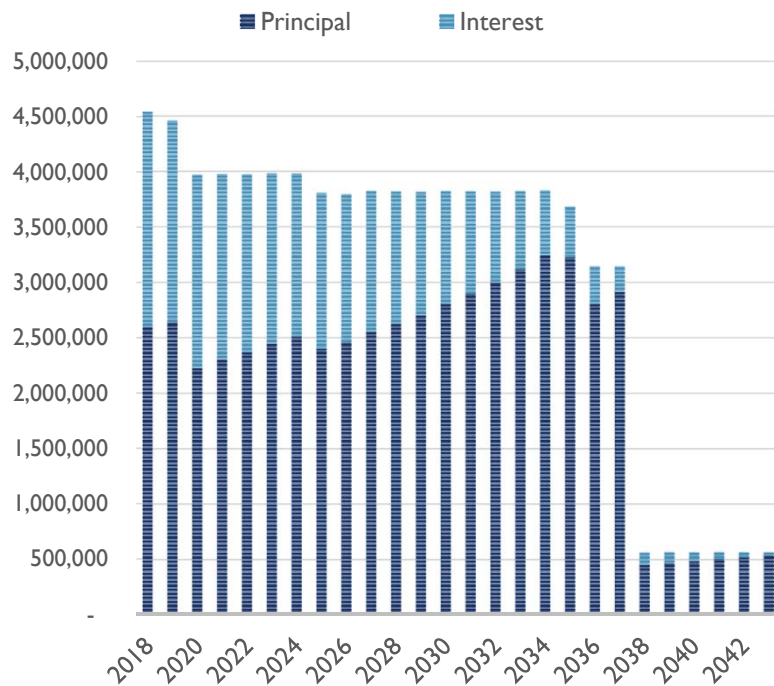


¹ The Radnor Fire Company's debt payment to the Township matures at the end of 2017. Moving forward, the amounts are from the Art Center

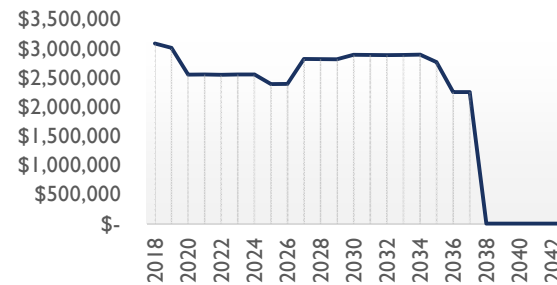
MAJOR EXPENSE ASSUMPTIONS | DEBT SERVICE (CONT'D)

[AGGREGATE – ALL FUNDS]

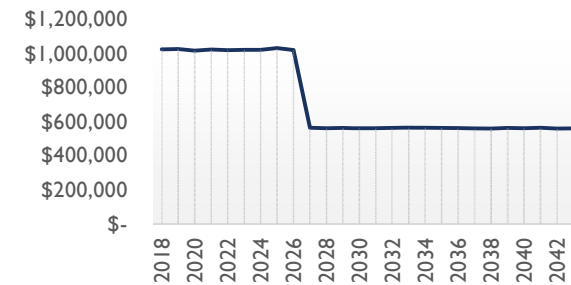
AGGREGATE ANNUAL DEBT SERVICE



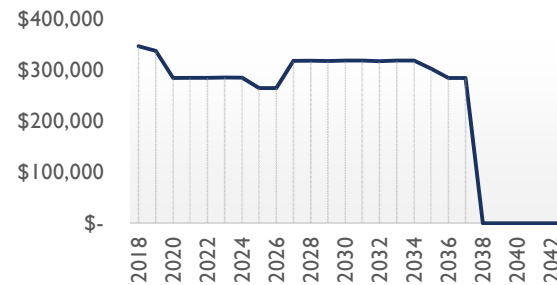
Net General Fund Total



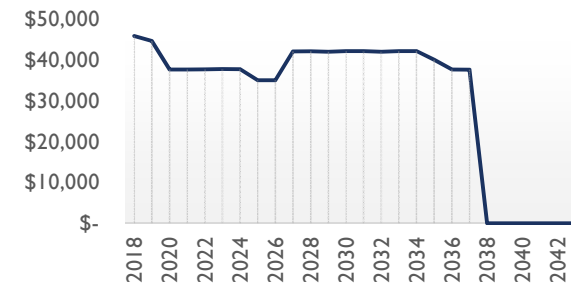
Park & Open Space Fund



Sanitary Sewer Fund



Special Assessment Fund



MAJOR EXPENSE ASSUMPTIONS | PENSION

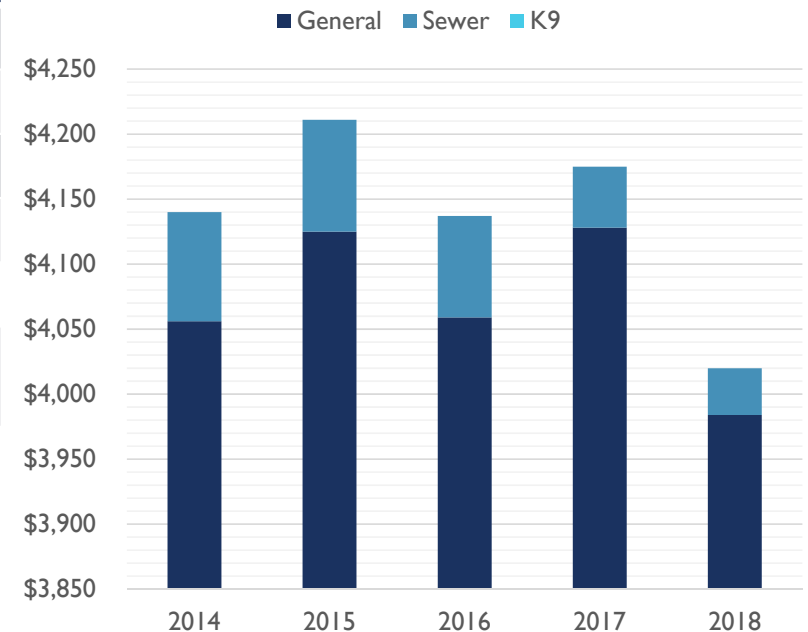
[AGGREGATE – ALL FUNDS]

	2014	2015	2016	Budget 2017	Forecast 2017	2018
General	4,056	4,125	4,059	4,128	4,128	3,984
Sewer	84	86	78	47	47	36
K9	-	-	-	-	-	-
Total	4,140	4,211	4,137	4,175	4,175	4,020

Amounts in \$1,000's

% of GF Expense	12.4%	12.3%	12.1%	12.0%	11.7%	11.4%
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Pension Expense Totals



MAJOR EXPENSE ASSUMPTIONS | WAGES

[AGGREGATE – ALL FUNDS]

	2014	2015	2016	Budget 2017	Forecast 2017	2018
General	11,143	11,200	11,559	11,891	11,211	12,058
Sewer	315	316	338	357	334	343
K9	2	3	4	3	-	-
Willows	1	-	-	-	-	-
Total	11,461	11,519	11,901	12,251	11,545	12,401

Amounts in \$1,000's

+0.05%

+3.3%

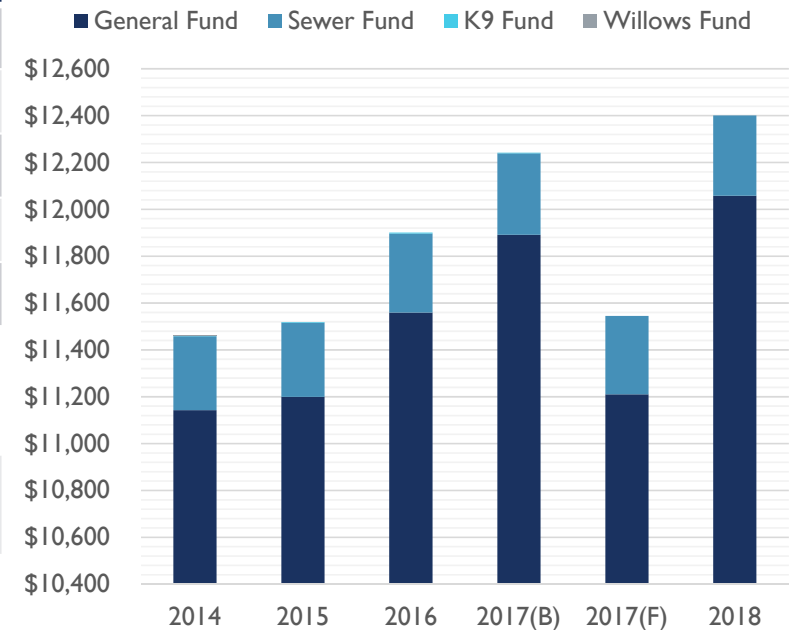
+2.9%

-3.0%

+7.4%

% of GF Expense	34.0%	33.5%	33.5%	34.8%	32.2%	34.5%
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Wages Expense Totals



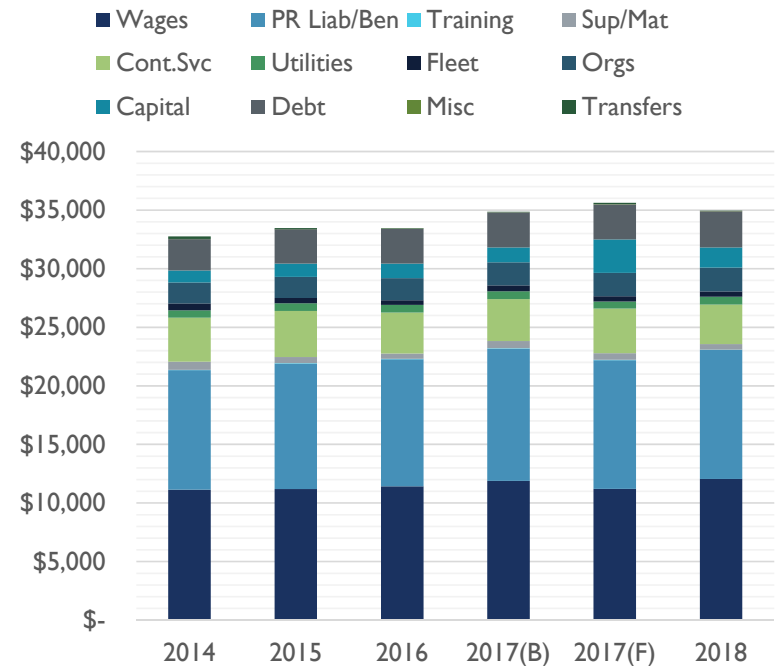
MAJOR EXPENSE ASSUMPTIONS | GENERAL FUND EXPENSES

[GENERAL FUND ONLY]

	2014	2015	2016	Budget 2017	Forecast 2017	2018
Wages	11,143	11,200	11,425	11,891	11,211	12,058
PR Liab/Ben	10,186	10,698	10,838	11,268	10,972	10,994
Training	26	32	42	41	42	35
Sup/Mat	695	525	442	613	558	477
Cont. Svc	3,755	3,929	3,508	3,586	3,803	3,375
Utilities	639	661	658	672	604	659
Fleet	585	454	394	507	450	454
Orgs	1,793	1,797	1,887	1,956	1,995	2,036
Capital	1,019	1,139	1,235	1,277	2,862	1,720
Debt	2,677	2,927	2,973	2,991	2,991	3,091
Misc	11	10	25	17	28	28
Transfers	216	90	40	33	103	25
Total	32,745	33,462	33,467	34,852	35,619	34,973

Amounts in \$1,000's

General Fund Expenses by Type



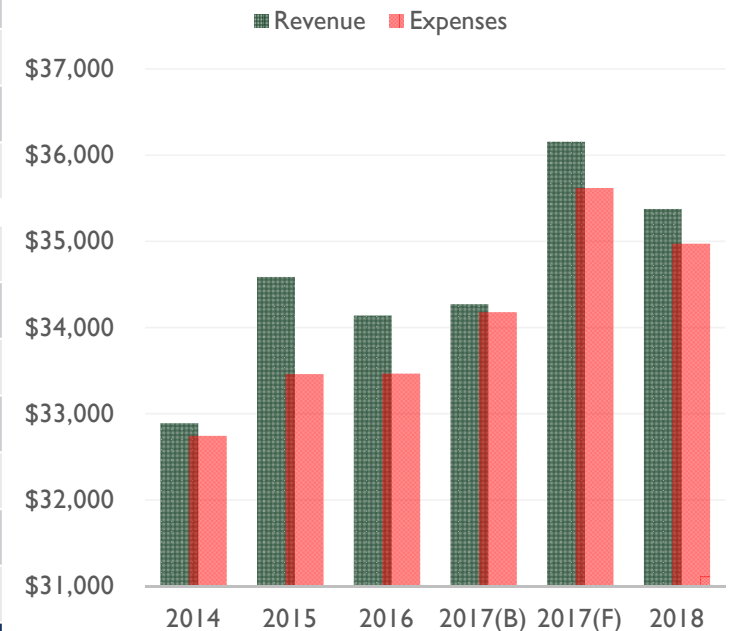
GENERAL FUND OPERATING STATEMENT SUMMARY

[GENERAL FUND ONLY]

	2014	2015	2016	Budget 2017	Forecast 2017	2018
RE Tax	11,803	11,773	12,445	12,502	12,604	12,713
Act 511	13,551	14,655	13,870	14,190	14,607	14,774
All Other	7,537	8,158	7,824	7,578	8,954	7,889
Total Revenue	32,891	34,586	34,139	34,270	36,164	35,376
Wages	(11,143)	(11,200)	(11,425)	(11,891)	(11,211)	(12,052)
PR Liab & Benefits	(10,186)	(10,698)	(10,880)	(11,260)	(11,014)	(10,994)
Cap Ex	(1,019)	(1,139)	(1,235)	(1,239)	(2,862)	(1,720)
Debt Service	(2,677)	(2,927)	(2,973)	(2,991)	(2,991)	(3,091)
All Other	(7,504)	(7,408)	(6,913)	(6,764)	(7,439)	(7,085)
Transfers Out	(216)	(90)	(40)	(33)	(103)	(25)
Total Expenses	(32,745)	(33,462)	(33,466)	(34,178)	(35,619)	(34,973)
Net Revenue	\$146	\$1,124	\$673	\$92	\$545	\$404

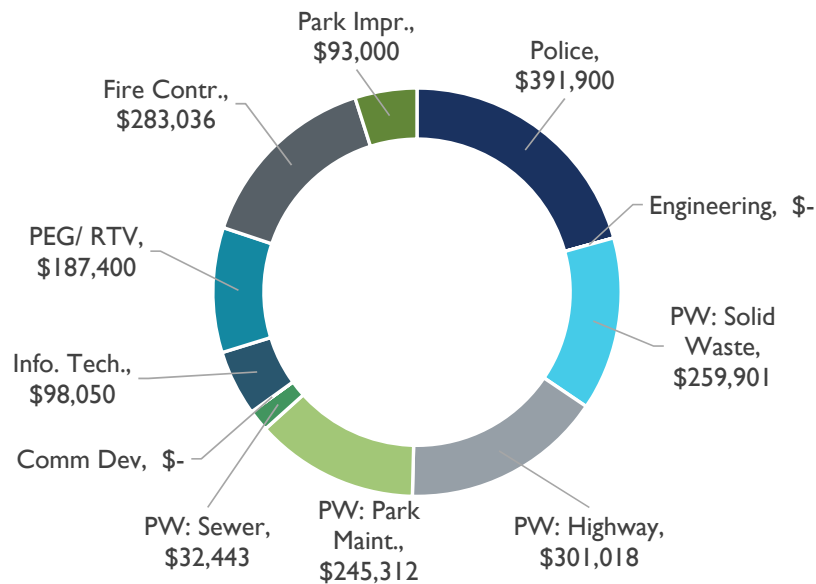
Amounts in \$1,000's

Revenue and Expense Totals



CAPITAL PLAN SUMMARY | PAY-AS-YOU-GO GROUP

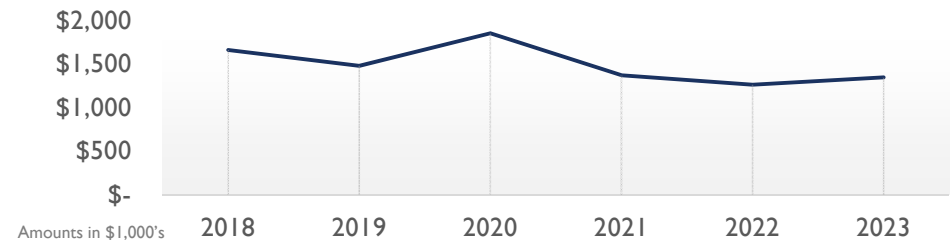
Pay-As-You-Go Group | 2018



Pay-As-You-Go Group:

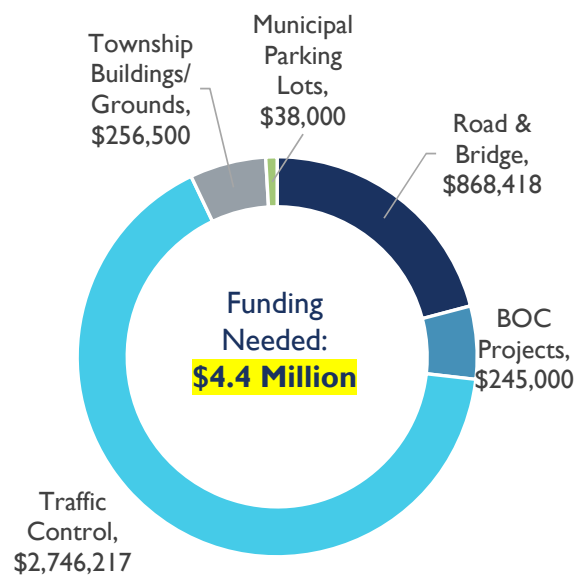
- Funded through current year Revenue or short-term capital leasing
- General fund transfers are set up to move the cash into the Capital Fund to fund these purchases
- Includes fleet, department equipment and other small equipment items
- Capital Plan transfers needed from 2018 through 2023:

2018	2019	2020	2021	2022	2023
\$1,664	\$1,483	\$1,856	\$1,373	\$1,265	\$1,349



CAPITAL PLAN SUMMARY | PAY-AS-YOU-USE GROUP

Pay-As-You-Use Group | 2018 As Proposed



Amounts in \$1,000's

■ Pay-As-You-Use Group Recommended Next Steps:

- Review Projects: Prioritize and Plan
- Develop Funding Plan:
 - Financing | Issuing small increments of debt to fund projects, limited by policy to not issue debt beyond today's debt service expense
 - Grants / Developer Offsets, / Public Private Partnerships / Other mechanisms to help offset debt load
- Hold a special Budget Public Hearing to discuss

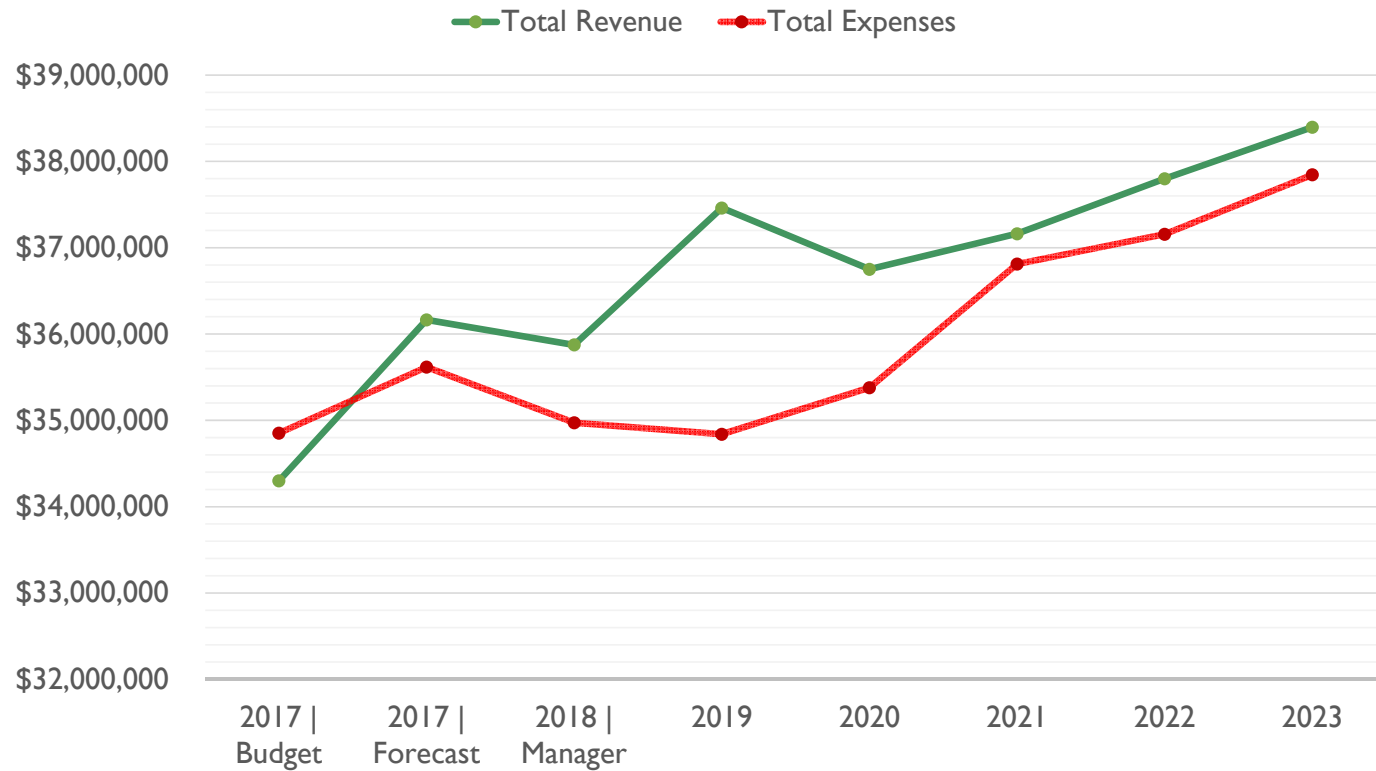
CAPITAL PLAN SUMMARY (CONT'D)

- **2018 Pay-As-You-Use Capital Group Projects:**
 - Sanitary Sewer Fund | Emerg. Pipe Replacements \$20,000
 - Liquid Fuels Fund | Road Resurfacing Program \$808,442
 - Stormwater Fund | Will come from SWMAC later in October
 - General Capital Fund:
 - Road and Bridge Group:
 - Bridge Repairs (as needed from inspections) \$45,000
 - Street Light Fixture Replacement Program \$100,000
 - Street Light Pole Replacement Program \$45,000
 - Radnor Chester / King of Prussia Wall Improvements \$55,000
 - I476 Interchange: Carin Structure Improvements \$150,000
 - Commissioner Contingency Projects \$150,000
- General Fund (Cont'd):
 - Municipal Buildings Group:
 - Public Works Facility \$35,000
 - Municipal Parking Lots Group:
 - West Ave Store Front Lots \$36,000
 - Signals/ Traffic Lighting Group:
 - Conestoga Rd Tunnel Lighting \$200,000
 - Conestoga Rd/ Sproul Rd Intersection Left Turn \$300,000
 - Park Improvements (non-bondable):
 - Dittmar Park fencing / path repairs \$20,000
 - Odorasio Park waterline access \$10,000
 - Petrie Park sign replacement \$10,000
 - Skunk Hollow wayfaring signage \$36,000

FORECAST SUMMARY

[GENERAL FUND ONLY]

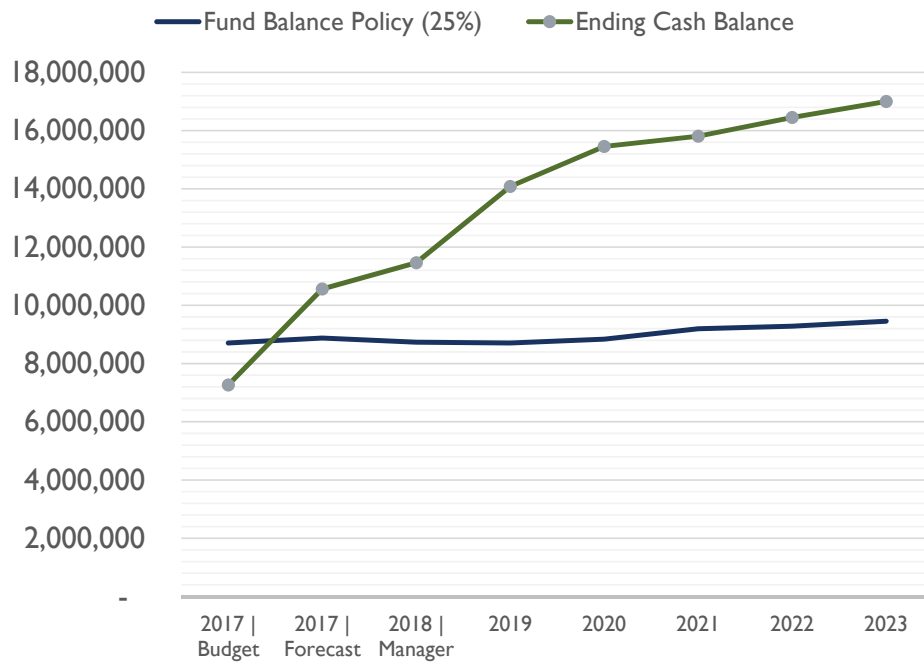
FORECAST REVENUE VS EXPENSES



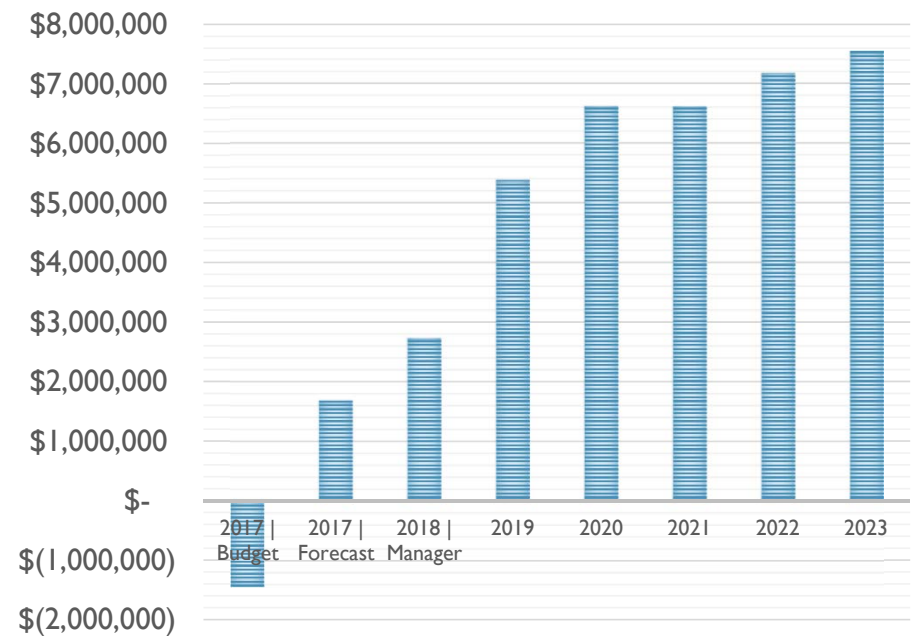
FORECAST SUMMARY (CONT'D)

[GENERAL FUND ONLY]

FORECAST FUND BALANCE VS POLICY



FORECAST ANNUAL FUND BALANCE EXCESS / (SHORTFALL)





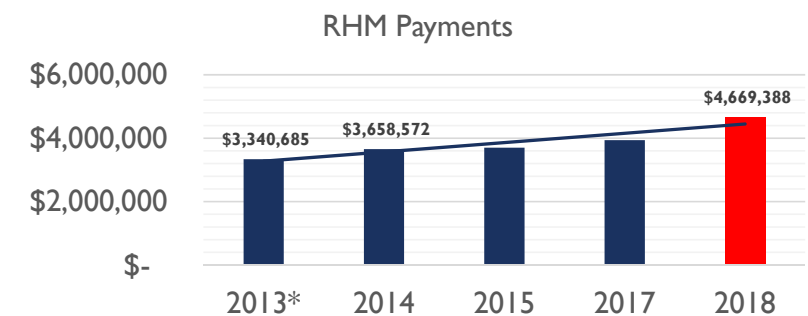
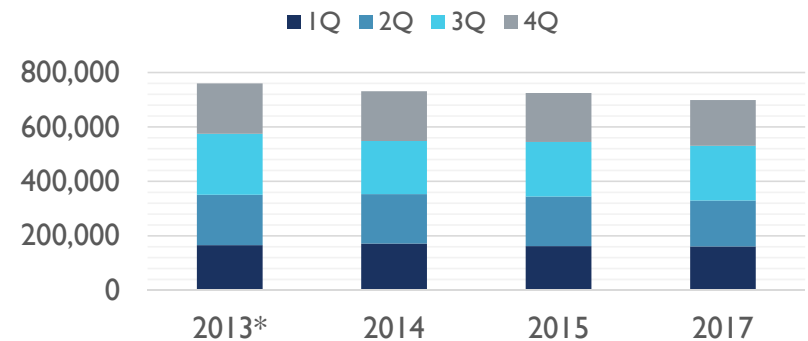
SANITARY SEWER FUND



SANITARY SEWER FUND SUMMARY

	2014	2015	2016	Budget 2017	Forecast 2017
Revenue	5,041	4,964	4,881	4,776	4,895
Expenses:					
Ops	953	981	1,030	1,417	1,102
Debt	369	369	369	344	344
Cap Ex	295	127	249	56	2,000
RHM	3,659	3,704	3,822	3,937	3,954
Total Exp	5,276	5,181	5,471	5,410	7,400
Net	(235)	(217)	(590)	(634)	(2,505)
Amounts in \$1,000's					
Rent Rate	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90

Sanitary Sewer Forecast
Water Use Data - per Year by Quarter

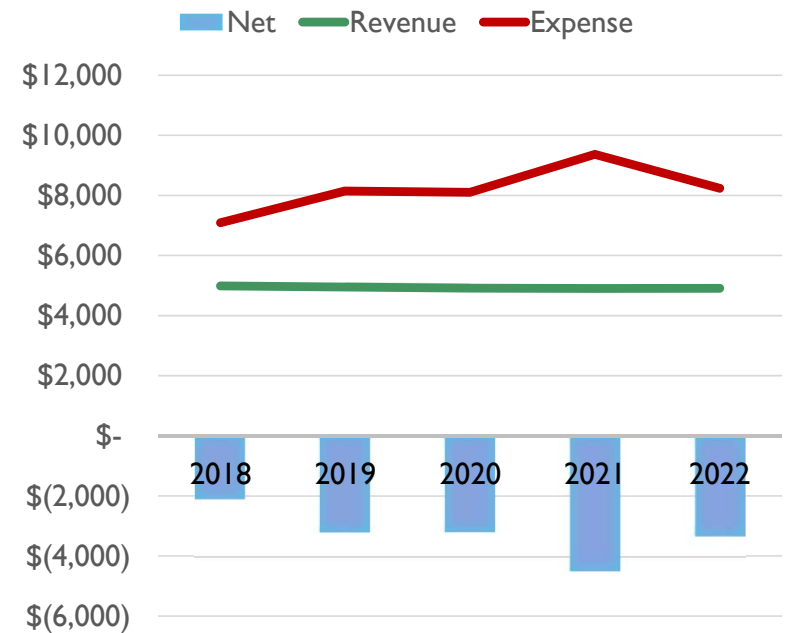


SANITARY SEWER FUND SUMMARY (CONT'D)

	2018	2019	2020	2021	2022
Revenue	4,988	4,953	4,917	4,901	4,910
Expenses:					
Debt	349	344	349	338	285
Cap Ex	1,052	1,979	1,802	2,934	1,715
RHM	4,669	4,786	4,906	5,028	5,154
Operations	1,020	1,037	1,050	1,068	1,085
Total Exp	7,090	8,146	8,107	9,368	8,239
Net	(2,102)	(3,193)	(3,190)	(4,467)	(3,329)

Amounts in \$1,000's

FORECAST



Amounts in \$1,000's

SANITARY SEWER FUND | NEXT STEPS

- Review and Plan out Capital Projects
- Determine best method for funding CapEx:
 - Pay as they break | Will require large cash reserves in fund, estimated in excess of \$2.0M
 - Plan and Fund with Cash | Will require planning and large immediate rate increases
 - Plan and Fund with Bonds | Will require planning and will allow a smoothed increase in rates
 - Combination of the above
 - Pursue other opportunities
- Board Direction Needed



PARK AND OPEN SPACE FUND



PARK & OPEN SPACE FUND SUMMARY | NO ADDITIONAL REVENUE

	2016	Forecasted 2017	2018	2019	2020	2021
Beg Balance	\$719,153	\$624,329	\$203,752	9,399	(177,604)	(346,557)
Revenue						
Realty Transfer	756,680	852,002	860,525	869,125	877,825	886,600
Grants / Interest	1,194	1,400	200	200	200	200
General Fund Transfers	400,000	-	-	-	-	-
Total Rev	1,157,874	853,401	860,725	869,325	878,025	886,800
Expenses:						
Professional Services	(7,000)	-	-	-	-	-
Debt Service	(1,245,698)	(1,273,978)	(1,055,078)	(1,056,328)	(1,046,978)	(1,053,878)
Total Expenses	(1,252,698)	(1,273,978)	(1,055,078)	(1,056,328)	(1,046,978)	(1,053,878)
Rev Over/(Under) Exp.	(94,824)	(420,577)	(194,353)	(187,003)	(168,953)	(167,078)
Ending Cash Balance	\$624,329	\$203,752	9,399	(177,604)	(346,557)	(513,635)

¹ Millage necessary is dependent upon the annual realty transfer tax Revenue. If future forecasts overstate the actual revenue, then additional millage would be necessary (and vice versa)

PARK & OPEN SPACE FUND SUMMARY | WITH ADDED MILLAGE

	2016	Forecasted 2017	2018	2019	2020	2021
Beg Balance	\$719,153	\$624,329	\$203,752	\$9,399	\$(177,604)	\$(346,557)
Revenue						
Real Estate Taxes	-	-	158,208	159,078	159,953	160,833
Realty Transfer	756,680	852,002	860,525	869,125	877,825	886,600
Grants / Interest	1,194	1,400	200	200	200	200
General Fund Transfers	400,000	-	-	-	-	-
Total Rev	1,157,874	853,401	1,018,933	1,028,403	1,037,978	1,047,633
Expenses:						
Professional Services	(7,000)	-	-	-	-	-
Debt Service	(1,245,698)	(1,273,978)	(1,055,078)	(1,056,328)	(1,046,978)	(1,053,878)
Total Expenses	(1,252,698)	(1,273,978)	(1,055,078)	(1,056,328)	(1,046,978)	(1,053,878)
Rev Over/(Under) Exp.	(94,824)	(420,577)	(36,145)	(27,925)	(9,000)	(6,245)
Ending Cash Balance	\$624,329	\$203,752	\$167,607	\$139,682	\$130,682	\$124,437
Millage Rate used in Assumption	n/a	n/a	0.0500	0.0500	0.0500	0.0500

PARK & OPEN SPACE FUND SUMMARY | WITH GENERAL FUND TRANSFERS

	2016	Forecasted 2017	2018	2019	2020	2021
Beg Balance	\$719,153	\$624,329	\$203,752	209,399	222,396	253,443
Revenue						
Realty Transfer	756,680	852,002	860,525	869,125	877,825	886,600
Grants / Interest	1,194	1,400	200	200	200	200
General Fund Transfers	400,000	-	200,000	200,000	200,000	200,000
Total Rev	1,157,874	853,401	1,060,725	1,069,325	1,078,025	1,086,800
Expenses:						
Professional Services	(7,000)	-	-	-	-	-
Debt Service	(1,245,698)	(1,273,978)	(1,055,078)	(1,056,328)	(1,046,978)	(1,053,878)
Total Expenses	(1,252,698)	(1,273,978)	(1,055,078)	(1,056,328)	(1,046,978)	(1,053,878)
Rev Over/(Under) Exp.	(94,824)	(420,577)	5,647	12,997	31,047	32,922
Ending Cash Balance	\$624,329	\$203,752	209,399	222,396	253,443	286,365
Millage Necessary ¹	n/a	n/a	n/a	n/a	n/a	n/a

¹ Millage necessary is dependent upon the annual realty transfer tax Revenue. If future forecasts overstate the actual revenue, then additional millage would be necessary (and vice versa)

PARK AND OPEN SPACE FUND | NEXT STEPS

- Determine how the Board will fund the 2018 Shortfall
- Determine if Board is interested in establishing longer term funding policy (or continue to address this on a year-by-year basis)
- Board Direction Needed

RECAP | MAJOR ASSUMPTIONS

- Manager Recommendation on major assumptions:
 - Real Estate Tax | **No change for operations and pay-as-you-go capital**
 - Stormwater Fee | **No change**
- Direction Needed (in addition to the overall budget review and approval):
 - Radnor Fire Company funding | Add \$200,000 decision
 - Community organization funding | Determination if Township Manager recommended is appropriate
 - Capital Program (pay-as-you-use) | Need funding direction: Recommended that this be discussed separately
 - Sanitary Sewer Fund | Need funding direction: Recommend that this be discussed separately
 - Park & Open Space Fund | Need funding direction

NEXT STEPS

- Publish the Township Manager's Recommended Comprehensive Budget | **Wednesday October 11, 2017**
- Adopt the TMRCB as the "Preliminary Budget" | **October 23, 2017**
- Public Hearing #1 | **November 13, 2016**
- Public Hearing #2 | **November 27, 2016**
- Public Hearings to be determined | **October 30, November 20** and/or **December 4**
- Introduction of 2018 Budget Ordinance and Accompanying Resolutions | **November 27, 2017**
- Adoption of the 2018 Budget Ordinance | **December 11, 2017**



THANK YOU



Department presentations:

- ✓ Community Development
- ✓ Engineering
- ✓ Public Works
- ✓ Police
- ✓ Community and Recreation Programming