

Citizens' Audit Review and Financial Advisory Committee

ARDROSSAN / OPEN SPACE FINANCIAL IMPACT PRESENTATION

PURPOSE OF THIS PRESENTATION

- Review the acquisition from a broad financial perspective beyond the Open Space Policy Phase II calculations, as requested by the Board.
- Inform Stakeholders of the financial impact of the proposed Ardrossan / Open Space acquisition.
- Distill all the information on the web site down to key financial highlights.

CARFAC'S ROLE IN THE PROCESS

- CARFAC reviewed the Open Space Policy Phase II calculations and assumptions.
- As part of the review, CARFAC recommended that the Township engage a second MAI appraiser in order to provide additional support for the purchase price.
- We understand that appraisal is scheduled to begin within the week.
- CARFAC was not asked to take an official position on the purchase.

TOPICS TO BE COVERED

- Acquisition Cost Summary
- Real Estate Tax Impact
- Impact to Overall Liability Load
- What Else Could be Done with 0.15 Mills
- Cost to Live in Radnor
- Forecasted Millage Rates
- Revenue Analysis
- Challenges Facing the Township
- Options to Help Address Challenges

ACQUISITION COST SUMMARY

➤ Total cost over 30 year period:

Category	(in millions)
Land Purchase Price	\$11.7
Transaction Cost	0.4
Financing Cost	7.3
Maintenance Cost	3.0
Subtotal Cost	\$22.4
Trail Installation	0.6
Total Project Cost	\$23.0

Footnotes:

- Financing cost will increase if the \$0.9M in additional grant and private funding are not realized.
- Trail Installation is planned to be funded through private sources.

REAL ESTATE TAX IMPACT

➤ 2015 Tax Rate Adjustment

	Percentage Tax Increase
Bond Retirement	4.00%
Property Maintenance	0.69%
Foregone Tax Revenue	0.53%
Total	5.22%

- The tax adjustment would be a one-time increase, then remain in place until the planned sunset in 2026, at which time only the bond retirement portion would cease.

IMPACT TO OVERALL LIABILITY LOAD

(in millions)	Balance Sheet	Total Obligation
Unfunded Pension Liability	\$24	\$76
Unfunded OPEB Liability	54	216
General Obligation Bond Liability	50	72
Subtotal	\$128	\$364
Add: Ardrossan / Open Space Bonds	10	17
Total	\$138	\$381

By way of context, the calendar year 2013 Radnor Township Revenue is projected to be \$40M.

Pension Footnote: The Unfunded Pension Liability's Total Obligation amount is the sum of the actuarial accrued liability for each of the Township's two pension plans, as reported in the Mockenhaupt Actuarial Valuation Report

Sources:

1. Township's 12/31/2012 Audited Financial Statements
2. CARFAC Report to the Board of Commissioners 12/10/2012
3. Mockenhaupt Actuarial Valuation 1/1/2013
4. Open Space Policy Phase II Calculations

WHAT ELSE COULD BE DONE WITH 0.15 MILLS?

- 0.15 Mill generates approximately \$473,000 per year. The proposed time period for the millage is 2015 - 2026.
- Two examples of other uses could be:
 - OPEB: Would shorten the horizon until fully funded by 23 years, from 2059 to 2036; or
 - Pension: Would shorten the horizon until fully funded from 15 years to approximately 10 years.

COST TO LIVE IN RADNOR

Real Estate Taxes have not changed since 2011, but the Township fees have increased as follows:

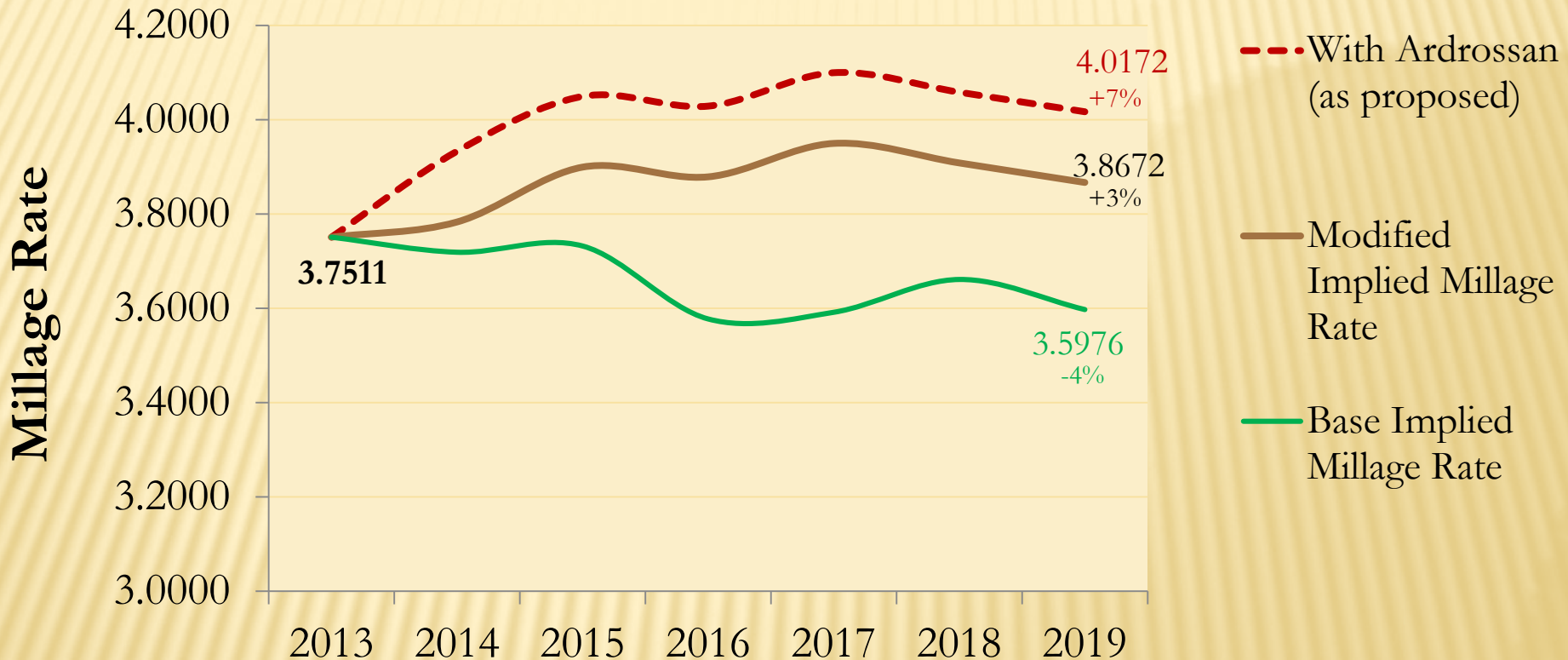
	Single Family Homeowner Cost Increases	Percentage Increase to Median Radnor Home	Dollar Increase to Median Radnor Home
Real Estate Taxes	0.000 mills	0.00%	\$0
Ardrossan Impact ¹	0.196 mills	5.22%	\$52
Storm Water Fee ²	\$29 per unit	2.92% - 11.68%	\$29 - \$116
Tipping Fee Pass Through ³	\$33 per home	3.32%	\$33
Total Cost Increase		11.46% - 20.22%	\$114 - \$201

Footnotes: The table above is meant to convert the fees into a real estate tax millage rate equivalent. All calculations are based on the residential median assessed value of \$264,710, provided by the County, and the Township's current millage rate of 3.7511 mills

Sources:

1. Ardrossan Impact: Open Space Policy, Phase II 2.A.5
2. Storm Water Fee: Affective January 2014, the fee is \$29.00 per billing unit per year. Single Family Homes will pay based on the number of billing units are assigned to their property. The minimum is 1 billing unit and the maximum is 4 billing units.
3. Tipping Fee Pass Through: The Board adopted a \$33 fee to pass through the cost of the County's solid waste tipping fee. This fee has been suspended for 2013 and 2014.

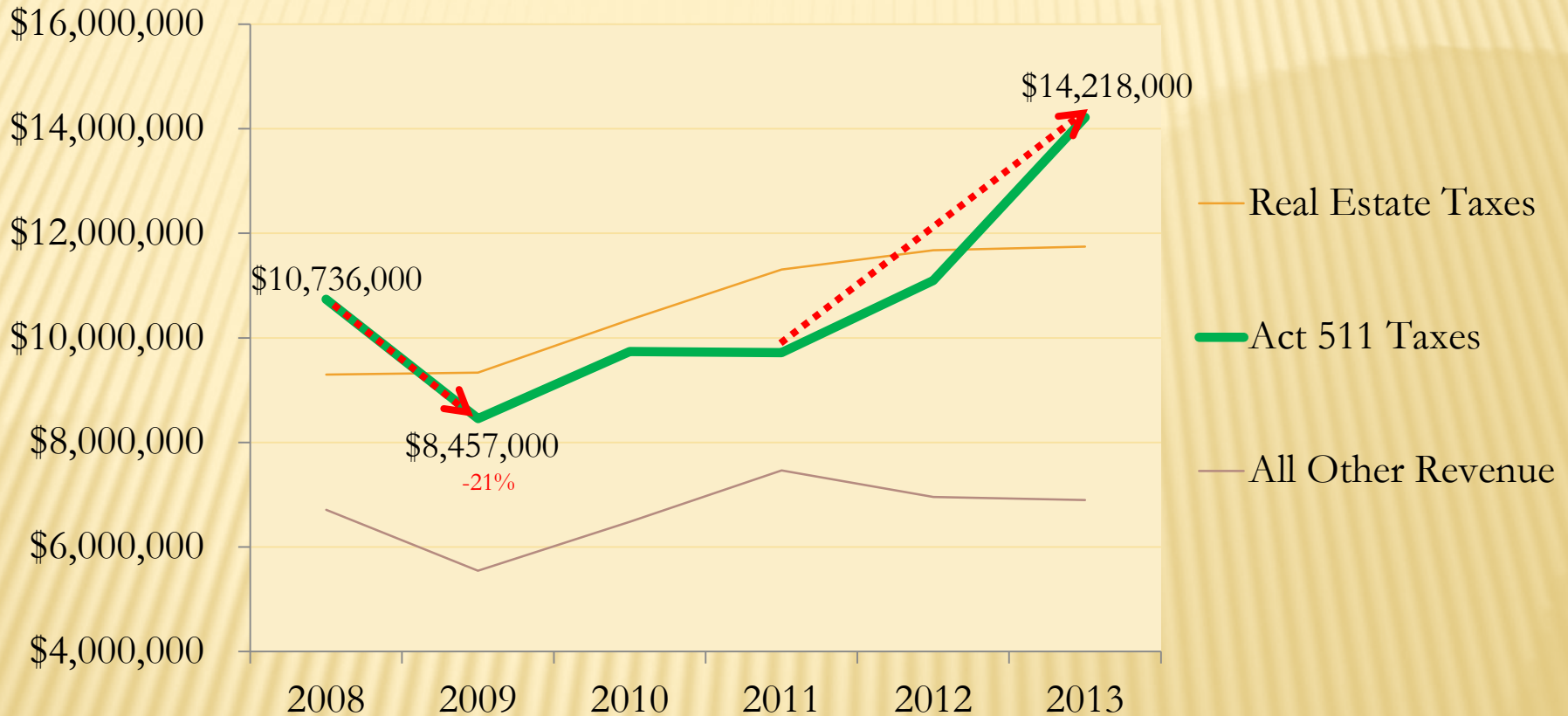
FORECASTED MILLAGE RATES



Footnotes:

1. “Base Implied Millage Rate” represents today’s programming, forecasted over the next five years
2. “Modified Implied Millage” is the Base Implied Rate plus adjustments for the OPEB funding plan, pension amortization, and Ardrossan development project.

REVENUE ANALYSIS



CHALLENGES FACING THE TOWNSHIP

- Sensitivity of the overall revenue forecast to the Act 511 revenue
- Stormwater Infrastructure
- Sanitary sewer Infrastructure
- Mounting cost to maintain current parks, open space, and Township facilities
- Increasing personnel costs
- Funding capital program

OPTIONS TO HELP ADDRESS CHALLENGES

- **Action on the Analysis of Township Properties and Facilities:** Cresa Report identifies 48 properties and a framework for reviewing, monetizing and/or repurposing them.
- **Economic Development:** Continue to work with businesses to sustain the tax base in an effort to keep tax rates low, and offset the cost to maintain the high quality of life in Radnor.
- **Operational Efficiencies:** The Township should continue to explore opportunities to operate more efficiently (i.e. allocation for technology improvements)

Thank you