



2020 Township Manager Recommended Budget

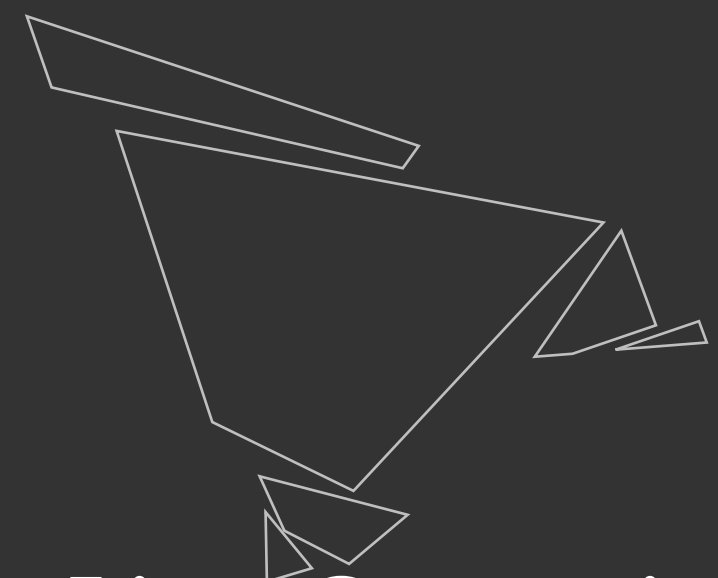
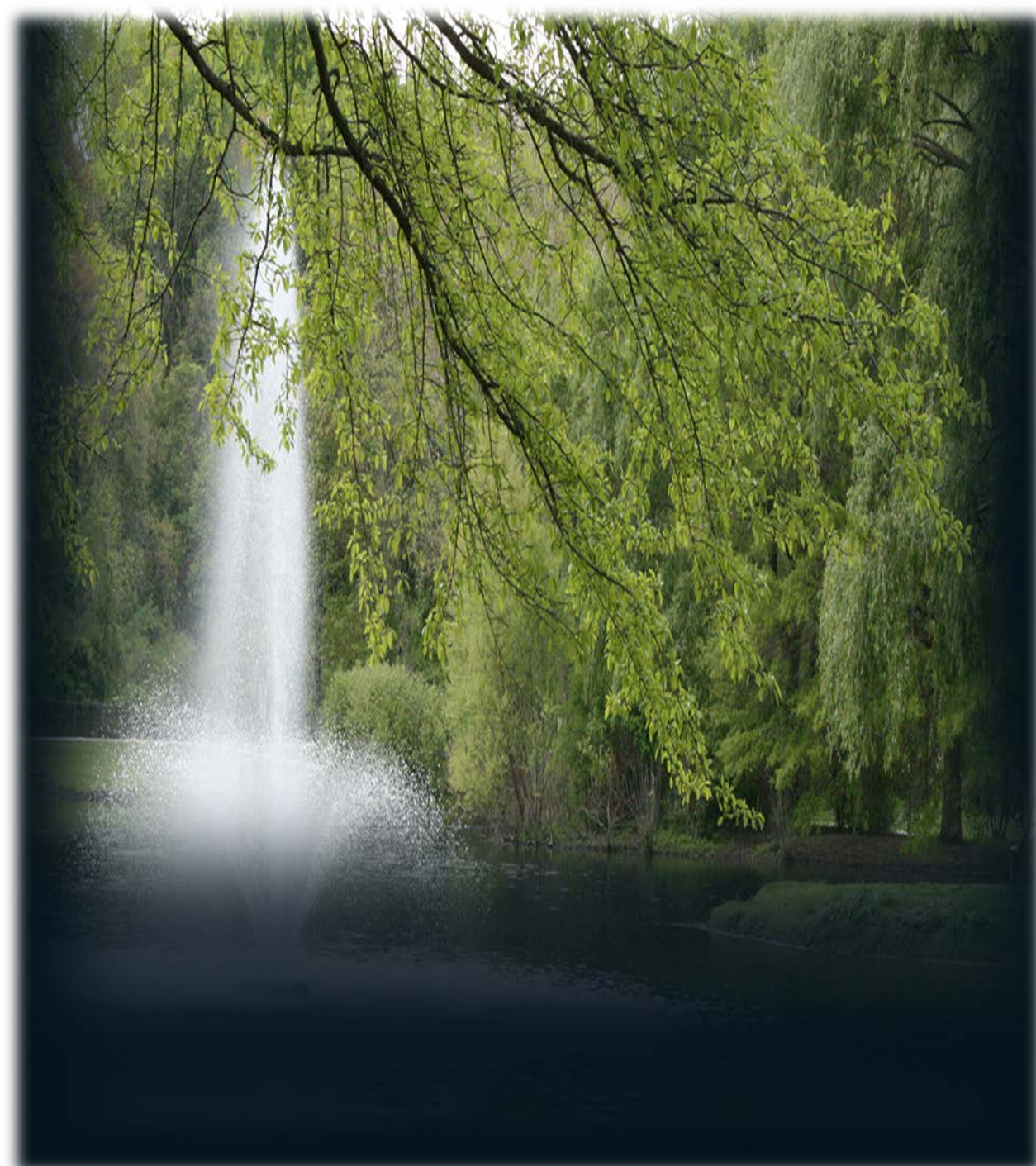
Board of Commissioner Meeting | October 21, 2019



Presentation Contents

Agenda

1. 2020 General Fund Operating Statement
2. Menu Items of Items Currently Not Funded
3. Major Revenue Assumptions
4. Major Expense Assumptions
5. Capital Summary
6. Sanitary Sewer Fund
7. Next Steps



Base Line Operating Statement

The baseline represents today's Township [only] service offering, at today's tax rates forecasted for 2020



Base Line Assumptions



Revenue

- At this time, **NO** millage adjustment to cover baseline activity
- Regular activity for departmental and permitting activity



Services

- Assumes today's level of service with today's headcount levels as incorporated in the Board approved reorganization (Nov 2018)



Capital

- Includes departmental fleet replacements and department capital replacements/ capital needs (see capital plan)
- Does **NOT** include infrastructure and Parks capital funding



Fire / Library / Community Org Funding

- Estimated funding for these organizations are included on the Menu of items for the Board's consideration
- Organizations have been invited to present their requests at next week's special Board meeting

Base Operation Expense Increase Drivers

Highlights as presented at the Special Board Meeting back in January 2019



Static Millage Rates over past 10 Years

Before 2019, the Township's operating millage had been 3.7511 going back to 2012. Business tax growth allowed expanded funding to OPEB, capital and others. However, in the last two years, those revenues have backed up, straining those 2012 level revenues



Pension and OPEB

Compared to 2012, pension is \$1.9M higher. In addition, the OPEB funding plan will cost \$1.5M more in 2020 versus 2019. The total of the two is \$3.4M cost increase



Capital Funding

Since 2012, the Township has relied on aggressively growing business tax revenues to fund capital. However, those revenues have shrunk to pre-2012 levels, eliminating any capital funding



Significant Operational Increases

Trash and Recycling costs have increased by over **\$300,000** in the last three years
Tree Mgmt costs have increased by over **\$150,000** in same period



Position Refills

In 2012, the PD had nine vacancies, currently we have one vacancy. Consequently, the Township is now funding the 8 officers hired from 2013 – 2018, with 2012 revenues

Base Line Financials

Revenues	2017	2018	2019 <small>Projected</small>	2020 <small>TMRB</small>
Real Estate Taxes	\$12,524,690	\$12,553,136	\$13,188,599	\$13,377,626
Act 511 Taxes	13,972,237	13,642,007	13,451,713	13,939,000
Licenses and Permits	4,725,028	4,324,613	5,800,841	3,947,750
All Other	4,067,021	4,413,015	5,476,356	4,191,700
Total Revenue	35,288,976	34,932,771	37,917,509	35,456,076
Expenses				
Payroll and Related	21,060,507	21,927,380	23,683,878	24,322,969
Other Operating	7,336,409	8,077,559	7,533,546	6,244,432
Capital	1,623,660	1,282,538	1,352,105	1,447,150
Debt Service	2,995,274	3,004,083	2,217,147	3,026,681
Transfers Out	1,820,000	1,203,000	2,405,000	150,000
Total Expenses	34,835,850	35,494,560	37,191,676	35,191,232
Net Revenue	453,126	(561,789)	725,833	264,844

Footnote:

1. Transfers Out amounts include \$1,750,000 (2017), \$542,461 (2018), and \$1,450,000 (2019) to the Sewer Fund due to shortages in that fund. These transfers total **\$3,742,461** in General Fund dollars that were lost for capital and/or other General Fund needs.

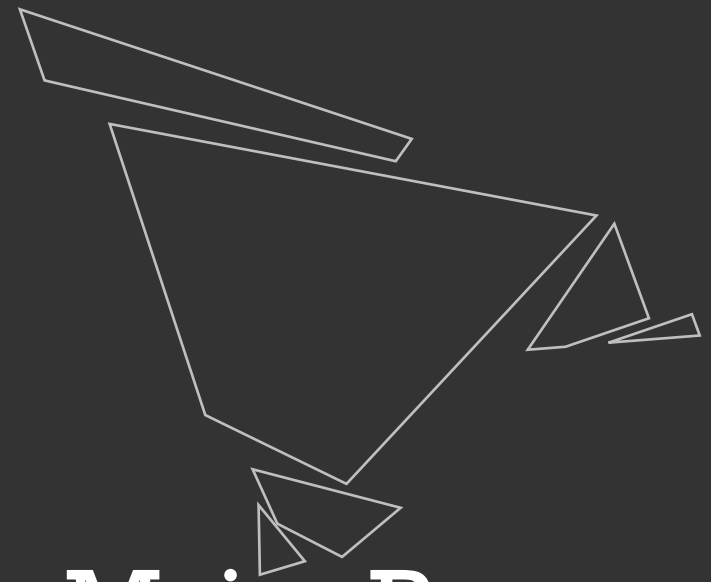
Menu of Programming Items Not Included in Base

	2019 Projection	2020 Estimate
New / Expanded Programming:		
Base Township Operations ¹	\$ -	\$ -
Capital Program Infrastructure, Facilities, Parks, Signals, Etc.	-	5,320,105
Police Staffing Additional Patrol (x4) and New Crime Unit (x4)	-	1,168,761
Public Works Additional Street (x1), Park Maint (x1), Solid Waste Staff (x1)	-	325,839
Public Works Tree Crew (x8)	-	1,630,907
Township Tree Maintenance Program (Instead of PW above)	284,738	1,000,000
Planning Updates Comp Plan + Zoning, SALDO and Stormwater rewrite	-	550,000
Ready 100 Consultant	-	40,000
GIS / PEG Program Investment	-	175,000
Entities Currently Funded by Township ²		
Fire Company Funding Both Operating and Capital	937,433	955,440
Library Funding	960,000	986,400
Other Community Organization Funding	236,000	242,490

Footnote:

1. So long as there is a positive Net Revenue on Base Operations, no millage adjustment is necessary for Township Operations
2. This presentation assumes that dedicated, new millage would be adopted to fund Fire, Library and the other community orgs

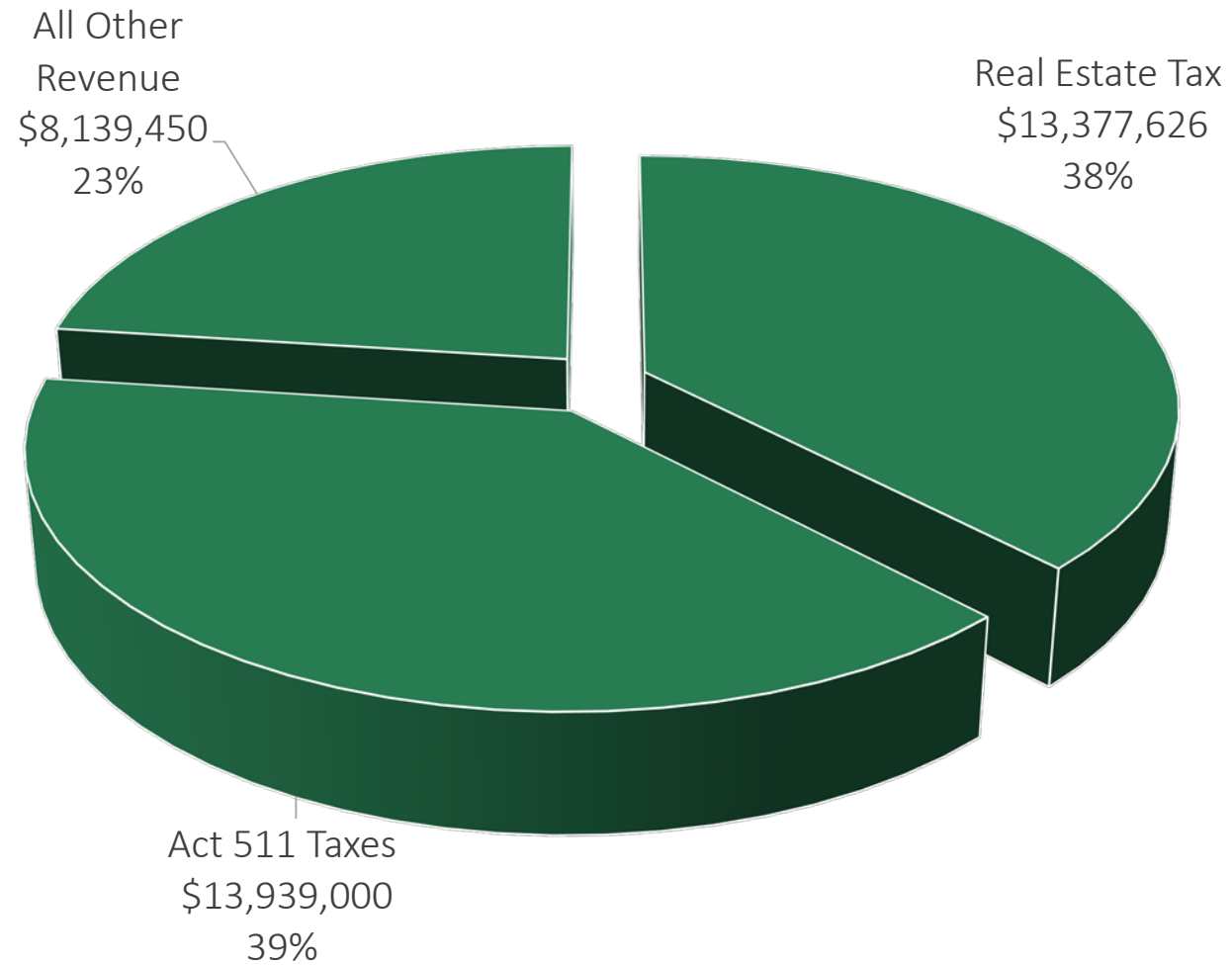




Major Revenue Assumptions

A look at General Fund revenue makeup with a closer look into real estate tax rate history and resulting revenue and business tax revenue

General Fund Revenue Makeup – 2020



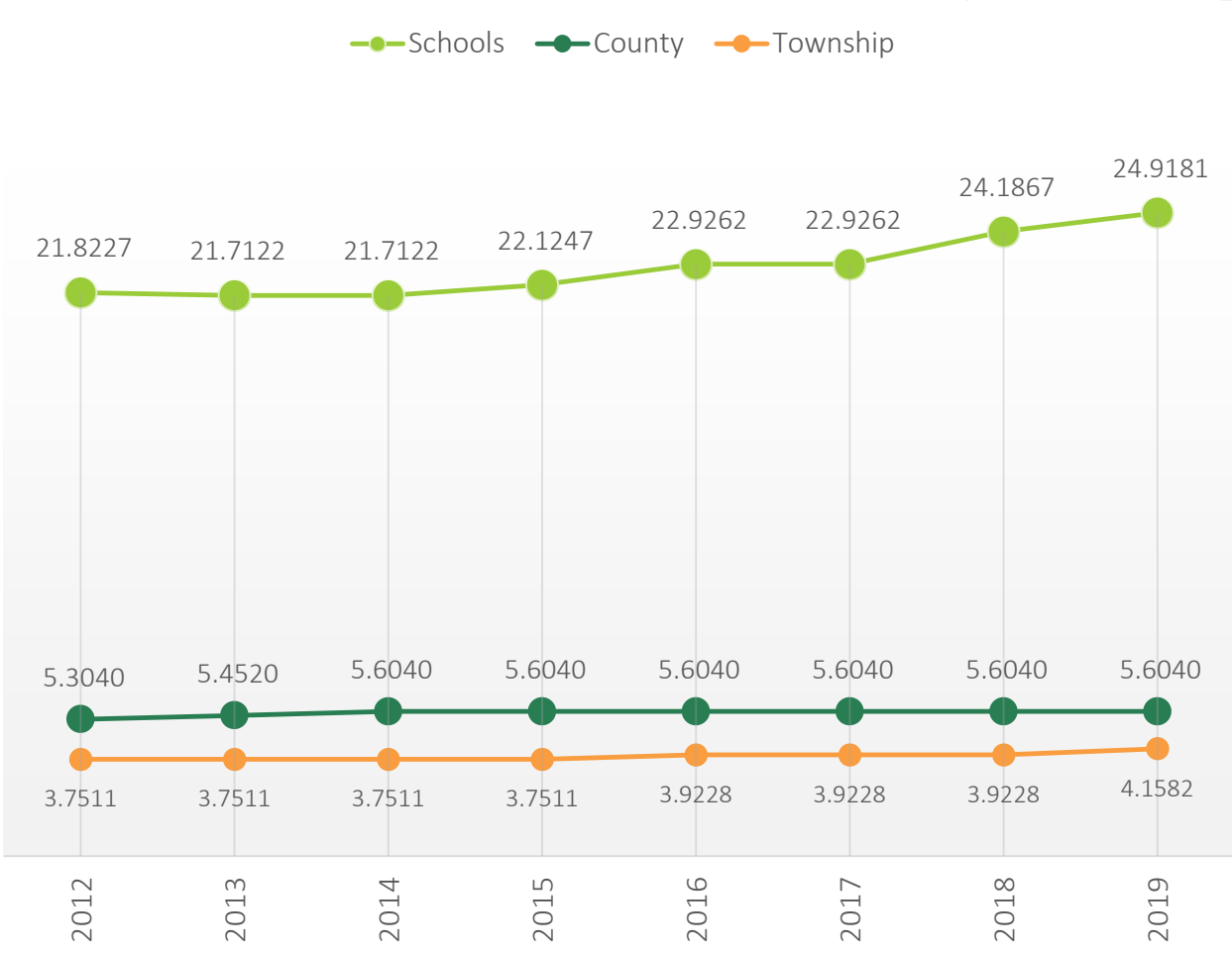
Radnor Real Estate Tax Rate Summary



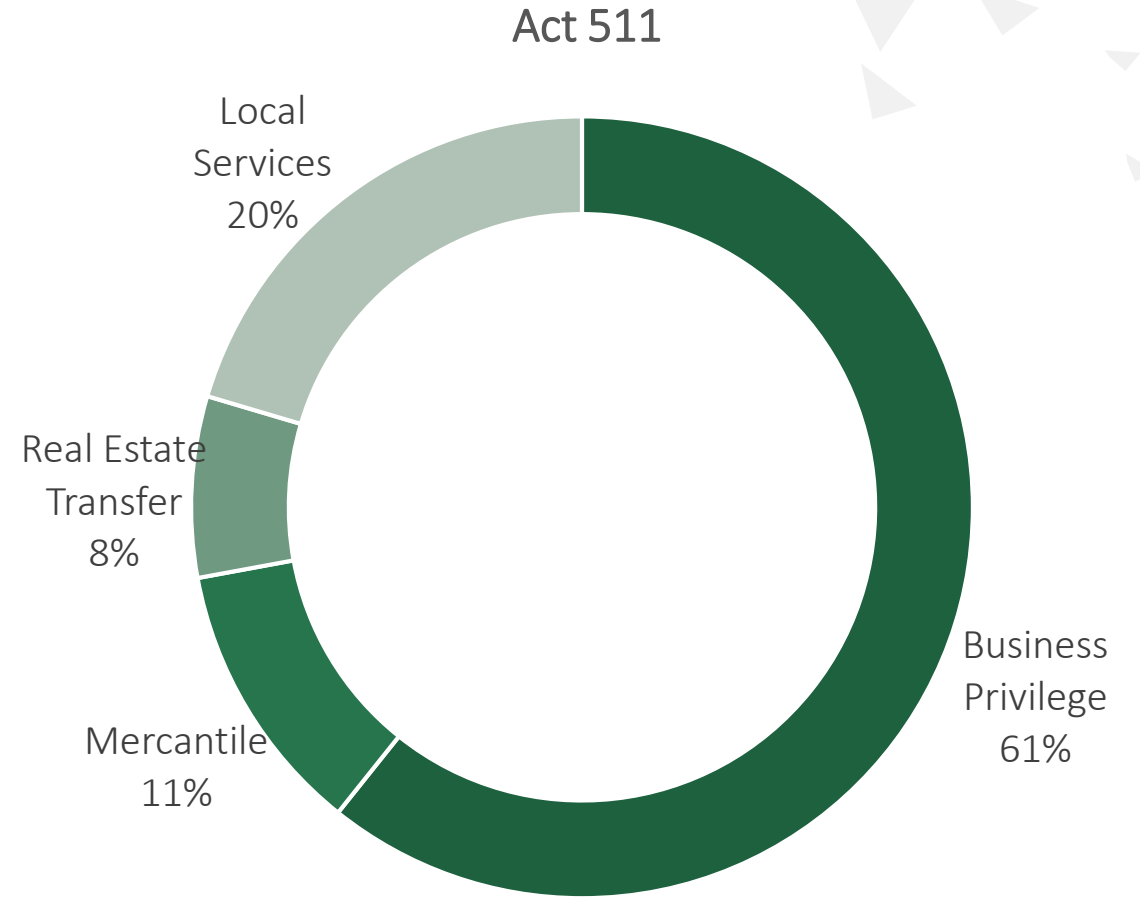
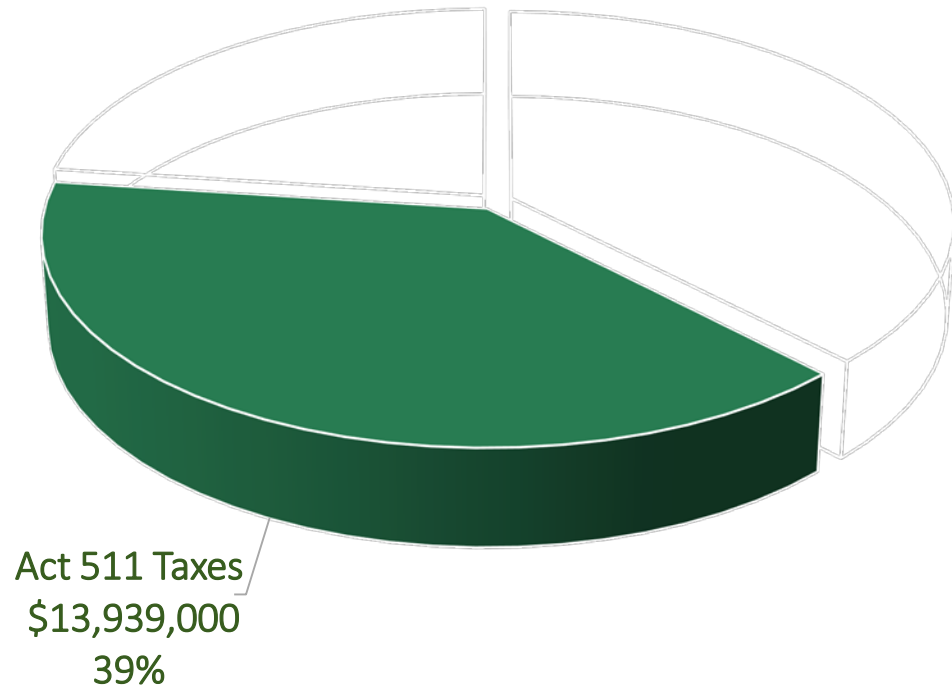
Township Millage Rate History

Year	Ops	Debt	Total	%Δ
2012	3.7511	-	3.7511	-
2013	3.7511	-	3.7511	0.0%
2014	3.7511	-	3.7511	0.0%
2015	3.7511	-	3.7511	0.0%
2016	3.7511	0.1717	3.9228	4.6%
2017	3.7511	0.1717	3.9228	0.0%
2018	3.7511	0.1717	3.9228	0.0%
2019	3.9865	0.1717	4.1582	6.0%

Overlapping Millage Rates



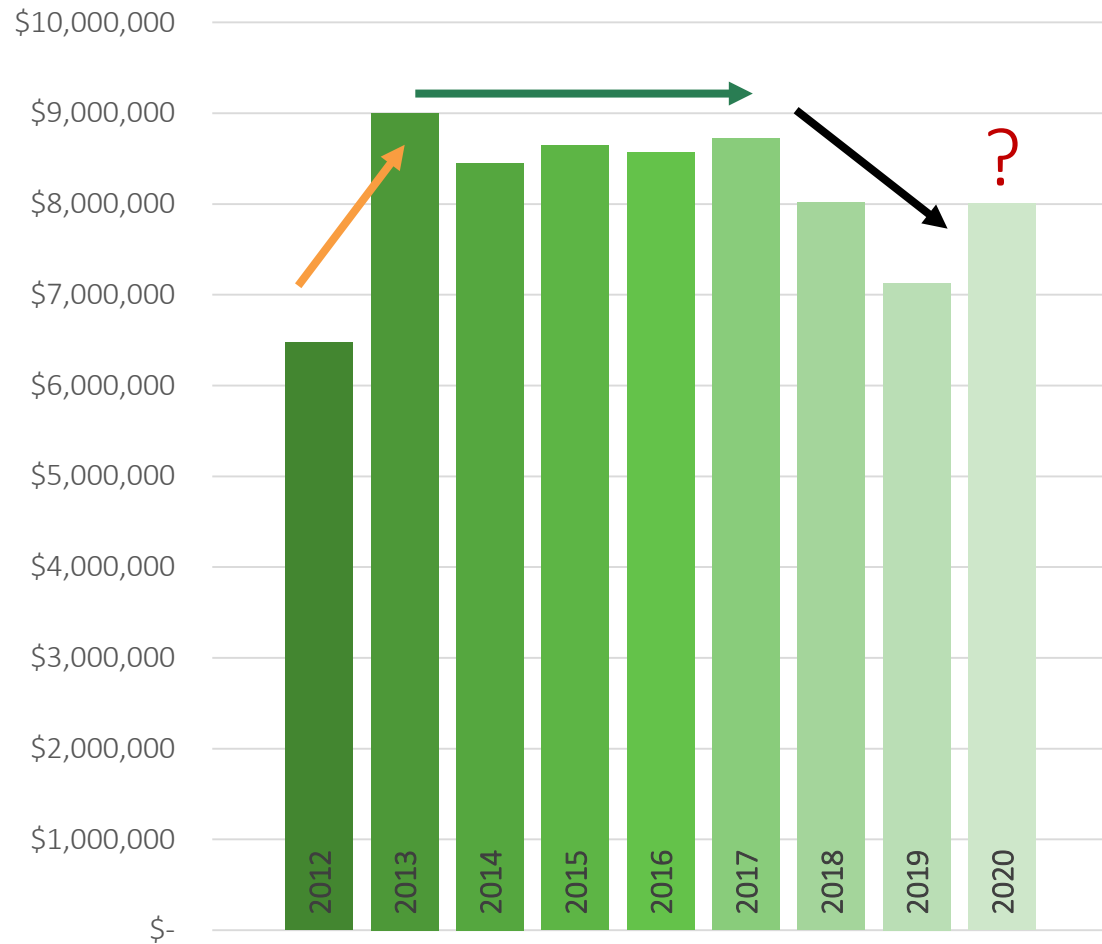
General Fund Revenue Makeup – Act 511



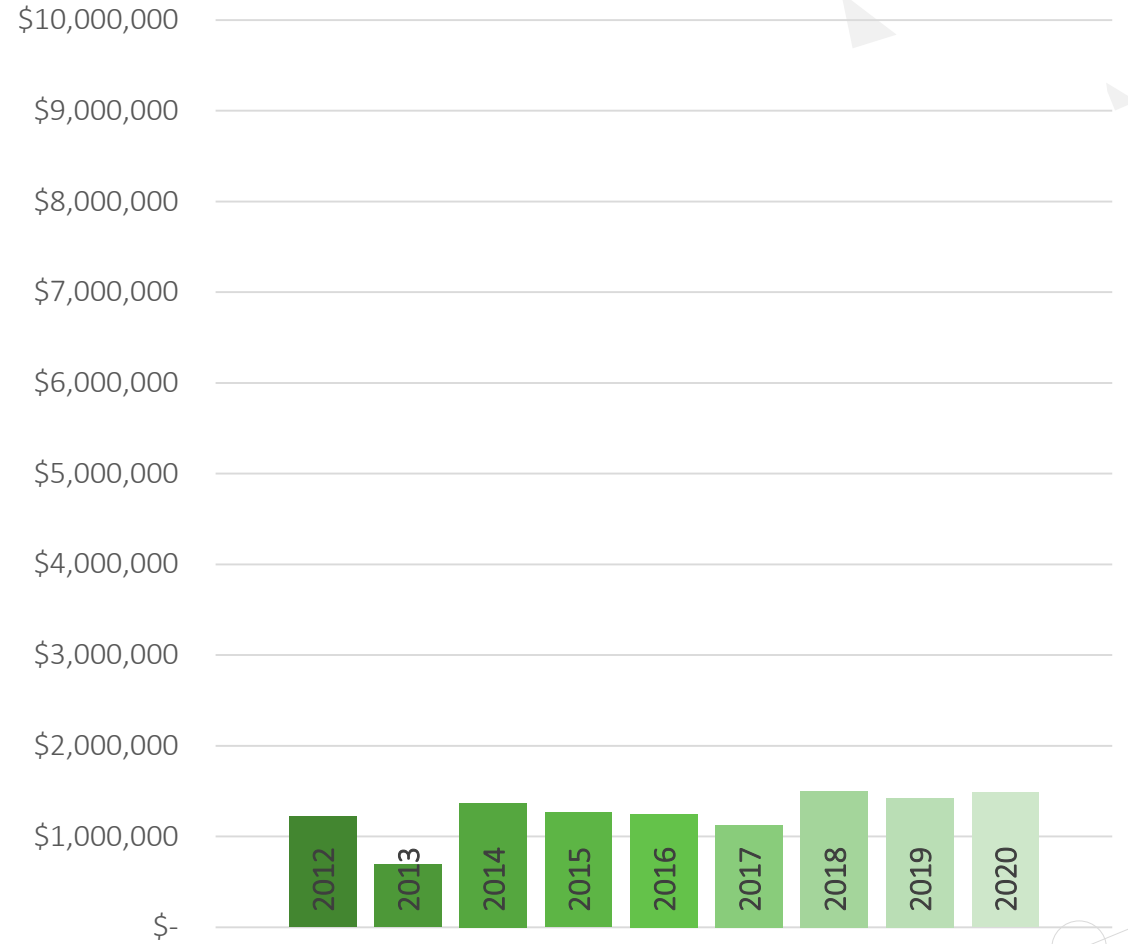
Business Privilege and Mercantile Taxes



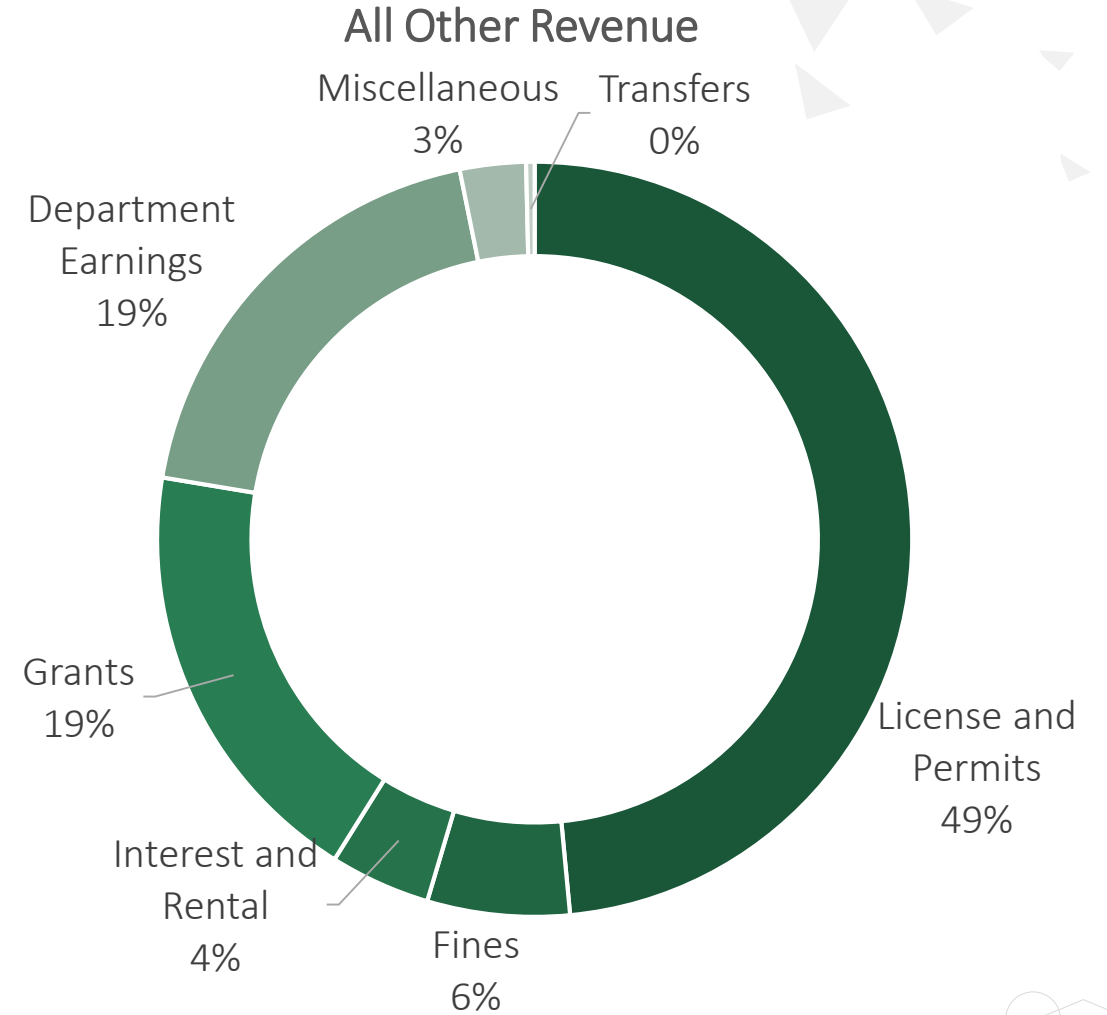
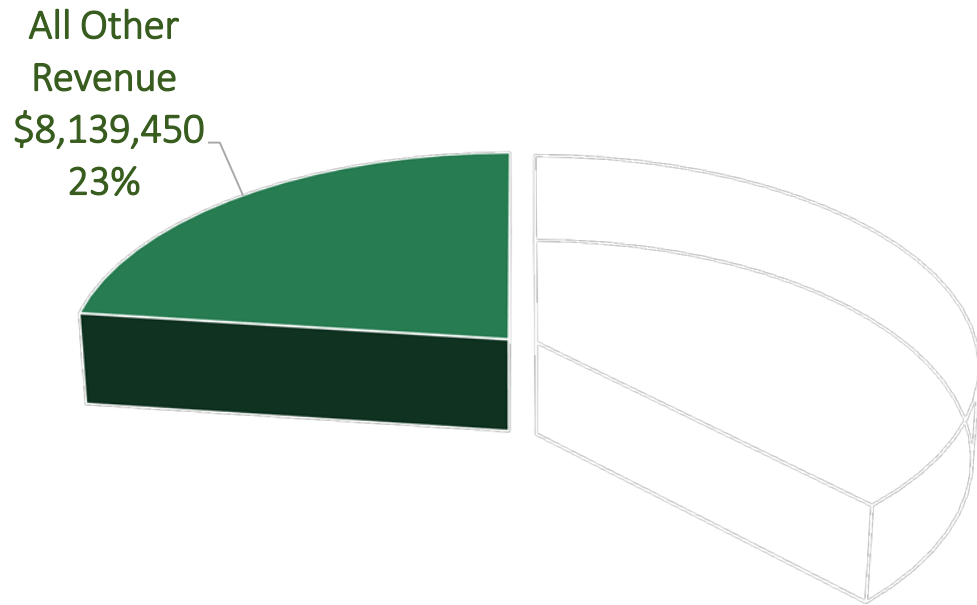
Business Privilege

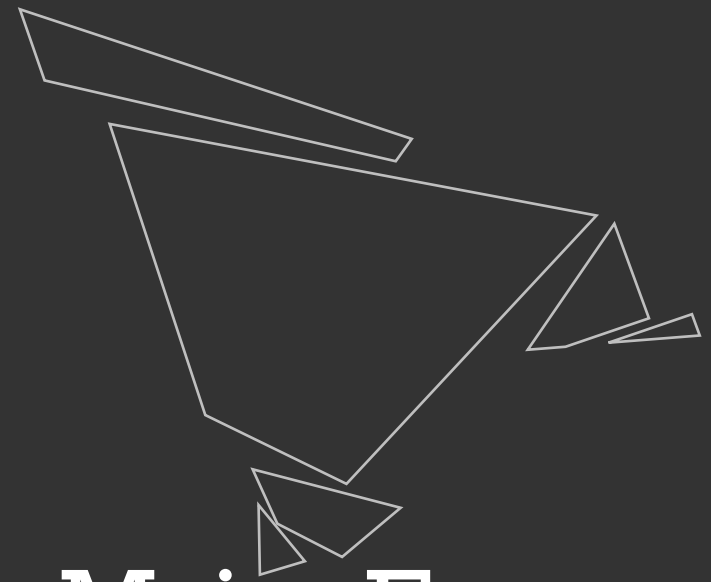
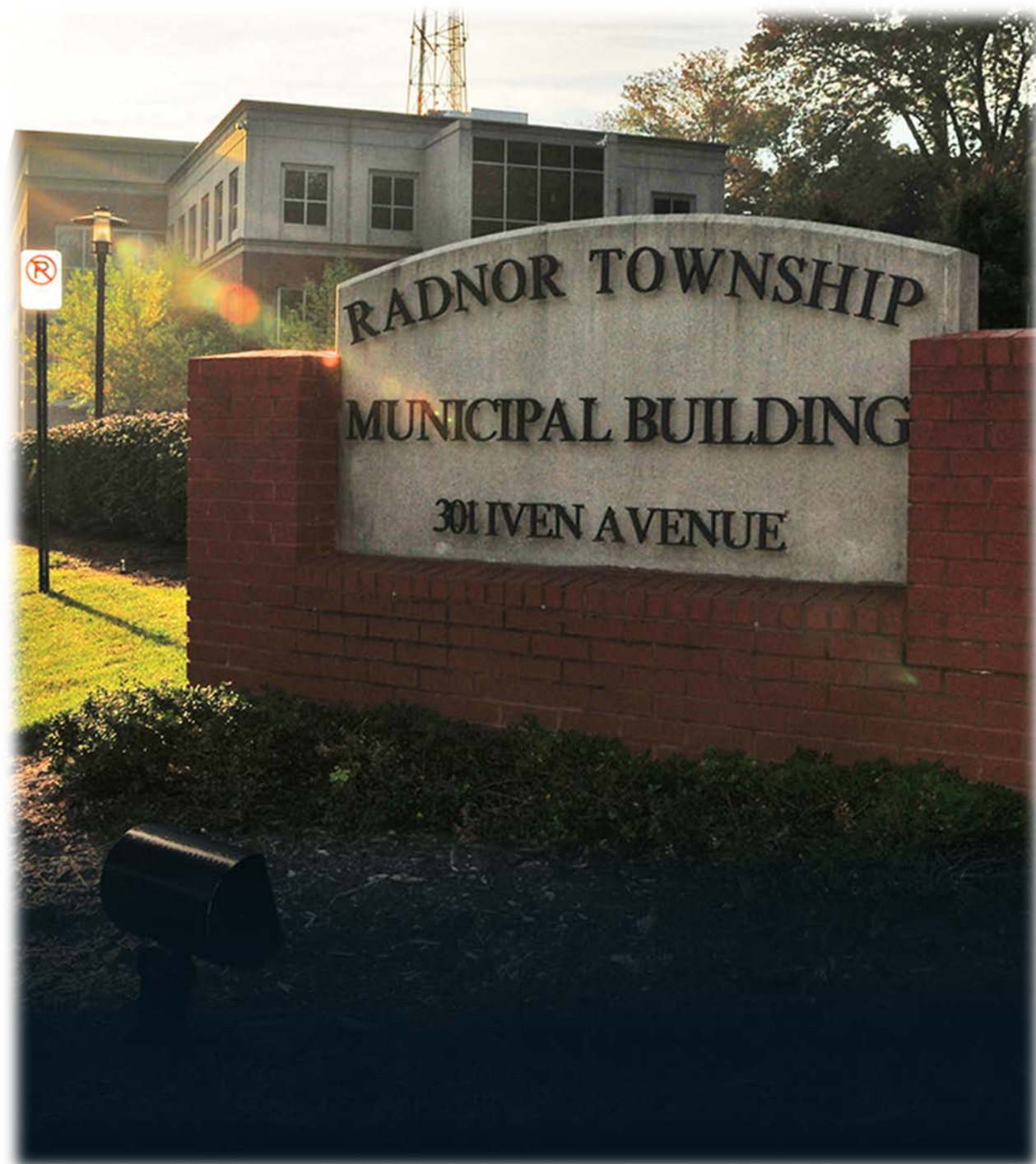


Mercantile



General Fund Revenue Makeup – All Other Revenue





Major Expense Assumptions

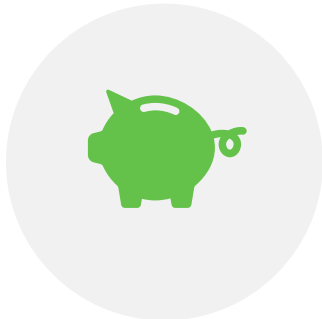
Beginning in 2014, the Township has adopted the OPEB Funding plan, began adequately funding pension costs, began replacing department fleet / equipment, refilled vacant police positions, absorbed skyrocketing trash and recycling costs, and transferred millions to a struggling sewer fund... all at 2012 real estate tax rate levels.

Major Expense Assumption | Payroll and Related



Staffing Levels

Set at headcount levels as included with the 2018 Reorganization Approved by the Board of Commissioners



Wages

Includes increases of 2.75% for both the RATE and FOP union members as collectively bargained. For non-union civilian the budget includes up to +2.75% depending on performance at the discretion of the Township Manager



Healthcare

No increase over 2019 (confirmed by DVHIT)



Pension

MMO decrease of 1% as included in the September resolution

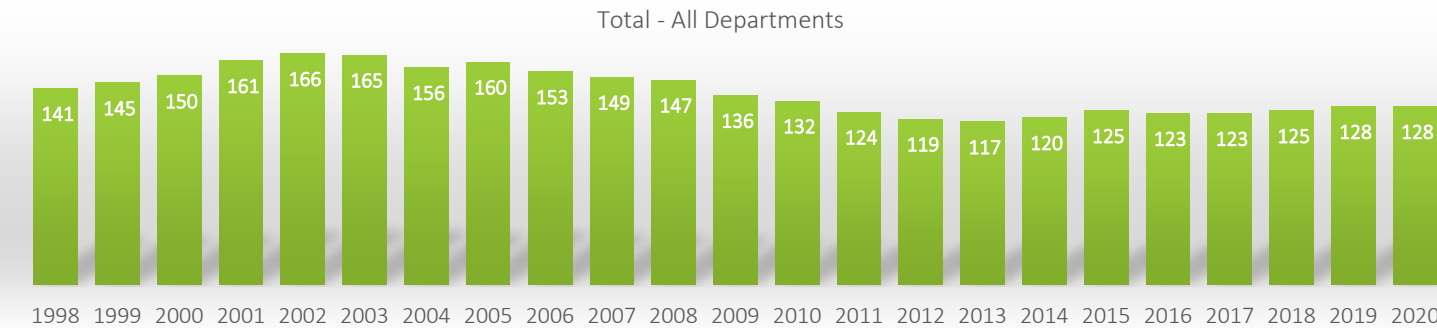
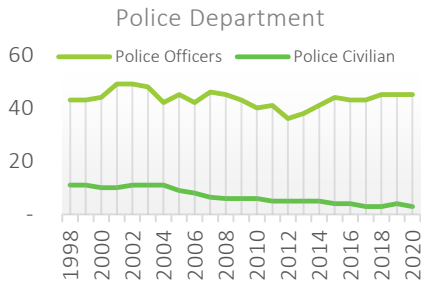
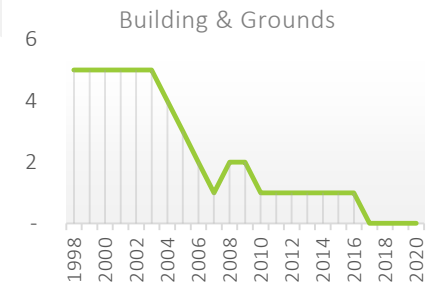
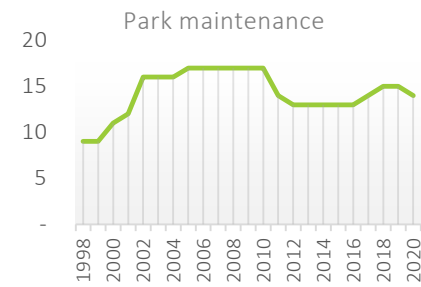
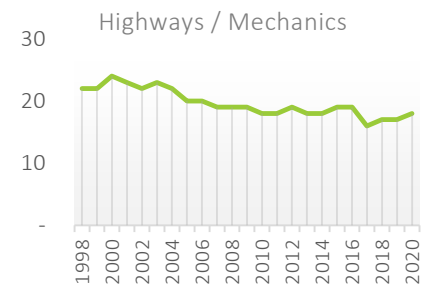
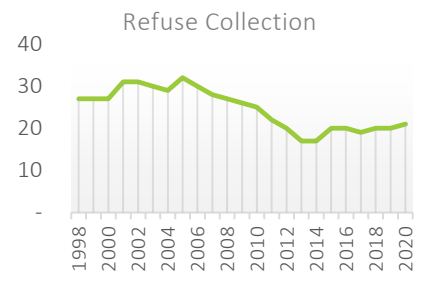
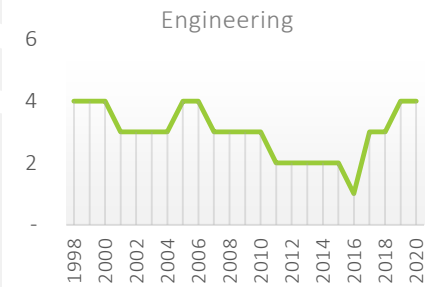
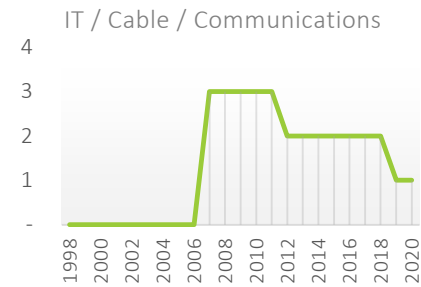
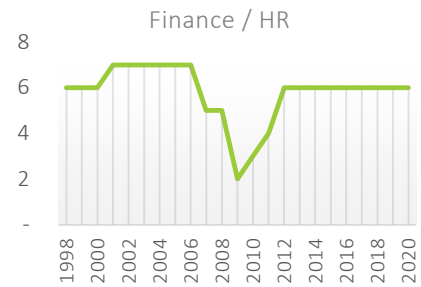
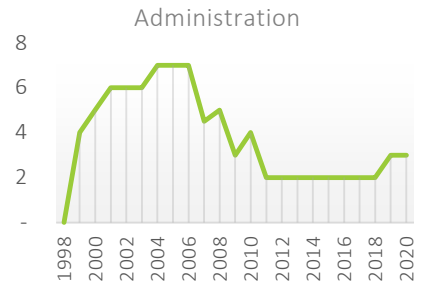


OPEB

Includes a General Fund contribution of \$1,459,209, as planned

Major Expense Assumptions | Staffing

Departmental Full Time Head Count from 1998 – 2020



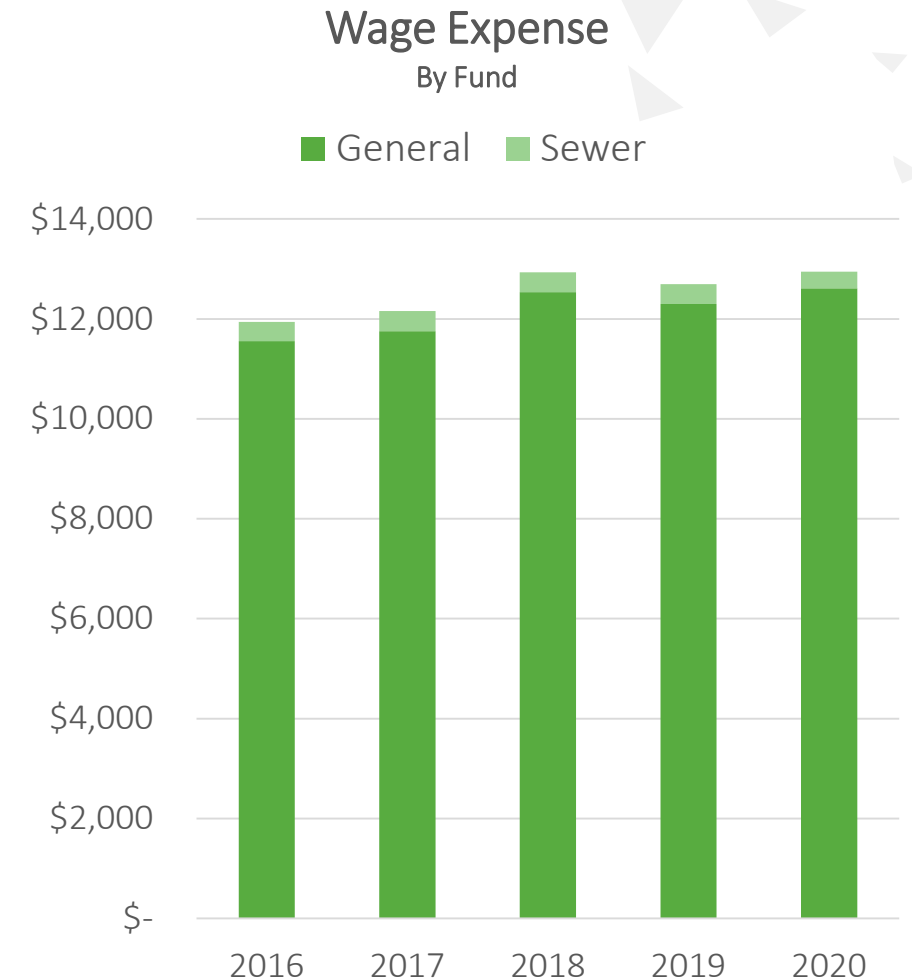
Major Expense Assumption | Wages

Fund	2016	2017	2018	2019	2020
General	\$11,559	\$11,752	\$12,533	\$12,303	\$12,614
Sewer	384	409	403	394	334
Total	11,943	12,161	12,936	12,697	12,948

Amounts in 1,000's

Highlights:

- Spike in 2018 due to retirement leave payouts in Police
- 2020 assumes full staffing, from January 1, as “worse case”



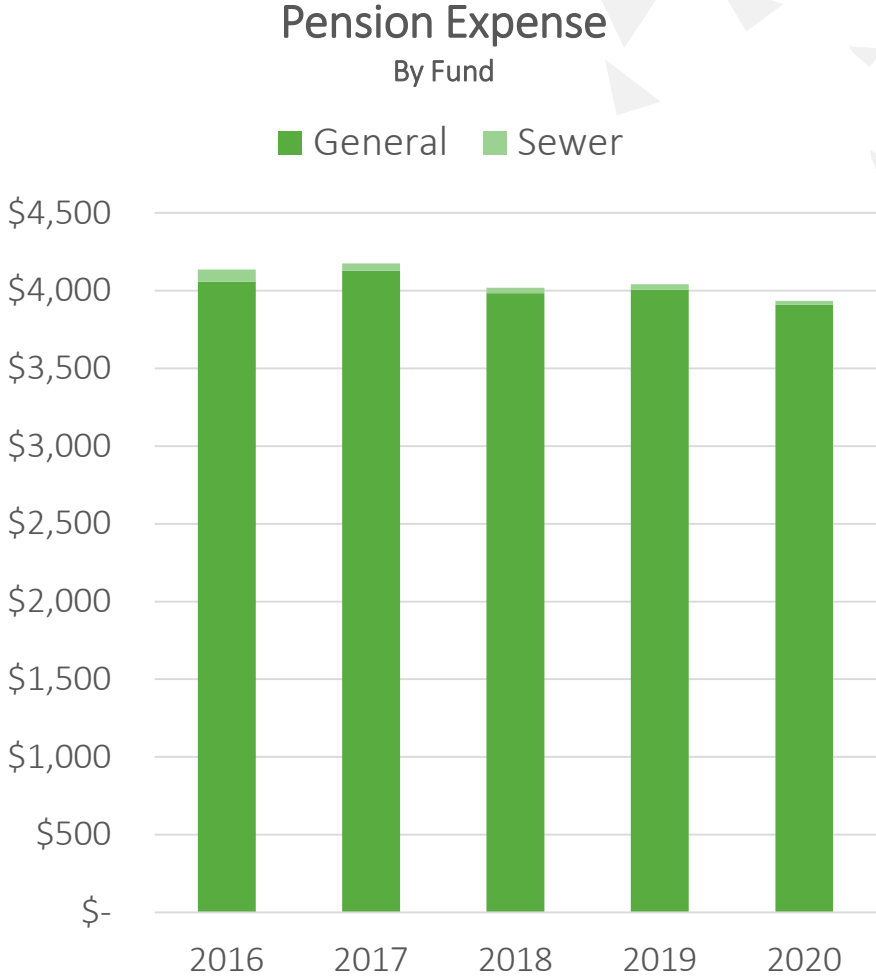
Major Expense Assumption | Pension

Fund	2016	2017	2018	2019	2020
General	\$4,059	\$4,128	\$3,985	\$4,006	\$3,909
Sewer	78	47	35	36	26
Total	4,137	4,175	4,020	4,042	3,935

Amounts in 1,000's

Highlights:

- Continued reduction due to actuarial gains from last valuation
- Once the Township receives it's 1/1/2019 Actuarial update, we'll have the option of using the updates assumptions (November)



Major Expense Assumption | Debt

Fund	2016	2017	2018	2019	2020
General	\$2,970	\$2,991	\$3,091	\$3,015	\$3,022
Sewer	369	344	347	338	820
Sp. Assmt	50	46	46	45	38
Park & OS	1,246	1,244	1,026	1,027	1,017
RFC / WAC	111	111	30	30	70
Total	4,746	4,736	4,539	4,455	4,967

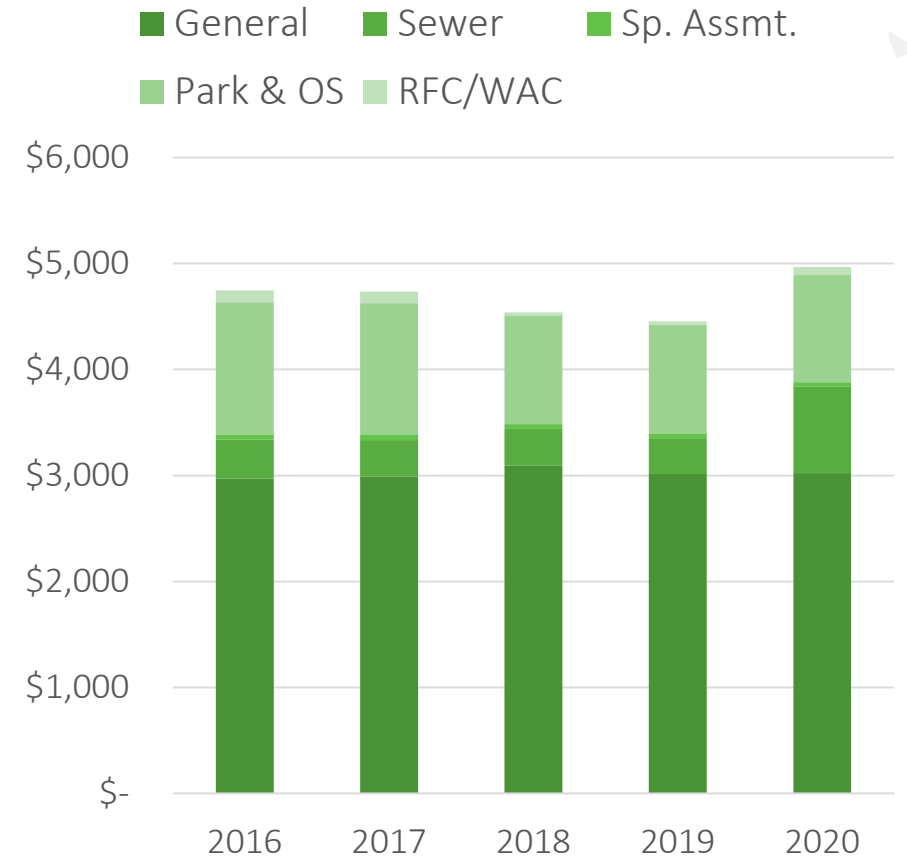
Amounts in 1,000's

Highlights:

- Achieved General Fund debt service goal with 2019 Series new money issue (expense is the same from '19 to '20)
- Wayne Art Center payment in 2020 increases to \$70K

Debt Service Expense

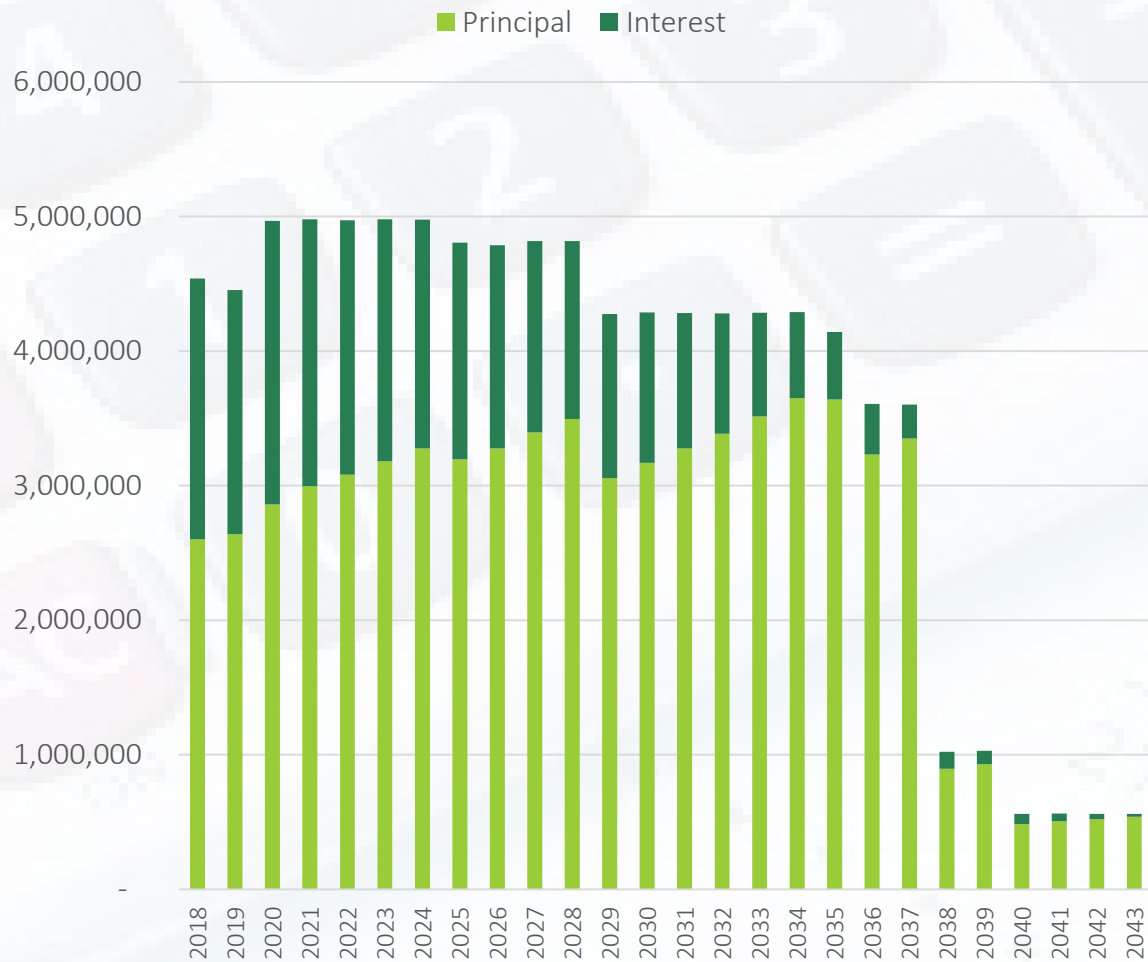
By Fund



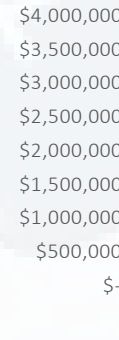
¹ The Radnor Fire Company's debt payment to the Township matures at the end of 2017. Moving forward, the amounts are from the Art Center

Major Expense Assumption | Debt (continued)

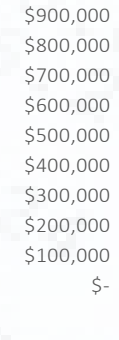
Annual Debt Service Expense
Full Portfolio



Net General Fund Total



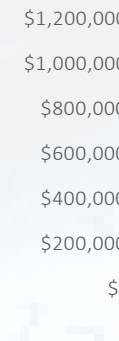
Sanitary Sewer Fund



Special Assessment Fund



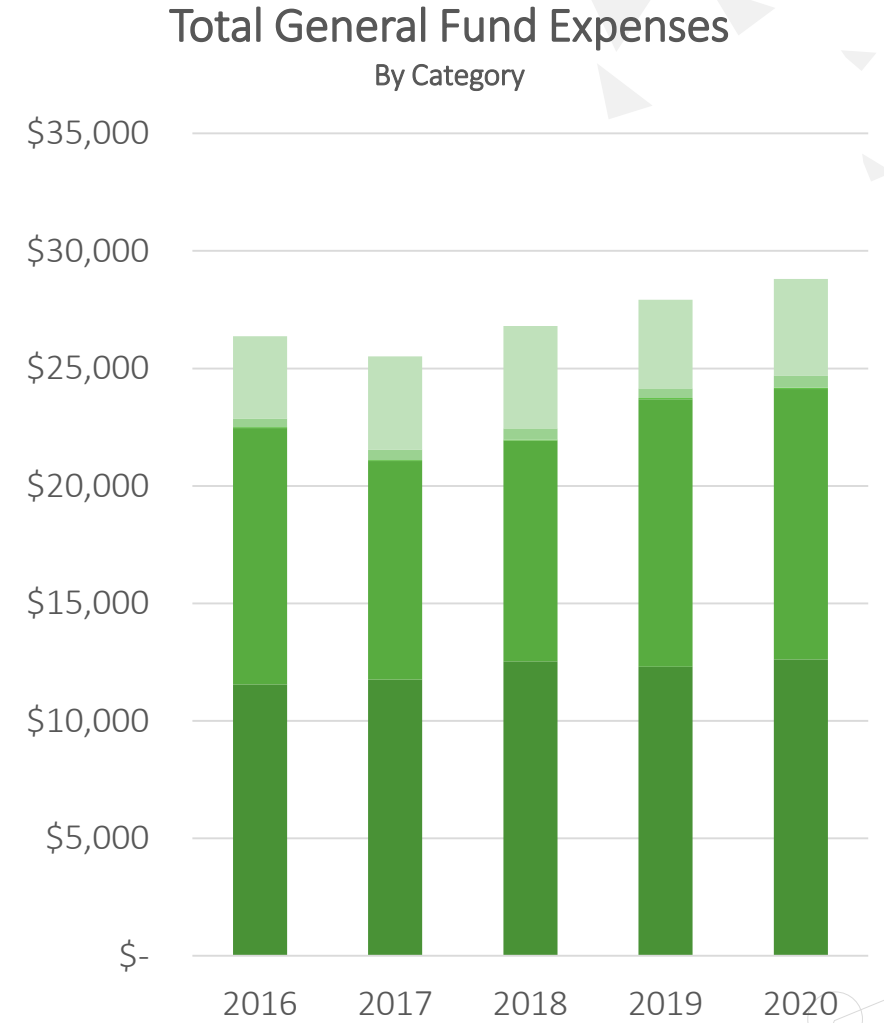
Park & Open Space Fund

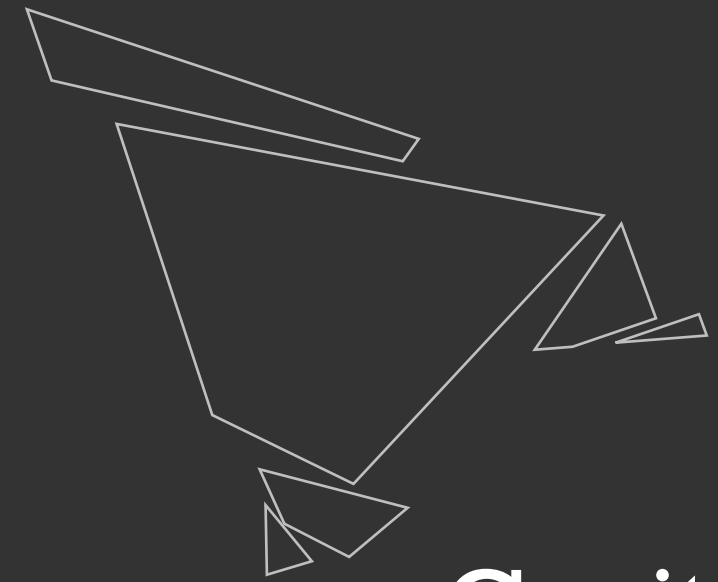


Major Expense Assumption | General Fund Total

Category	2016	2017	2018	2019	2020
Wages	11,559	11,752	12,533	12,303	12,614
PR Liab/ Benefits	10,898	9,308	9,394	11,381	11,508
EE Development	52	43	51	52	58
Supplies Materials	365	449	464	411	507
Contracts	3,495	3,967	4,369	3,770	4,120
Utilities	636	581	618	603	657
Fleet	361	406	509	482	538
Community Orgs	1,833	1,865	2,025	2,182	334
Capital	1,861	1,624	1,283	1,352	1,447
Debt	3,001	2,995	3,004	2,217	3,027
Miscellaneous	25	26	41	33	30
Transfers Out	424	1,820	1,203	2,405	150
Total Expenses	34,510	34,836	35,494	37,191	34,990

Amounts in 1,000's

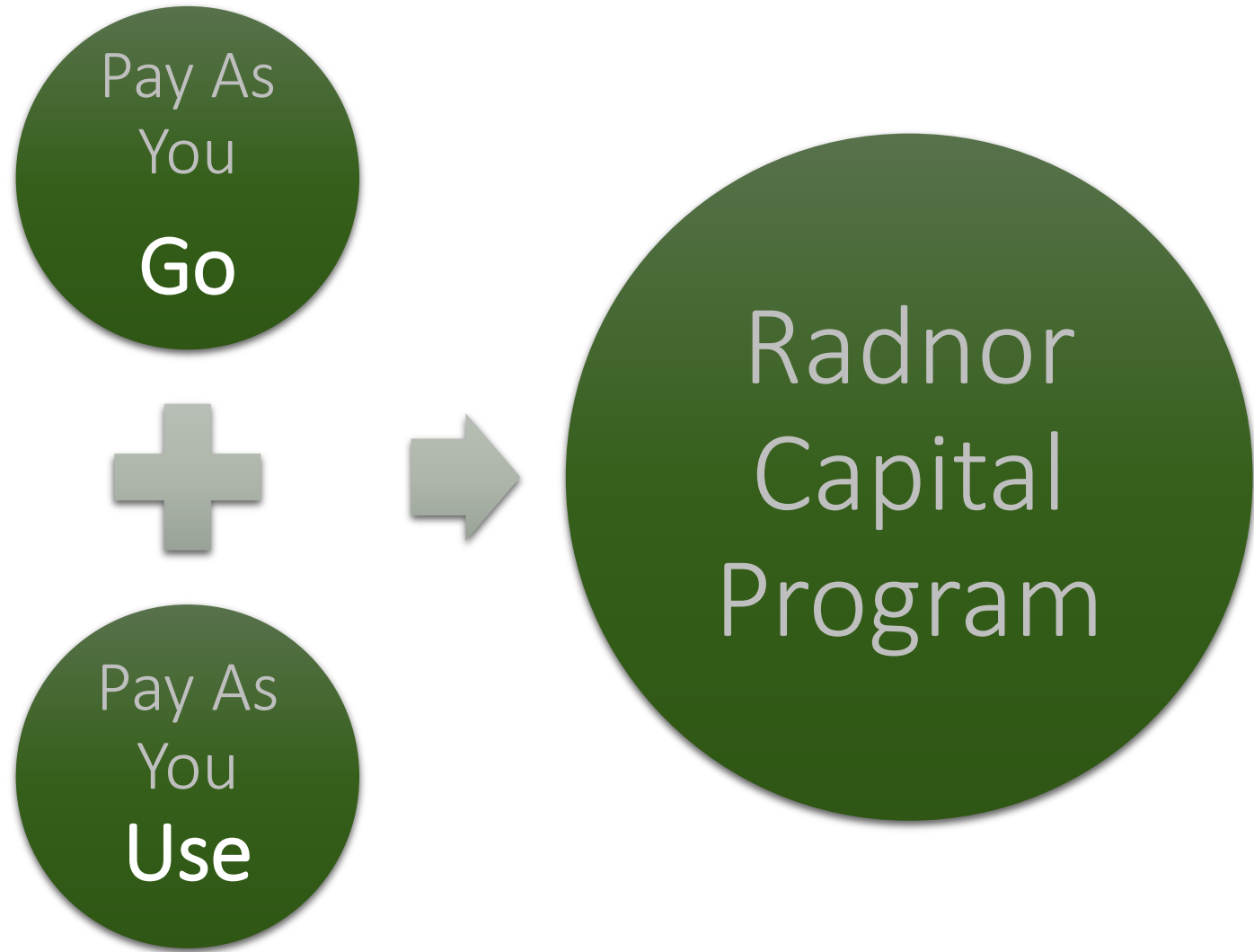




Capital Assumptions

Radnor owns capital assets that range from short-term vehicles and equipment to long-term infrastructure including roads, sidewalks, signals, sewers, stormwater, parks and trails. These assets need a funding plan to maintained and replaced on a timely basis.

Capital | Categories



Capital | Pay-As-You-Go Group



Fleet

The Township has a detailed vehicle replacement plan forecasted out beyond ten years. Fleet vehicles include all of the Police vehicles, Public Works Fleet, and departmental vehicles (Comm Dev, Engineering, etc)



Department Equipment

This group primarily includes the specialized capital equipment used by the Police Department (parking, training, etc.) and the Public Works department (leaf blowers, mowers, smaller equipment used by the Staff)



Information Technology

The Township has a growing IT asset grouping that includes state-of-the-art servers. Additionally, this group includes all of the computer, monitor, and other IT related replacement items



PEG

The Township has agreements with Comcast and Verizon whereby funds are received specifically to pay for the equipment needed to broadcast, record, replay and provide taping of all public meetings

[Note that Township gives almost all the money received to Radnor Studio 21]



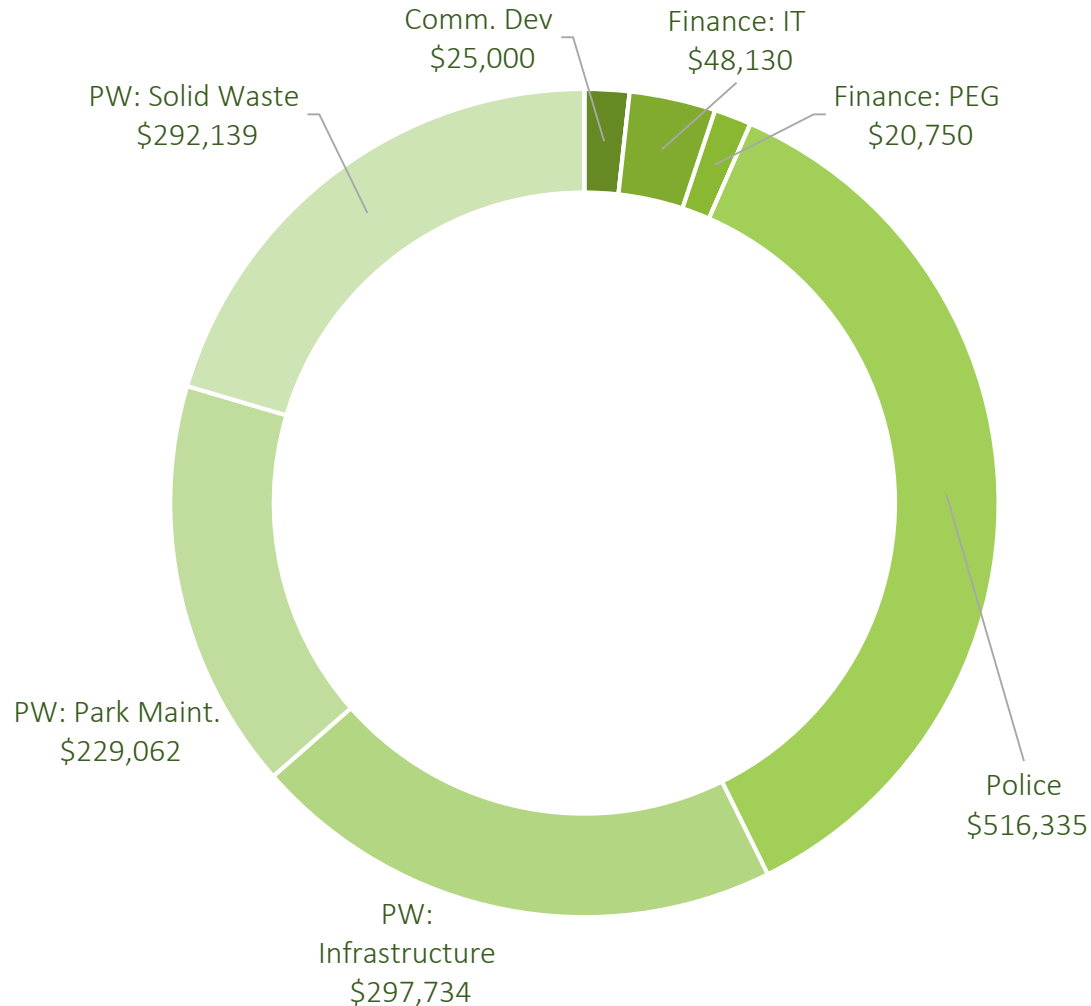
Facilities (smaller)

There is a growing need to purchase and install security cameras at various Township owned facilities (buildings, parks, trails, etc.). This group is included with the IT capital, but significant enough to call out separately.

Capital | Pay-As-You-Go Group [Included in Base Budget]

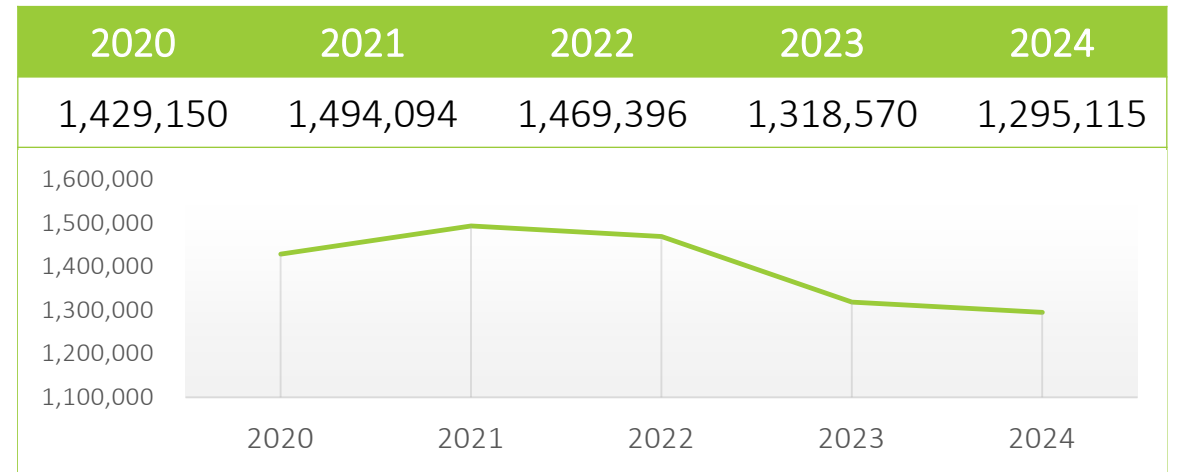


2020 Breakdown



- **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 pay for the acquisitions (reported as Capital expense in the General Fund)
- Includes fleet, department equipment and other small departmental equipment items
- Capital Plan transfers forecasted from 2020 – 2024 as follows:



Capital | Pay-As-You-Use Group



Roads / Liquid Fuels

The Board adopted a road replacement plan that includes \$1.0 Million per year. Liquid Fuels (State) funds roughly \$850K, with the remaining \$150K from annual revenues.



Infrastructure

This group includes all public assets not specifically itemized in other categories. The Township owns significant amounts of assets that need annual replacement funding. We break this group down further by Signals, Street Lights, Sidewalks, etc.



Parks

The Township has expansive passive and active park and trail facilities that include assets ranging from fields, to paved trails, to playgrounds, restrooms, parking lots, etc. These assets need annual funding for replacement



Sanitary Sewer

A separate fee exists to provide revenue for the replacement and improvement of the sanitary sewer system in Radnor. See that section of the presentation for more details

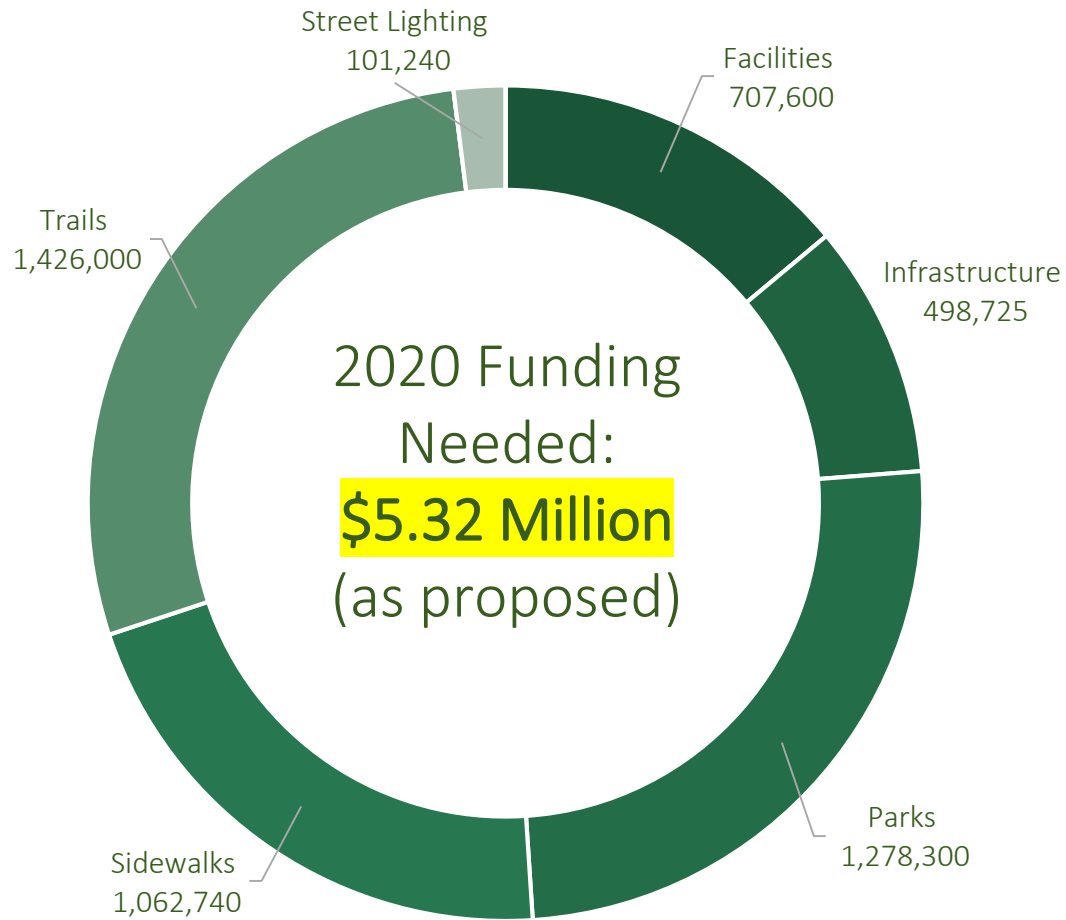


Stormwater

A separate fee exists to provide revenue for to install flood mitigation projects, Federal clean water mandates, and to maintain / replace stormwater assets already in service throughout the Township

Capital | Pay-As-You-Use Group [Not included in Base Budget]

2020 Project Breakdown



- Pay-As-You-Use Group | **STILL UNFUNDED**

- Develop long-term, strategic goals
- Identify specific projects that align with goals
- Prioritize projects and fund accordingly
 - Balance annual revenue (i.e. specific capital millage) with long-term borrowing program
 - Set policy on P3's, developer offsets, grants, etc. to assist with project funding

	2020	2021	2022	2023	2024
Facilities	707,600	1,521,280	275,000	50,000	-
Infrastructure	498,725	170,000	170,000	410,000	2,113,500
Parks	1,278,300	710,000	46,000	70,000	100,000
Sidewalks	1,062,740	-	30,000	431,440	-
Trails	1,426,000	-	-	-	4,710,400
WBA	-	250,000	250,000	4,784,000	-
Street Lights	101,240	-	-	-	-
Non-Twp Facilities	-	422,500	3,225,000	-	-
Total	5,320,105	3,073,780	3,996,000	5,745,440	7,201,400



Sanitary Sewer Forecast

Special Board meeting | May 13, 2019

Follow Up Material Presented | May 20, 2019

Sanitary Sewer Overview



Revenue

Sewer Rent (billed annually) = Prior Year Water Consumption (from Aqua) x Board Approved Rate



Flows

The Sewer Fund spends \$4.1M to the RHM Sewer Authority to send the sewage downstream



Operations

The Sewer Fund spends \$1.1M for a three person crew and other operating / contractual service expenses



Capital

The Sewer Fund is responsible for the replacement of over 130 miles of pipe, 1,600 manholes and 4 pumping stations

Sewer Fund Spending (2019 Budget)



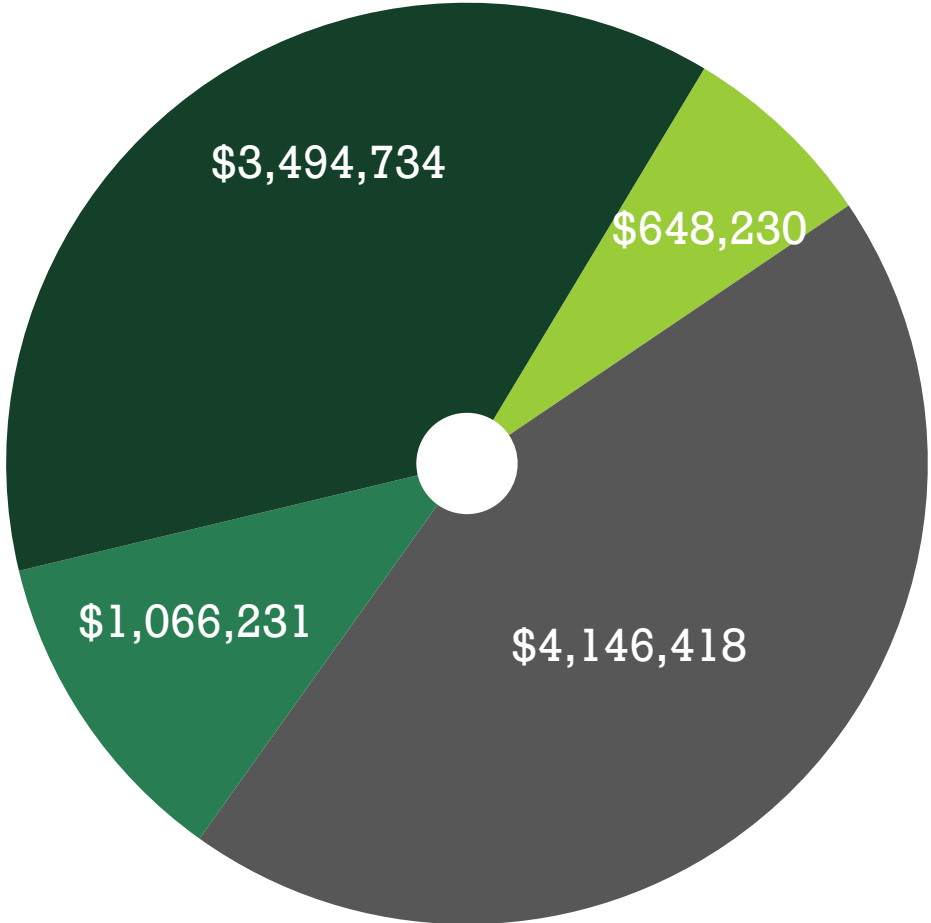
Capital | \$3,494,734

This is the balance of the 2018 Series Notes issued to complete several emergency projects



Operations | \$1,066,231

Includes a 3 person crew, operating costs and contracted service agreements with surrounding municipalities



Debt | \$648,230

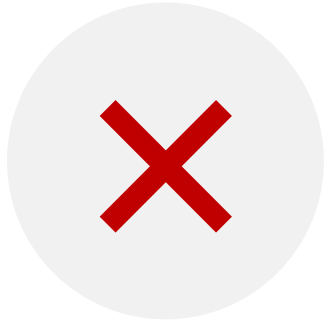
The Sewer Fund's share of the Township's total debt service expense (includes 2018 Series Notes)



RHM | \$4,146,418

Radnor's share of the downstream meter flows and operating costs of the Radnor – Haverford – Marple Sewer Authority

The Problem



Lagging Capital Program

The Township lacks a fully funded, systematic pipe and other infrastructure replacement program. Consequently, the asset is in a state of aged disrepair



Static Rates

The Township has elected to hold sewer rates steady in spite of the deteriorating system and declining water usage (billing base)



Declining Water Usage

As the base of all billing amounts and compounded by static rates, revenues have suffered as water consumption have been declining since 2012



Unknown Downstream Costs

Radnor could be subject to large expenses to expand downstream capacity



Political Decision Making

It's always tough to ask users to pay more, but the sewer program needs to be treated as a utility and funded comprehensively

Financials

Revenues	2011	2012	2013	2014	2015	2016	2017 ¹	2018 ¹	2019 ¹
Sewer Rent	\$5,034	\$5,065	\$5,014	\$4,962	\$4,902	\$4,771	\$4,964	\$5,066	5,501
Interest	6	13	14	29	25	40	13	29	54
Miscellaneous	39	30	35	50	37	52	48	71	24
Note Proceeds	-	-	-	-	-	-	-	1,000	3,545
Gross Revenue	5,079	5,109	5,063	5,041	4,964	4,863	5,025	6,166	10,574
Expenses									
Debt Service	210	391	377	369	369	369	344	346	648
RHM	3,187	3,457	3,341	3,659	3,704	3,866	3,911	3,809	3,897
Operations	1,199	1,078	916	953	981	980	1,028	1,246	1,051
Capital	-	-	622	295	127	314	1,582	1,041	2,446
Total Expenses	4,596	4,926	5,256	5,276	5,181	5,529	6,865	6,442	8,042
Net Revenue	483	183	(193)	(235)	(217)	(666)	(90)	(276)	2,532

Observations:

- Declining Sewer Rent Income
- Increasing RHM Expenses
- Introduction of Capital Expenses in 2013

Result: Underfunded Sewer Utility beginning in 2013 and continuing today

Footnote:

1. General Fund transfers of \$1,750,000 (2017), \$542,461 (Net, 2018), and \$1,450,000 (2019) were excluded from Revenue amounts to reflect the true Sewer activity

Forecasting Models

During the meetings, various versions of forecasting models were reviewed, all aimed at satisfying these three elements



Rates to cover current operations into the future

Current debt payments, current staffing levels, and current RHM contributions



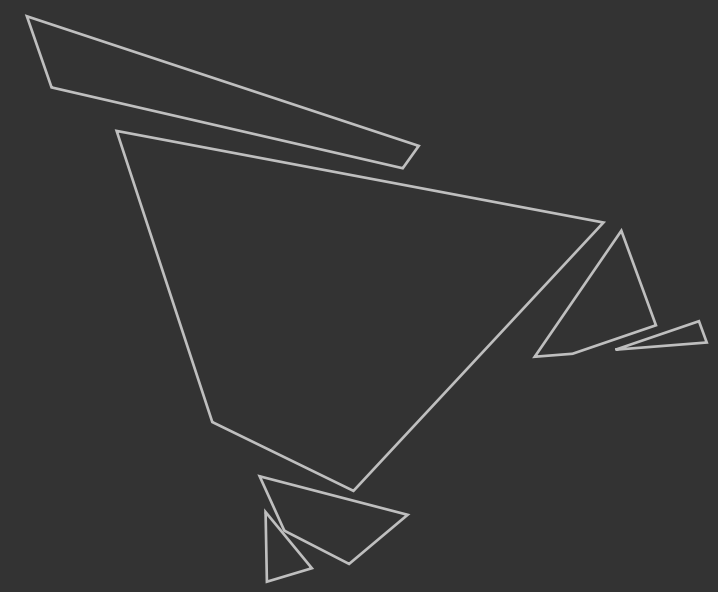
Build In Sustained Capital Funding

Two Forecasts were built:
(1) CASH Funded and
(2) DEBT Funded



Maintain a Reasonable Level of Cash Reserves

Sustainability of the program will rely on cash balances to cover unanticipated short-term fluctuations

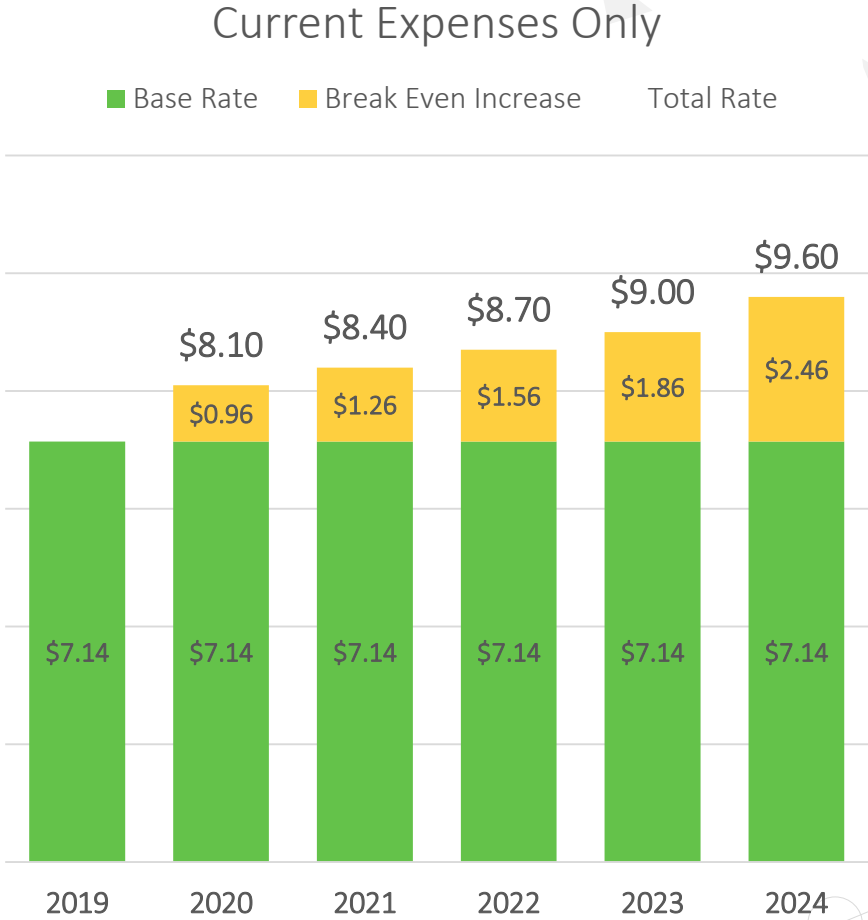


Status Que Forecasts

These forecast look out **5 years** and include only enough rate adjustment to cover today's forecasted costs (debt + RHM + Operations)

Forecast 1 | Cover Status Quo (before capital)

	2020	2021	2022	2023	2024
Expenses					
Debt	\$851,000	\$853,000	\$848,000	\$849,000	\$849,000
RHM	4,229,000	4,314,000	4,400,000	4,488,000	4,578,000
Ops	1,088,000	1,109,000	1,131,000	1,154,000	1,177,000
Capital	-	-	-	-	-
Total Expense	6,168,000	6,276,000	6,380,000	6,492,000	6,604,000
Base Rate (2019 level)	\$7.14	\$7.14	\$7.14	\$7.14	\$7.14
Forecasted Water Use	761,597.2	748,108.0	734,618.8	721,129.6	684,881.3
Resulting Sewer Rent	\$5,438,000	\$5,341,000	\$5,245,000	\$5,149,000	\$4,890,000
Other Income	73,000	73,000	74,000	75,000	76,000
Total Revenue	5,511,000	5,414,000	5,319,000	5,224,000	4,966,000
Net Revenue	(657,000)	(862,000)	(1,061,000)	(1,268,000)	(1,638,000)
Breakeven Rate	\$8.10	\$8.40	\$8.70	\$9.00	\$9.60
% Incr. over prior year	13%	4%	4%	3%	7%



Status Quo Forecast Conclusions

Considerations to take away from this forecast model



Reason for this Forecast

This forecast is critical because it's been suggested that we only need to increase the rate to cover capital. As shown, that is **NOT** the case.



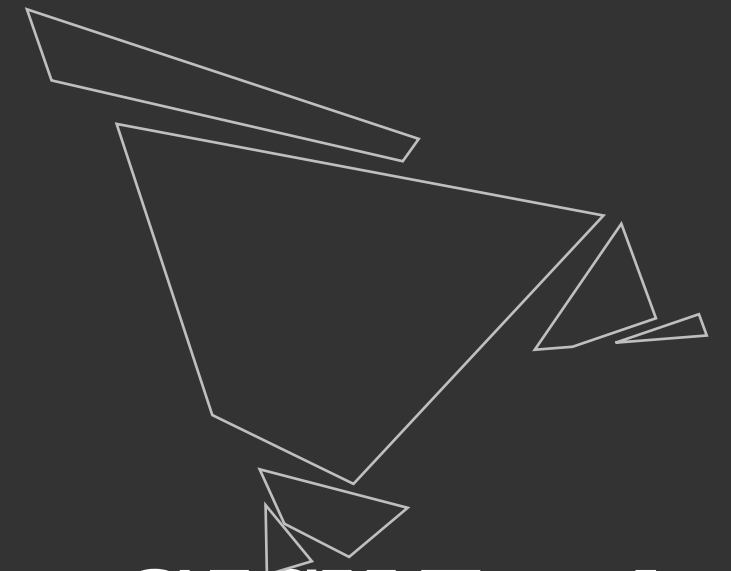
Rate Conclusion

Rates will need to increase by roughly 13% initially, then by 4% +/- per year to keep up with forecasted expense growth (Note: Water consumption will drive actual amounts)



Cash Balance Consideration

This forecast is only a breakeven analysis. Consideration should be made to further increase the rate to build up a sustainable fund balance.

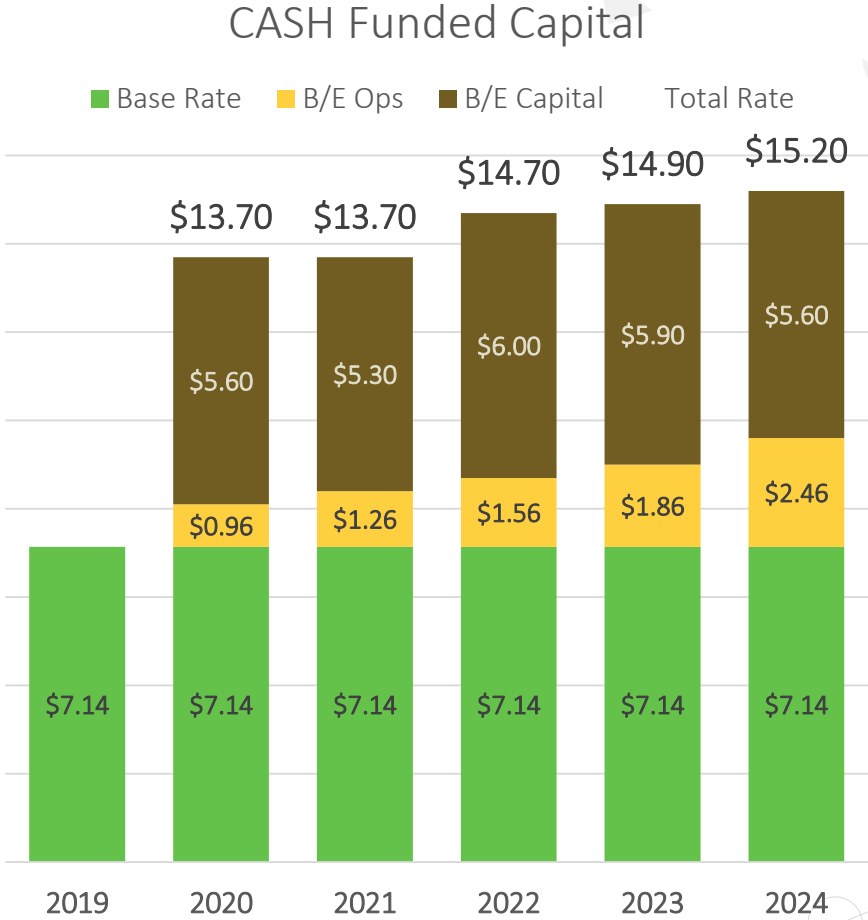


CASH Funded Capital Forecast

These forecast look out **5 years** and includes a look at what rates would need to be to fund the Capital program with **CASH**.

Forecast 2 | CASH Funded Capital Program

	2020	2021	2022	2023	2024
Expenses					
Debt	\$851,000	\$853,000	\$848,000	\$849,000	\$849,000
RHM	4,229,000	4,314,000	4,400,000	4,488,000	4,578,000
Ops	1,088,000	1,109,000	1,131,000	1,154,000	1,177,000
Capital CASH	4,250,000	4,000,000	4,386,000	4,266,000	3,780,000
Total Expense	10,418,000	10,276,000	10,765,000	10,757,000	10,384,000
Base Rate (2019 level)	\$7.14	\$7.14	\$7.14	\$7.14	\$7.14
Forecasted Water Use	761,597.2	748,108.0	734,618.8	721,129.6	684,881.3
Resulting Sewer Rent	\$5,438,000	\$5,341,000	\$5,245,000	\$5,149,000	\$4,890,000
Other Income	73,000	73,000	74,000	75,000	76,000
Total Revenue	5,511,000	5,414,000	5,319,000	5,224,000	4,966,000
Net Revenue	(4,907,000)	(4,862,000)	(5,447,000)	(5,534,000)	(5,418,000)
Breakeven Rate	\$13.70	\$13.70	\$14.70	\$14.90	\$15.20
% Incr. over prior year	78%	0%	7%	1%	2%



CASH Funded Capital Forecast Conclusions

Considerations to take away from this forecast model



Reason for this Forecast

The capital program associated with this forecast assumes a systematic annual pipe replacement of \$2.5M/year plus additional funds for emergency breaks and immediate non-pipe infrastructure replacements



Rate Conclusion

An immediate correction increase of \$5.60 would be needed to generate the roughly \$4.0M per year. Then, annual rate adjustments level out to more normal annual growth



Cash Balance Consideration

This forecast is only a breakeven analysis. Consideration should be made to further increase the rate to build up a sustainable fund balance.

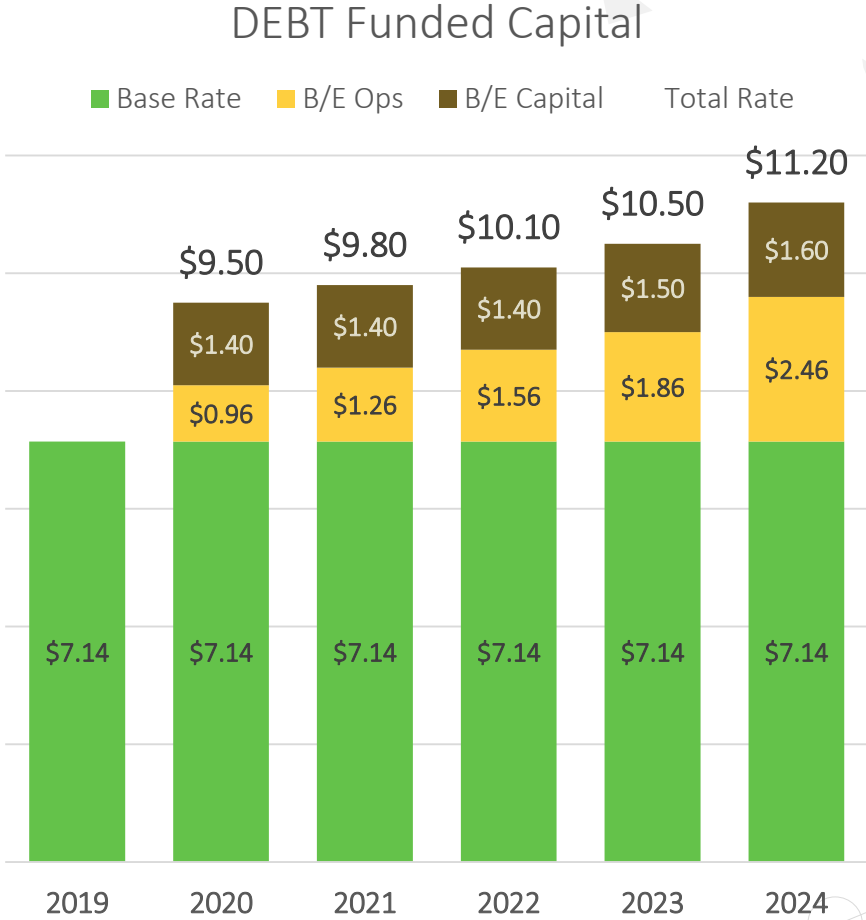


Debt Funded Capital Forecasts

These forecast look out **5 years** and includes a look at what rates would need to be to fund the Capital program with **DEBT**.

Forecast 3 | DEBT Funded Capital Program

	2020	2021	2022	2023	2024
Expenses					
Debt	\$851,000	\$853,000	\$848,000	\$849,000	\$849,000
RHM	4,229,000	4,314,000	4,400,000	4,488,000	4,578,000
Ops	1,088,000	1,109,000	1,131,000	1,154,000	1,177,000
Capital DEBT	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Total Expense	7,218,000	7,326,000	7,429,000	7,541,000	7,654,000
Base Rate (2019 level)	\$7.14	\$7.14	\$7.14	\$7.14	\$7.14
Forecasted Water Use	761,597.2	748,108.0	734,618.8	721,129.6	684,881.3
Resulting Sewer Rent	\$5,438,000	\$5,341,000	\$5,245,000	\$5,149,000	\$4,890,000
Other Income	73,000	73,000	74,000	75,000	76,000
Total Revenue	5,511,000	5,414,000	5,319,000	5,224,000	4,966,000
Net Revenue	(1,707,000)	(1,912,000)	(2,110,000)	(2,317,000)	(2,688,000)
Breakeven Rate	\$9.50	\$9.80	\$10.10	\$10.50	\$11.20
% Incr. over prior year	20%	3%	3%	4%	7%



DEBT Funded Capital Forecast Conclusions

Considerations to take away from this forecast model



Reason for this Forecast

The capital program associated with this forecast identifies only certain projects (as presented with the 2019 Budget) and assumes the Township borrows \$15M (30 year maturity)



Rate Conclusion

An immediate correction increase of \$2.46 would be needed to generate the roughly \$1.0M per year to pay for the debt. Then, annual rate adjustments run parallel with normal growth needs.



Long-Term Consideration

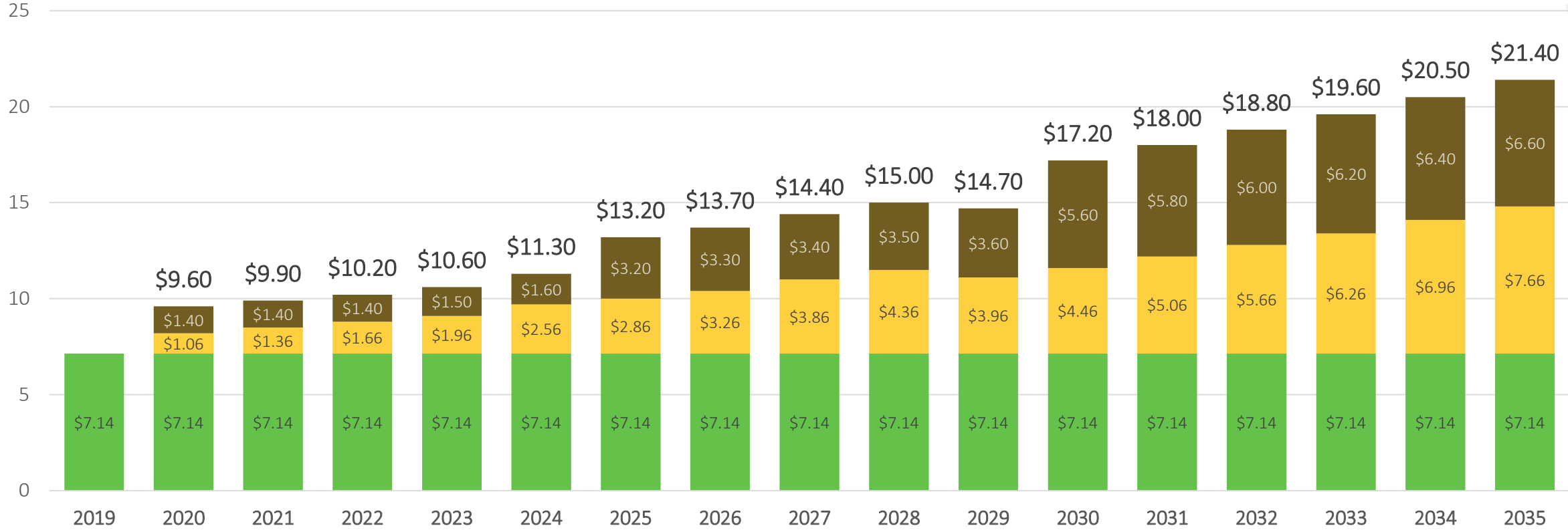
Once the initial borrowed funds are exhausted, additional funds will be needed again. Presumably, the Township would borrow again for the next group of projects.

The next forecast model considers what this might look like.

Forecast 4 | DEBT Funded Capital with Long-term Look

DEBT Funded Capital Program

■ Base Rate ■ B/E Ops ■ B/E Capital ■ Total Rate



DEBT Funded Capital Long-Term Forecast Conclusions

Considerations to take away from this forecast model



Reason for this Forecast

Taking into consideration that capital needs are perpetual, this forecast takes into consideration multiple long-term borrow transactions and forecasts those rate increases over a 16 year term.

This assumes that \$15M is borrowed at 6 year intervals, each with a 30 year maturity



Rate Conclusion

The short-term conclusion is the same as already presented.

With the longer-term outlook, the Township should be prepared to make rate jumps every five to six years to cover the cost of the growing debt service expense

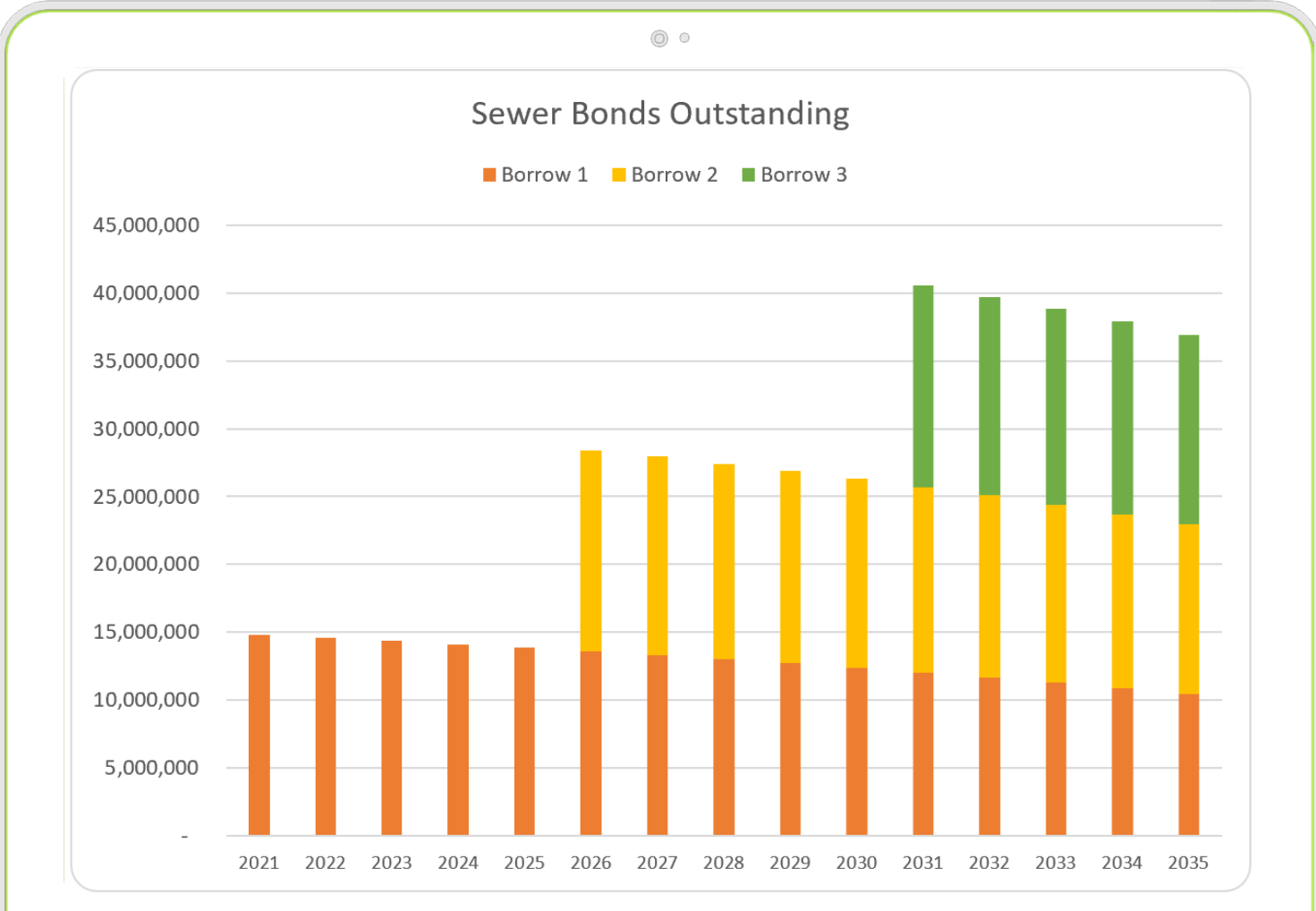


Debt Load Consideration

This model shows three borrowing transactions that accumulate \$45M in new sewer debt. If this approach is considered, the Board should consider how much debt it's willing to take on, and adopt policies that control the amount, length and payback approaches.

DEBT Funded Capital | Outstanding Sewer Bond Debt

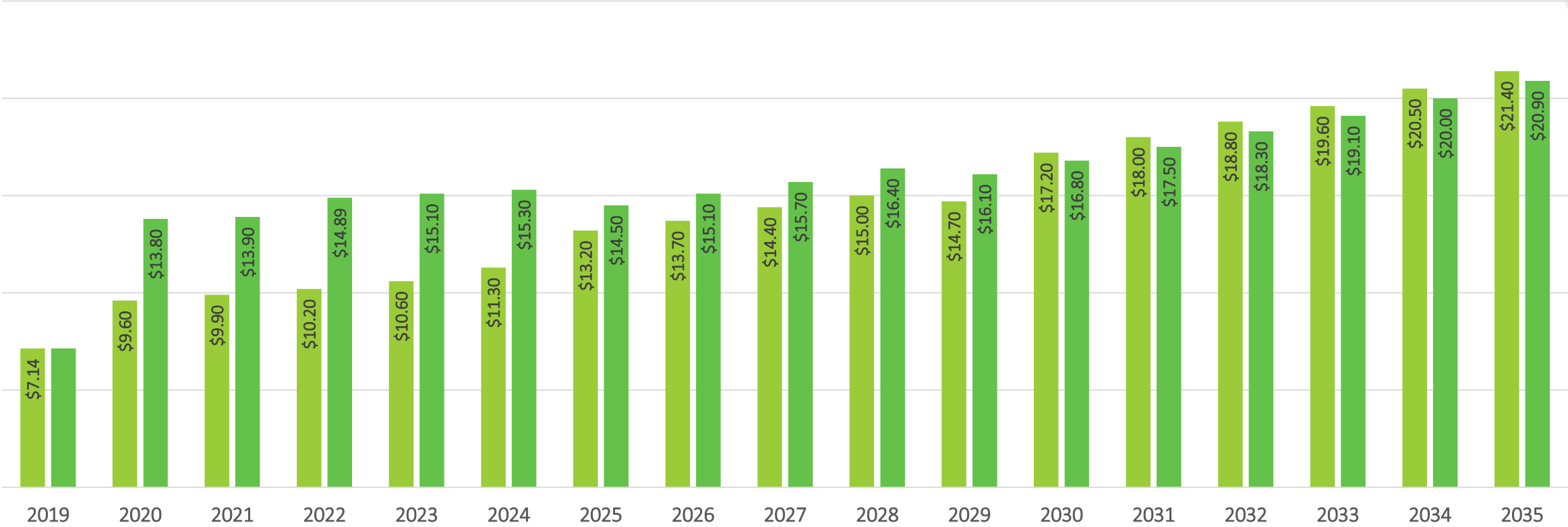
- Consideration should be given to the amount of outstanding debt the Board is willing to take on.
- At a 30 year maturity, it would take roughly 20 years per borrowing to pay down half of the principal outstanding [for that borrowing]
- Understandably, once the initial investment is made to bring the system into good condition, future capital needs should diminish, and perhaps could be replaced with a cash funded program.



Forecast 5 | Capital Funding Comparison

Capital Funding Comparison | Long-Term Outlook

■ DEBT Program ■ CASH Program



Long-Term Forecast Comparison Conclusions

Considerations to take away from this forecast model



Reason for this Forecast

To show what rates might look like comparing the two capital program funding models over a much longer time frame.



Rate Conclusion

In the long-term, the two models end up at roughly the same place. The CASH method requires more immediate rate increases, while the DEBT method will require the Township to carry significantly more debt.



Hybrid Approach may be the best

The Board may want to borrow on the near term, and build incremental rate increases over time to establish (1) a healthy fund balance and (2) to fund some capital with cash. This would soften the rate impact and better control how much debt the Township carries.



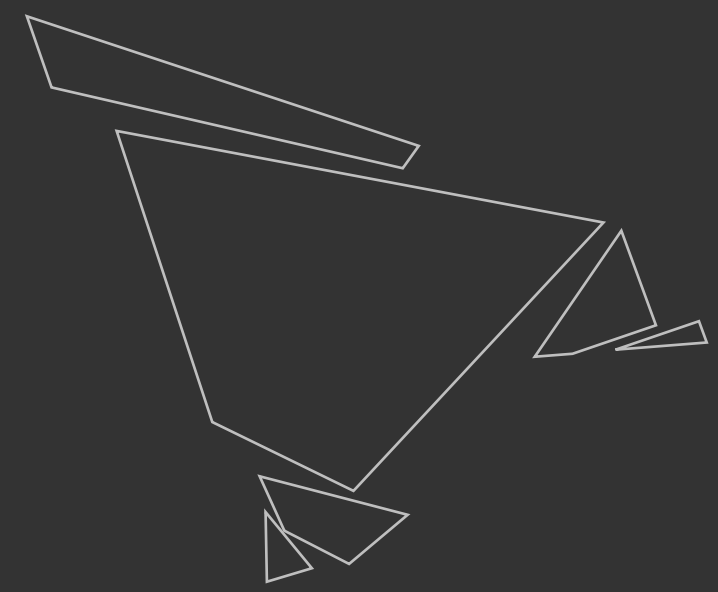
Sanitary Sewer Forecast

Special Board meeting | May 13, 2019

Follow Up Material Presented | May 20, 2019

Summary

1. Sewer Fund Overview
2. Definition of the Problem to be solved
3. Near Term Forecasts
4. Long Term Forecasts



Next Steps

Next Steps

Budget Decisions and Adoption Schedule

Special BOC Meeting

October 28

- Township Departments to present their program / service offerings, highlights and requests for 2020
- Community Organization to present to the Board and request funding amounts for 2020 (and beyond if available).
- Board of Commissioners to begin decision making on major items (programs/services, capital, etc)

Public Hearings

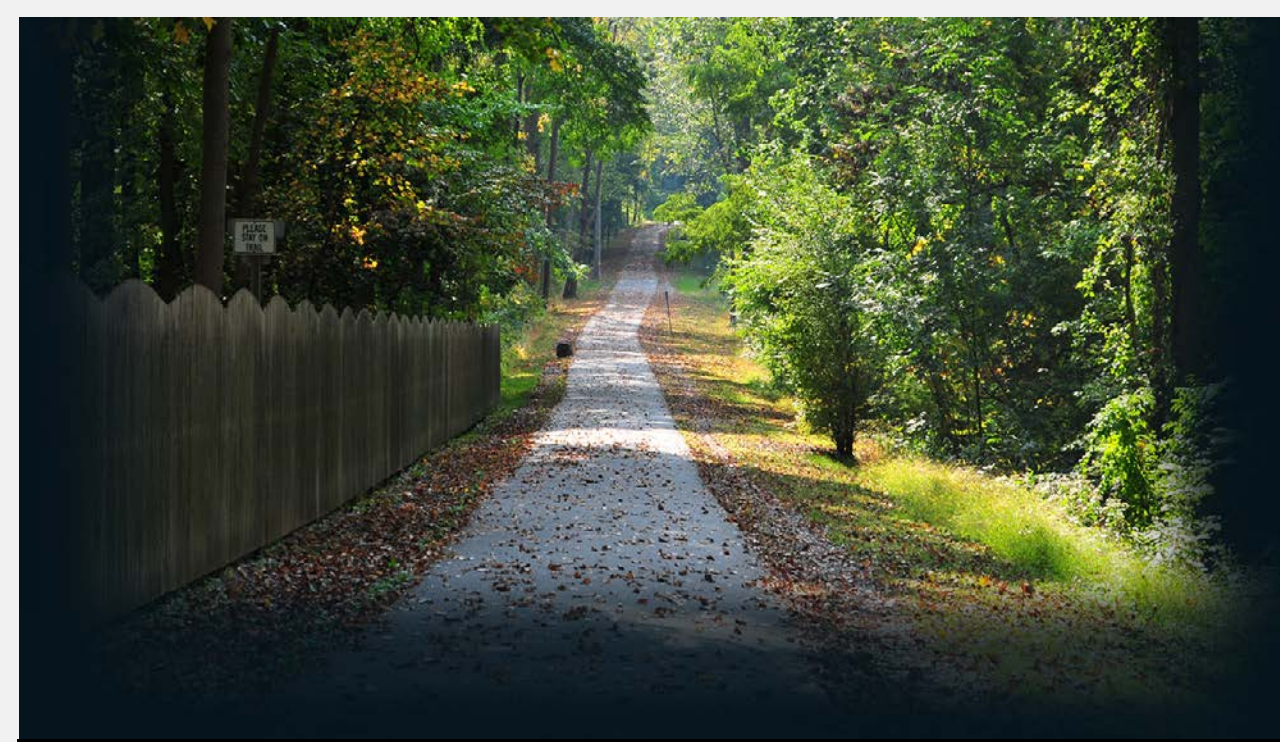
November 10 and 24

- Board to hear from Public on topics
- Board to begin making decisions on the following major items (at a minimum)
 - 2020 Real Estate Tax Rate
 - 2020 Sewer Rent Rate
 - 2020 Stormwater Rate
 - Capital plan implementation

Budget Adoption

November / December 2019

- November 24, 2019 | Introduce 2020 Budget Ordinance (including tax and fee rates)
- December 12, 2019 | Adopt 2020 Budget and Fee Ordinances along with accompanying legislation (wage and salary, any policy(ies), etc.)



Township Manager Recommended Budget

Message Here?

Recap

1. Base Operating Statement Overview
2. Menu of Items Not Included in Base – Decisions Needed
3. Major Revenue Assumptions
4. Major Expense Assumptions
5. Capital Assumptions
6. Sanitary Sewer Fund Forecast
7. Next Steps

Thank You

