
INTEROFFICE MEMORANDUM

TO: BOARD OF COMMISSIONERS

FROM: ROBERT A. ZIENKWOSKI, TOWNSHIP MANAGER
WILLIAM M. WHITE, FINANCE DIRECTOR

SUBJECT: 2012 BUDGET UPDATES AND ALTERNATIVE TAX RATE INFORMATION

DATE: 11/18/2011

CC: DEPARTMENT HEADS



Finance
Department

The Township Manager's recommended budget initially included a real estate tax increase of 0.1227 mills which equated to a 3.37% increase. That increase was tied to the August 2010/2011 change in the Philadelphia region CPI (the most recent update available as of November 11, 2011). Since that time, the Department of Labor has updated the regional CPI as of the end of October to be a **3.02%** increase. Therefore, included in this memorandum is an update to the Township Manager's 2012 Budget Recommendation to change the millage increase downward to the 3.02% increase (which would equate to a 0.1100 mill increase). In addition, Delaware County released their 2012 assessed value totals. For Radnor Township, the assessed value increased by 0.06% which equates to additional gross real estate tax billing of \$78,190, separate of any millage adjustment. Attached are the updated aggregate budget tables that reflect this change along with a revised General Fund, Sewer Fund and Liquid Fuels Fund budget worksheets. The entire 2012 Township Manager's Recommended Budget has been updated to reflect these changes and included with this memorandum are replacement pages for your budget documents.

Further, at the November 14th meeting, it was requested that the Manager prepare an alternative for a 0% real estate tax increase. The Township Manager, in addition to the 0% requested, is also showing alternatives that include a 2.02% and a 1.02% real estate tax increase. Those highlighted changes are summarized on the following page.

TOWNSHIP MANAGER'S RECOMMENDED BUDGET AMENDMENT SUMMARY:

Real Estate Tax Adjustment	General Fund Total Revenues	General Fund Total Expenditures	Resulting Excess / (Deficiency) Budgeted Results
3.02%	27,811,220	27,713,309	97,911

Summary of Changes from the November 11, 2011 Proposed Budget:

1. Represents updated Philadelphia regional CPI index through *October*
2. Includes updated Delaware County assessed values for 2012
3. Includes a reallocation of \$9,907 in Public Works: Highway – Snow & Ice Operating Supplies (Salt) budget from the General Fund to the Liquid Fuels Fund based on increased estimates liquid fuels proceeds from the State.
4. All other items are as proposed in the November 11, 2011 Township Manager recommendation report.

ALTERNATIVE REAL ESTATE TAX RATE SUMMARIES:

Real Estate Tax Adjustment	General Fund Total Revenues	General Fund Total Expenditures	Resulting Excess / (Deficiency) Budgeted Results
2.02%	\$ 27,622,083	\$ 27,618,900	\$ 3,183
<p><i>Summary of Changes from the Amended (v.2) Township Manager Recommended 2012 Budget:</i></p> <ol style="list-style-type: none"> 1. Removal of additional full-time rental housing inspector (est. 2012 cost of \$94,409) in the Community Development Department 2. All other items are as proposed in the November 11, 2011 Township Manager recommendation report. 			
1.02%	\$ 27,511,343	\$ 27,511,297	\$ 46
<p><i>Summary of Changes from the Amended (v.2) Township Manager Recommended 2012 Budget:</i></p> <ol style="list-style-type: none"> 1. Removal of additional full-time rental housing inspector (est. 2012 cost of \$94,409) in the Community Development Department 2. Removal of part-time code inspector budget (est. 2012 cost of \$52,000) in the Community Development Department 3. Eliminate the proposed Township Land Evaluation / Analysis project (est. 2012 cost of \$65,000) 4. All other items are as proposed in the November 11, 2011 Township Manager recommendation report. 			
0.00%	\$ 27,398,388	\$ 27,333,324	\$ 65,064
<p><i>Summary of Changes from the Amended (v.2) Township Manager Recommended 2012 Budget:</i></p> <ol style="list-style-type: none"> 1. Removal of additional full-time rental housing inspector (est. 2012 cost of \$94,409) in the Community Development Department 2. Removal of part-time code inspector budget (est. 2012 cost of \$52,000) in the Community Development Department 3. Eliminate the proposed Township Land Evaluation / Analysis project (est. 2012 cost of \$65,000) 4. Excludes the budgeted expense of replacing Officer Brennan (disability retirement in July 2011) (est. 2012 budget of \$166,588) 5. All other items are as proposed in the November 11, 2011 Township Manager recommendation report. 			

The elimination of the rental housing inspector and part-time inspection officers will have a significant impact on the Township's ability to be responsive to rental housing compliance and the large number of permit / inspection requests submitted to the department. Further, if the Board elects the 0% tax increase, the budget will not include the replacement of Officer Brennan (Disability retirement) which will further reduce the already depleted uniformed ranks which will have an impact on our Police Department's ability to continue to provide the same level of service.

FINANICAL IMPACT TO TAXPAYERS:

The following table represents an analysis on the average annual impact of the four real estate options on homeowners whose homes' assessed value fall within the specified ranges. The ranges were calculated based on the size of the housing population and the range between the highest and lowest valued properties using statistical methods.

Assessed Value Range	# of Res. Units	% Distribution	3.37%	3.02%	2.02%	1.02%	0.00%
\$35,320 - \$282,523	4,192	54.54%	\$ 20.52	\$ 18.39	\$ 12.30	\$ 6.21	\$ -
\$282,524 - \$529,727	2,620	34.09%	\$ 46.22	\$ 41.42	\$ 27.70	\$ 13.99	\$ -
\$529,728 - \$776,931	508	6.61%	\$ 77.96	\$ 69.86	\$ 46.73	\$ 23.60	\$ -
\$776,932 - \$1,024,135	211	2.75%	\$ 108.66	\$ 97.38	\$ 65.13	\$ 32.89	\$ -
\$1,024,136 - \$1,271,339	101	1.31%	\$ 137.80	\$ 123.49	\$ 82.60	\$ 41.71	\$ -
\$1,271,340 - \$1,518,543	25	0.33%	\$ 167.35	\$ 149.97	\$ 100.31	\$ 50.65	\$ -
\$1,518,544 - \$1,765,747	10	0.13%	\$ 203.71	\$ 182.55	\$ 122.11	\$ 61.66	\$ -
\$1,765,748 - \$2,012,951	7	0.09%	\$ 229.23	\$ 205.43	\$ 137.40	\$ 69.38	\$ -
\$2,012,952 - \$2,260,155	4	0.05%	\$ 257.22	\$ 230.50	\$ 154.18	\$ 77.85	\$ -
\$2,260,156 - \$2,507,359	5	0.07%	\$ 291.06	\$ 260.83	\$ 174.47	\$ 88.10	\$ -
\$2,507,360 - \$2,754,563	1	0.01%	\$ 325.31	\$ 291.52	\$ 194.99	\$ 98.46	\$ -
\$2,754,564 - \$3,001,767	-	0.00%	n/a	n/a	n/a	n/a	n/a
\$3,001,768 - \$3,248,971	2	0.03%	\$ 391.41	\$ 350.76	\$ 234.61	\$ 118.47	\$ -

SEWER FUND UPDATE:

Since the Township Manager's Recommended Budget was submitted, the Township obtained the 2011 water usage and was able to accurate update the estimated 2012 revenue and RHM expenditure estimates. In total the revenue estimate increased by \$391,637 and the increase to the RHM payment increased by \$488,662. In total, the Sewer Fund is still balanced and showing an insignificant increase in fund balance of \$8,286.

LIQUID FUELS FUND UPDATE:

Since the Township Manager's Recommended Budget was submitted, the Township obtained an updated revenue estimate from the State of Pennsylvania. In total the revenue estimate increased by \$9,907. To help with the reduction in revenue in the General Fund resulting from the decreased CPI, this amount (\$9,907) of Salt budget was moved from the General Fund to the Liquid Fuels Fund. The result is that we are still budgeting to spend all of the 2012 estimated proceeds (break-even).

Please let either me or Mr. Zienkowski know if you should have any questions. Thank you for your consideration.

Exhibits:

1. Executive Summary Update (replaces pp. 1 – 23)
2. 2012 General Fund Budget Worksheet (replaces pp. 58 – 79)
3. 2012 Sewer Fund Budget Worksheet (replaces pp. 83 – 87)
4. 2012 Liquid Fuels Budget Worksheet (replaces pg. 90)
5. Executive Summary of Fund Activity Worksheet (replaces pg. 135)
6. Budget Fund Total Activity Worksheet (replaces pg.136)
7. Aggregate Revenue and Expenditure Update Worksheet (replaces pg. 137)
8. 2012 Real Estate Millage Worksheet (replaces pg. 139)
9. Township Assessed Valuation and Rates Worksheet (replaces pg. 140)
10. CPI Worksheet (updated) (replaces pg.156)