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# 2019 TOWNSHIP MANAGER COMPREHENSIVE BUDGET PRESENTATION

MONDAY OCTOBER 22, 2018



# PRESENTATION AGENDA

- Major Revenue Assumptions
- Major Expense Assumptions
- 2019 General Fund Operating Statement Summary
- Capital Plan Summary
- Sanitary Sewer Fund
- Park & Open Space Fund
- Next Steps

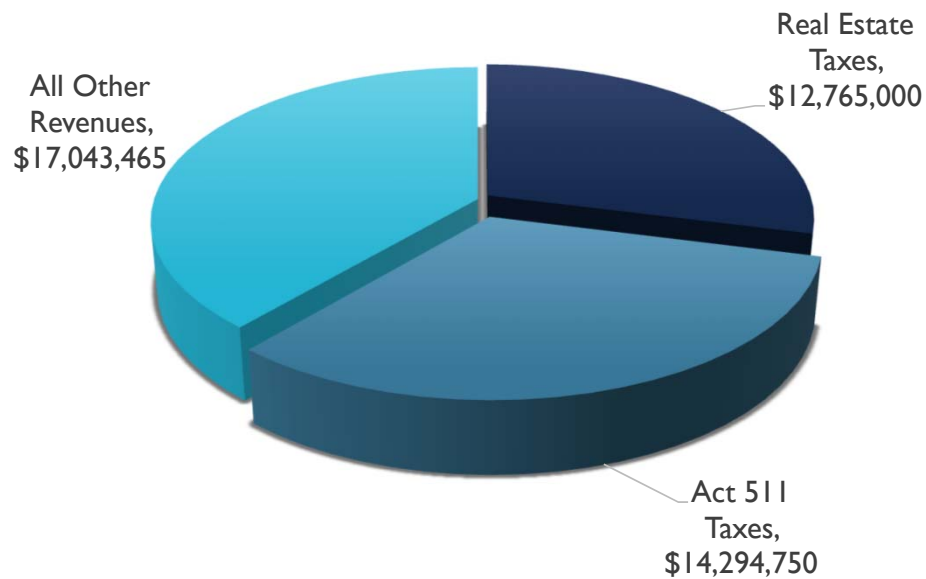
# MAJOR REVENUE ASSUMPTIONS | SUMMARY

- General Fund:
  - No tax increase proposed (Direction from Board needed)
  - Recovery in revenue from business taxes
  - Normal revenue growth in regular department activity (from non-tax sources)
- Sanitary Sewer Fund:
  - Continue discussions regarding rate changes needed to fund program (Direction from Board needed)
- Stormwater Fund:
  - No adjustment in the stormwater fund fee (2019 would be the sixth year of collection, all at the same rate)
- 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

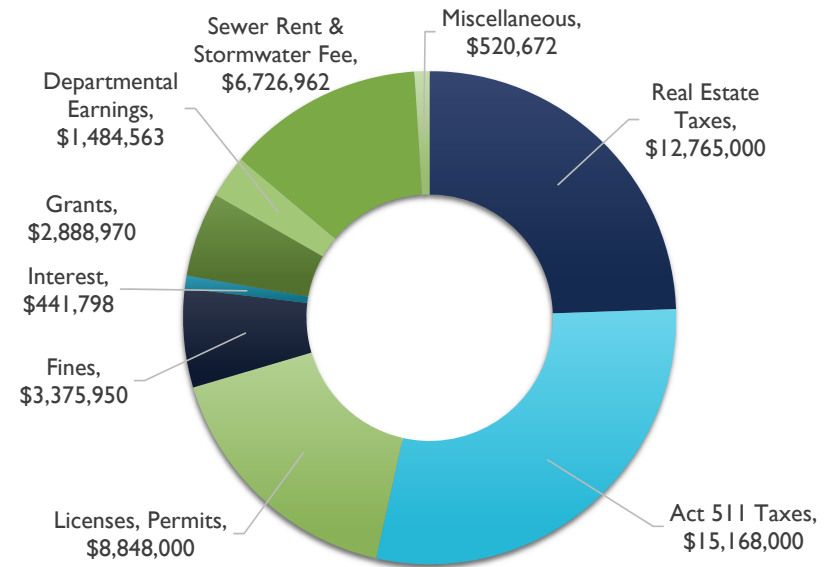
# MAJOR REVENUE ASSUMPTIONS | REVENUE MAKEUP SUMMARY

[AGGREGATE – ALL FUNDS]

## Township Revenue Sources

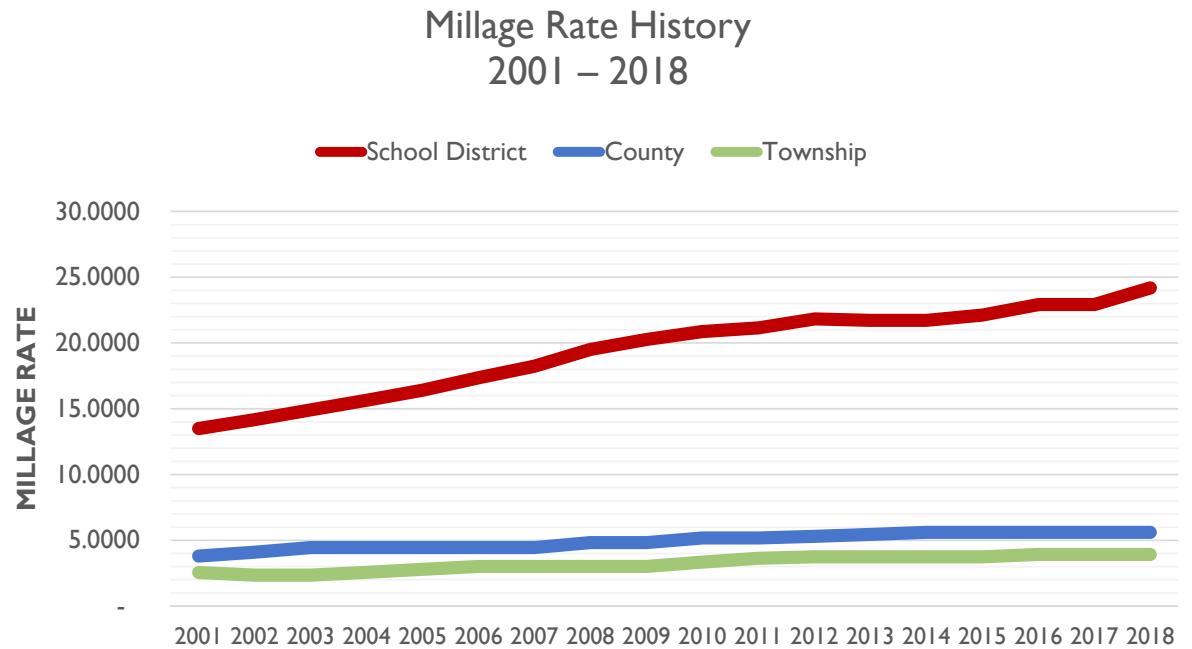


## Township Revenue Sources



# MAJOR REVENUE ASSUMPTIONS | REAL ESTATE TAXES

Year	Rate	Millage Δ	%Δ
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	3.9228	0.0000	0.0%
2019 <sup>1</sup>	3.9228	0.0000	0.0%



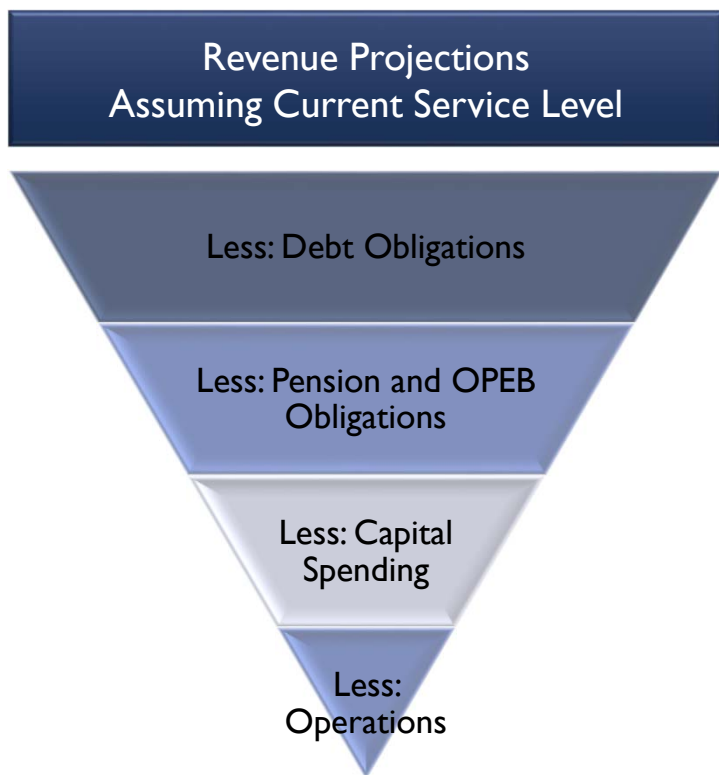
<sup>1</sup> 2018 Millage Rate Proposal does not include any potential millage needed for the voted open space bonds



# GENERAL FUND



## BUDGET BUILDING BLOCKS | APPLIED BY FUND



General Fund	
Revenue Projections	\$34,450,400
Less: Debt Service	(3,014,992)
Less: Pension (MMO)	(3,900,944)
Less: OPEB Funding Plan	(2,206,397)
Less: CapEx	(1,468,447)
Less: Operations	(24,199,765)
<b>Net Revenue</b>	<b>(\$340,175)</b>

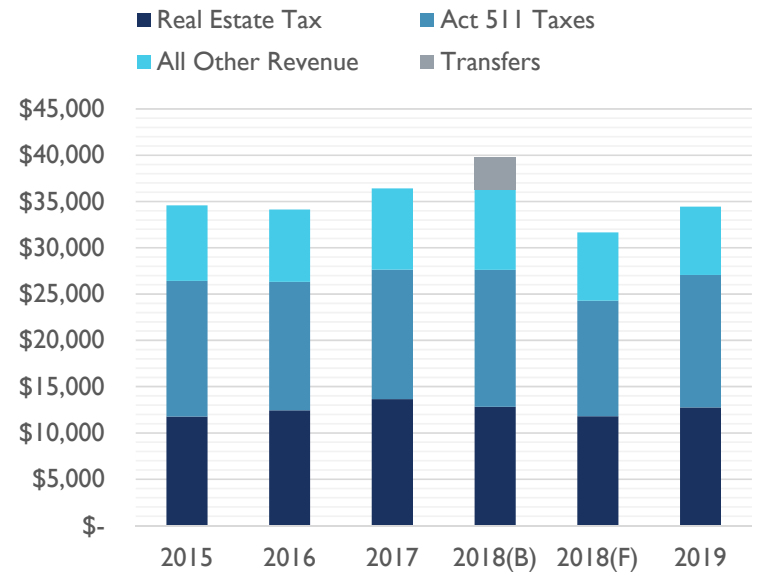
# MAJOR REVENUE ASSUMPTIONS | GENERAL FUND REVENUE

[GENERAL FUND ONLY]

Rev	2015	2016	2017	Budget 2018	Forecast 2018	2019
RE Tax	11,773	12,445	13,654 <sup>1</sup>	11,707	11,801 <sup>1</sup>	12,765
Act 511 Tax	14,655	13,871	13,972	14,774	12,477	14,295
All Other	8,158	7,823	8,792	8,640	7,377	7,390
Transfers In	-	-	-	3,500 <sup>2</sup>	-	-
<b>Total</b>	<b>34,586</b>	<b>34,139</b>	<b>36,418</b>	<b>38,621</b>	<b>31,655</b>	<b>34,450</b>

Amounts in \$1,000's

## General Fund Revenue Totals



### Footnotes

1. Real Estate prepayment program inflated 2017 and reduced 2018: Will normalize in 2019
2. \$3.5 Million is expected to be returned to the General Fund from the Sewer Fund later in 2019



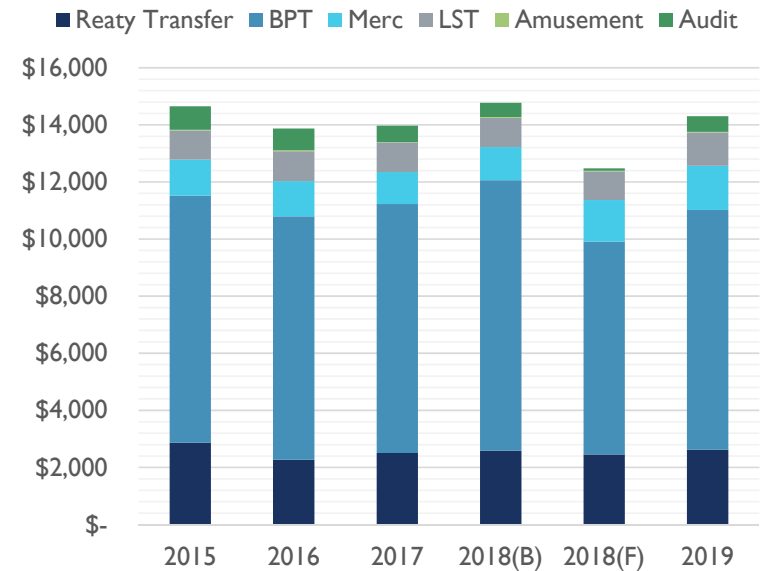
# MAJOR REVENUE ASSUMPTIONS | ACT 511 TAX REVENUE

[GENERAL FUND ONLY]

Rev	2015	2016	2017	Budget 2018	Forecast 2018	2019
Realty Trans.	\$2,873	\$2,270	2,504	2,582	2,454	2,620
BPT	8,647	8,523	8,724	9,481	7,452	8,398
Merc.	1,266	1,235	1,122	1,158	1,461	1,551
LST	1,019	1,050	1,034	1,029	1,006	1,166
Amus.	24	39	12	25	18	20
Audit	826	754	577	500	86	550
<b>Total</b>	<b>14,655</b>	<b>13,871</b>	<b>13,973</b>	<b>14,775</b>	<b>12,477</b>	<b>14,305</b>

Amounts in \$1,000's

## Act 511 Tax Revenue



## MAJOR EXPENSE ASSUMPTIONS | SUMMARY

- Staffing Assumptions:
  - All Departments | Based on the Reorganization Head Counts discussed in committee and exec. session earlier this year
  - If adopted, the Reorganization estimated savings is \$77,000
- 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 | No increase over 2018 (confirmed by DVHIT)
  - Pension | MMO decrease of 1% as included in the September resolution
  - OPEB | Due to revenue constraints discussed, it's recommended that this allocation be suspended for one year. 2019 represented year six of the funding plan, which will save the General Fund \$1,259,209, with the program resuming in 2020 if revenues recover.
- Capital Plan:
  - Pay-as-you-go-portion | Short-term assets (less than ten years in useful life, generally) to 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 \$250,000 per year in funding to support hiring full time firefighters  
(in addition to the increase of \$125,000 included with the 2017 budget and the \$200,000 included in the 2018 budget)
- Community Organization Funding:

Organization	2018	TMRCB 2019	Difference
Library	\$929,600	\$960,000	\$30,400, 3%
Senior Center	127,000	130,500	\$3,500, 3%
Surrey Services	50,000	50,000	\$0, 0%
Art Center	17,000	17,500	\$500, 3%
Historical Society	15,000	15,000	\$0, 0%
Parades	8,000	8,000	\$0, 0%

# MAJOR EXPENSE ASSUMPTIONS | DEBT SERVICE

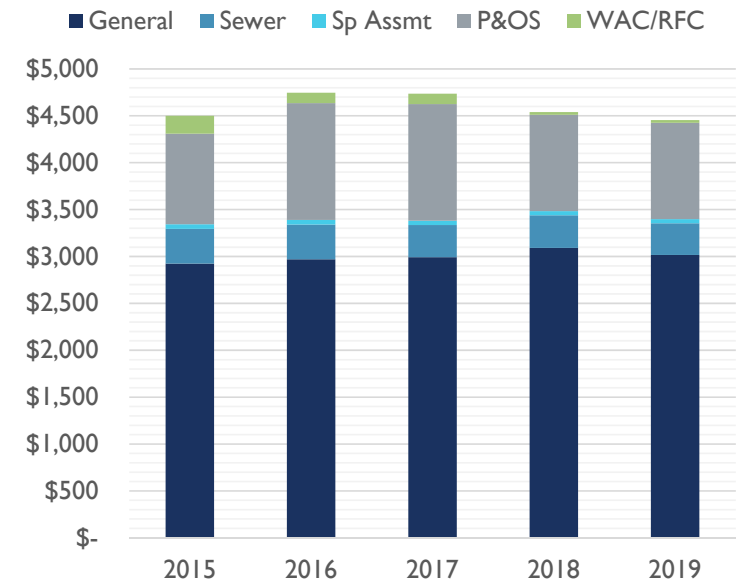
[AGGREGATE – ALL FUNDS]

Fund	2015	2016	2017	2018	2019
General	2,924	2,970	2,991	3,091	3,015
Sewer	369	369	344	347	338
Special Assessment	50	50	46	46	45
Park & Open Space	966	1,246	1,244	1,026	1,027
W.Art Center/Radnor Fire <sup>1</sup>	191	111	111	30	30
<b>Total</b>	<b>4,500</b>	<b>4,746</b>	<b>4,736</b>	<b>4,539</b>	<b>4,455</b>

Amounts in \$1,000's

% of General Fund Exp.	13.4%	13.8%	13.4%	12.6%	12.8%
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## Debt Service Expense by Fund

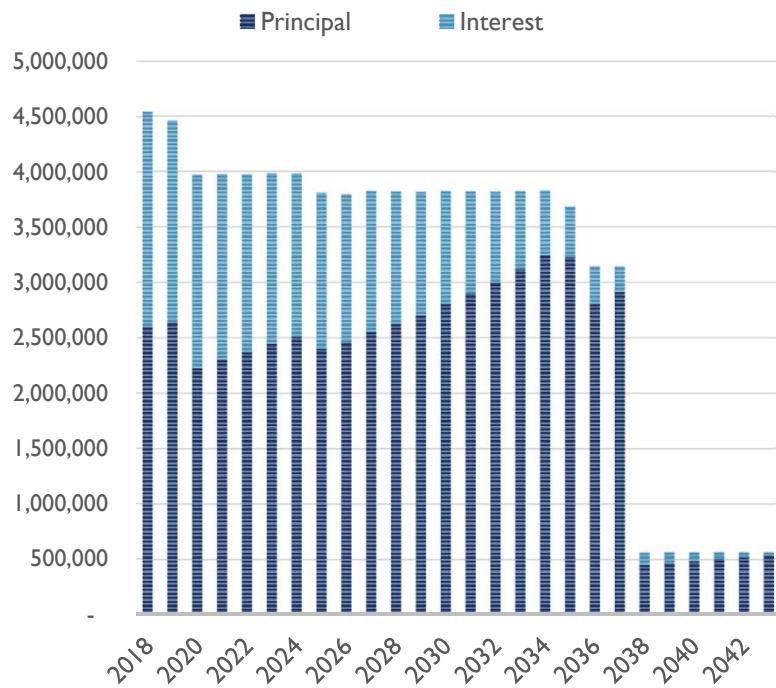


<sup>1</sup> The Radnor Fire Company's debt payment to the Township matures at the end of 2017. Moving forward, the amounts are from the Art Center

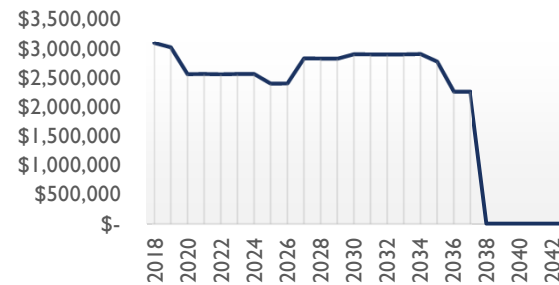
# MAJOR EXPENSE ASSUMPTIONS | DEBT SERVICE (CONT'D)

[AGGREGATE – ALL FUNDS]

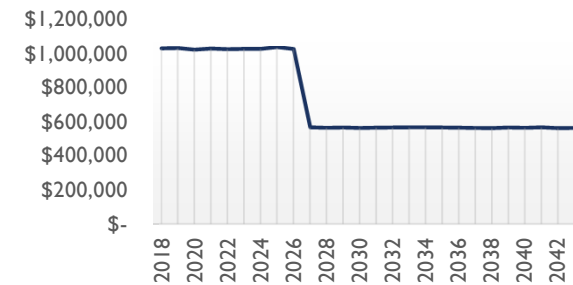
### AGGREGATE ANNUAL DEBT SERVICE



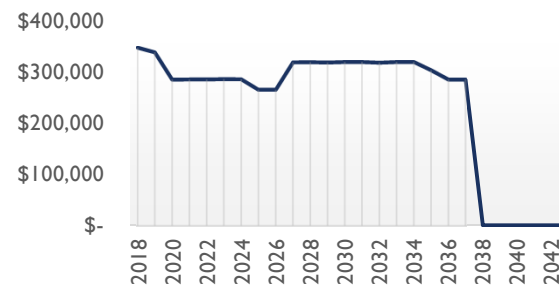
### Net General Fund Total



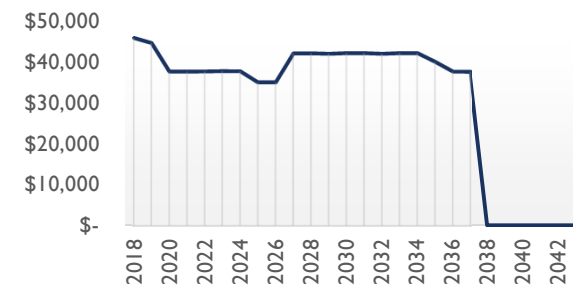
### Park & Open Space Fund



### Sanitary Sewer Fund



### Special Assessment Fund



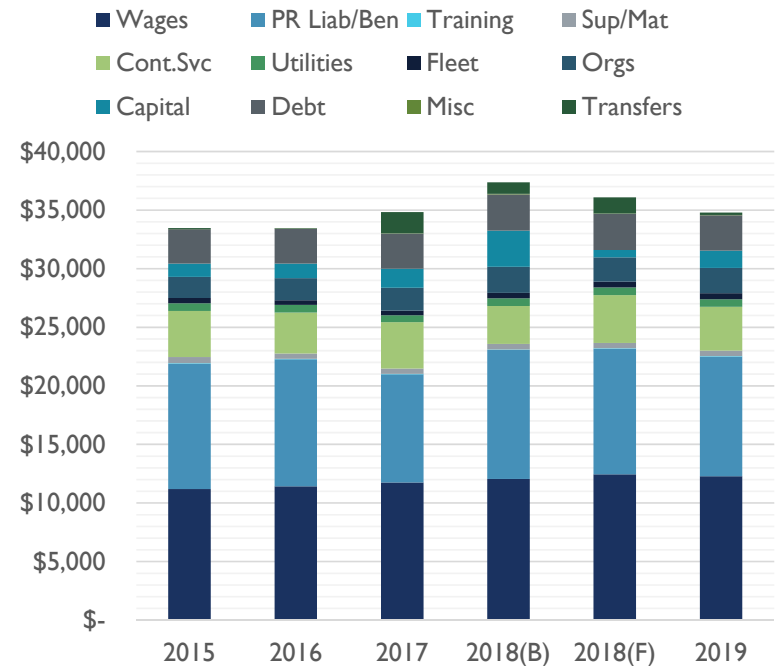
# MAJOR EXPENSE ASSUMPTIONS | GENERAL FUND EXPENSES

[GENERAL FUND ONLY]

	2015	2016	2017	Budget 2018	Forecast 2018	2019
Wages	11,200	11,425	11,752	12,058	12,458	12,282
PR Liab/Ben	10,698	10,838	9,225	10,994	10,703	10,205
Training	32	42	43	38	49	45
Sup/Mat	525	442	448	477	446	468
Cont. Svc	3,929	3,508	3,965	3,246	4,087	3,739
Utilities	661	658	581	660	655	651
Fleet	454	394	406	454	490	516
Orgs	1,797	1,887	1,950	2,236	2,079	2,161
Capital	1,139	1,235	1,624	3,087	621	1,468
Debt	2,927	2,973	2,996	3,089	3,095	3,021
Misc	10	25	26	50	30	30
Transfers	90	40	1,820	986	1,369	205
<b>Total</b>	<b>33,462</b>	<b>33,467</b>	<b>34,836</b>	<b>37,375</b>	<b>36,082</b>	<b>34,791</b>

Amounts in \$1,000's

### General Fund Expenses by Type



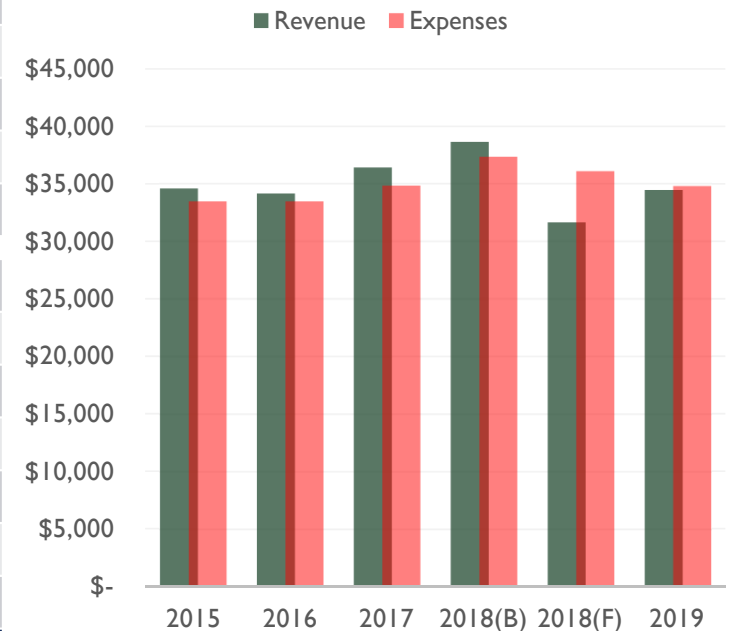
# GENERAL FUND OPERATING STATEMENT SUMMARY

[GENERAL FUND ONLY]

	2015	2016	2017	Budget 2018	Forecast 2018	2019
RE Tax	11,773	12,445	13,654	11,707	11,801	12,765
Act 511	14,655	13,870	13,972	14,774	12,477	14,295
All Other	8,158	7,824	8,792	8,640	7,377	7,390
Transfers	-	-	-	3,500	-	-
<b>Total Revenue</b>	<b>34,586</b>	<b>34,139</b>	<b>36,418</b>	<b>38,621</b>	<b>31,655</b>	<b>34,450</b>
Wages	(11,200)	(11,425)	(11,752)	(12,058)	(12,458)	(12,282)
PR Liab & Benefits	(10,698)	(10,880)	(9,225)	(10,994)	(10,703)	(10,205)
Cap Ex	(1,139)	(1,235)	(1,624)	(3,087)	(621)	(1,468)
Debt Service	(2,927)	(2,973)	(2,996)	(3,089)	(3,095)	(3,021)
All Other	(7,408)	(6,913)	(7,419)	(7,161)	(7,836)	(7,610)
Transfers Out	(90)	(40)	(1,820)	(986)	(1,369)	(205)
<b>Total Expenses</b>	<b>(33,462)</b>	<b>(33,466)</b>	<b>(34,836)</b>	<b>(37,375)</b>	<b>(36,082)</b>	<b>(34,791)</b>
<b>Net Revenue</b>	<b>\$1,124</b>	<b>\$673</b>	<b>1,582</b>	<b>1,246</b>	<b>(4,427)</b>	<b>(341)</b>

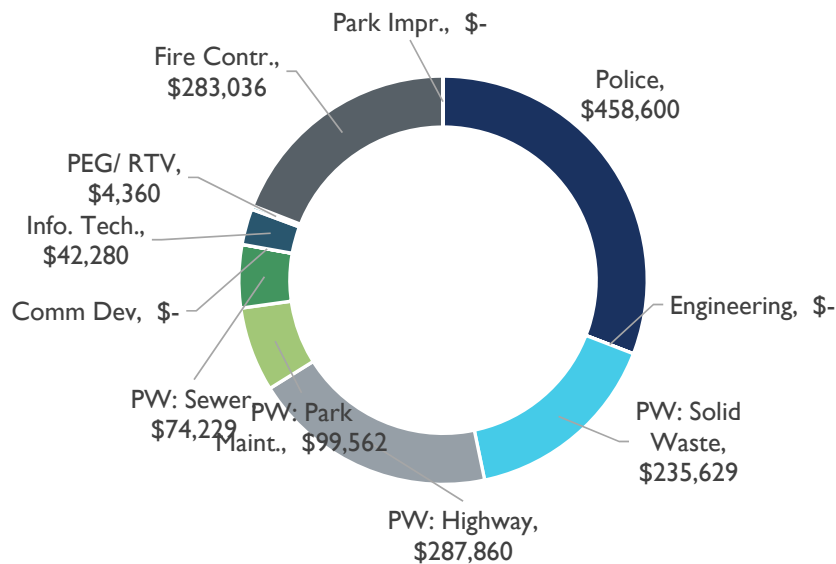
Amounts in \$1,000's

## Revenue and Expense Totals



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

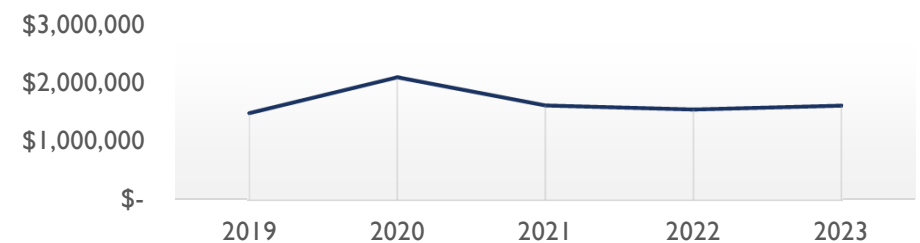
## Pay-As-You-Go Group | 2019



### 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 2019 through 2023:

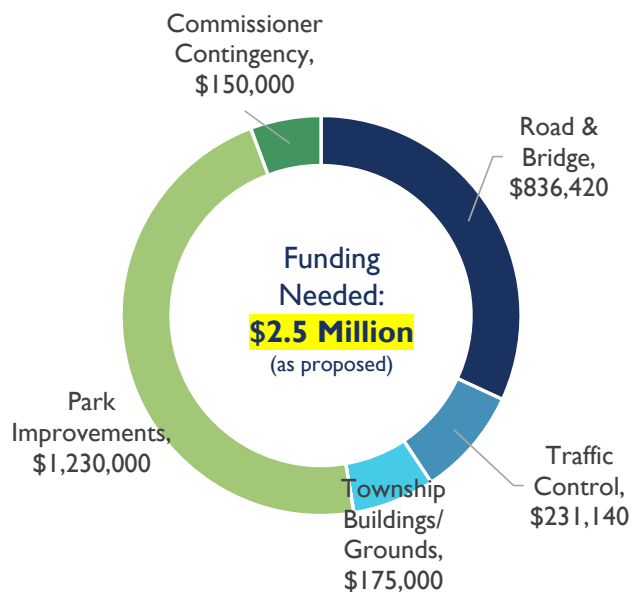
2019	2020	2021	2022	2023
1,485,556	2,096,924	1,617,352	1,548,412	1,613,586





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

## Pay-As-You-Use Group | 2019 As Proposed



### ■ 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)

- **2019 Pay-As-You-Use Capital Group Projects:**
  - Liquid Fuels Fund | Road Resurfacing Program \$808,000
  - Sanitary Sewer Fund | Various projects totaling \$1,915,000
  - Stormwater Fund | Various project totaling \$2,258,038
  - General Capital Fund:
    - Road and Bridge Group:
      - Sulpizio Gym Roof and Lighting Improvements \$175,000
      - Bridge Repairs (as needed from inspections) \$110,000
      - Matsonford Bridge (as approved by BOC) \$329,300 (net)
      - Various Sidewalk Projects \$205,120 (net)
      - KOP / Pine Tree / Eagle Intersection Impr \$231,140 (net)
      - Commissioner Contingency Projects \$150,000
- General Fund (Cont'd): [Items moved to future years due to lack of funding]
  - Municipal Buildings Group:
    - Public Works Facility \$245,000
    - Radnor Fire Company Preemption Device \$45,000
    - Township Building roof, carpet, accessibility paths \$318,000
  - Municipal Parking Lots Group:
    - Various parking lot resurfacing projects \$385,000
  - Signals/ Traffic Lighting Group:
    - Various projects totaling \$502,500 (net)
    - Montrose Traffic Island \$90,600
  - Park Improvements:
    - Various projects totaling \$770,000 (net)

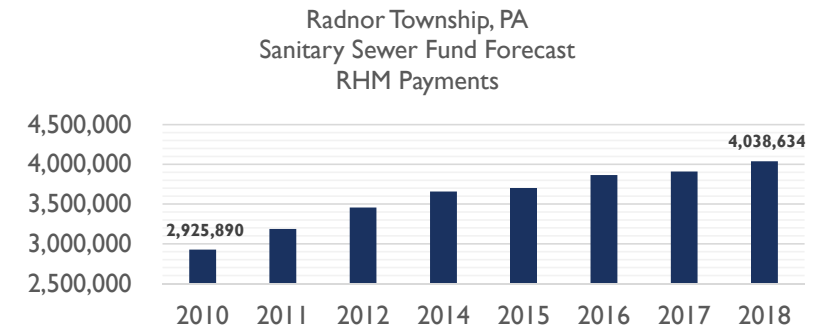
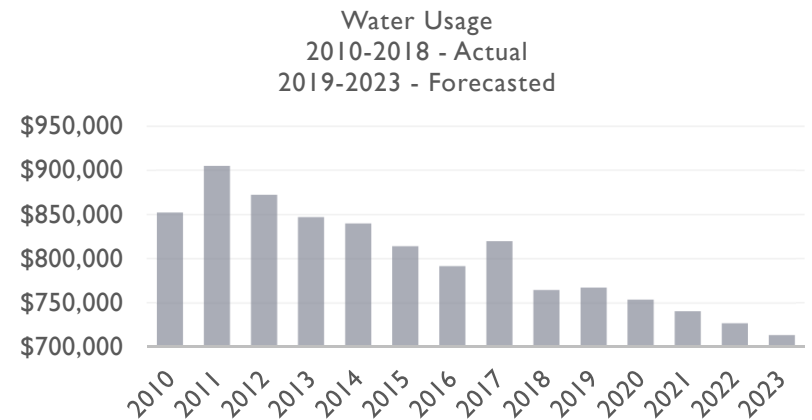


# SANITARY SEWER FUND



# SANITARY SEWER FUND SUMMARY

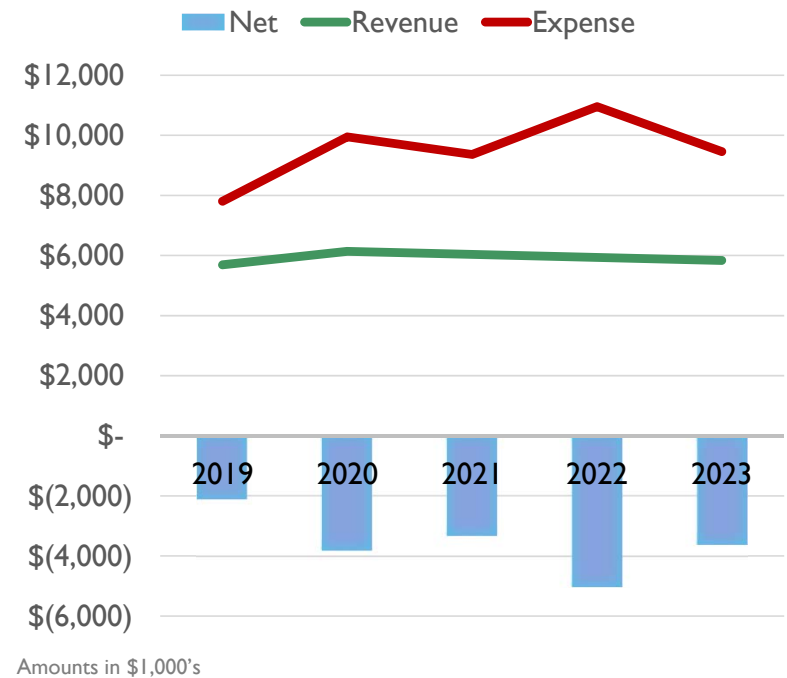
	2015	2016	2017	Budget 2018	Forecast 2018
<b>Revenue</b>	<b>4,964</b>	<b>4,863</b>	<b>5,025</b>	<b>5,523</b>	<b>5,240</b>
<b>Expenses:</b>					
Ops	981	980	1,028	1,021	1,007
Debt	369	369	344	562	562
Cap Ex	127	314	1,582	714	982
RHM	3,704	3,866	3,911	4,060	4,039
<b>Total Exp</b>	<b>5,181</b>	<b>5,529</b>	<b>6,865</b>	<b>6,357</b>	<b>6,590</b>
<b>Net</b>	<b>(217)</b>	<b>(667)</b>	<b>(1,840)</b>	<b>(834)</b>	<b>(1,350)</b>
Amounts in \$1,000's					
<b>Rent Rate</b>	<b>\$5.90</b>	<b>\$5.90</b>	<b>\$5.90</b>	<b>\$6.49</b>	<b>\$6.49</b>



# SANITARY SEWER FUND SUMMARY (CONT'D)

	2019	2020	2021	2022	2023
<b>Revenue</b>	<b>5,690</b>	<b>6,138</b>	<b>6,038</b>	<b>5,938</b>	<b>5,838</b>
<b>Expenses:</b>					
Debt	648	985	985	985	986
Cap Ex	1,915	2,020	1,260	2,676	999
RHM	4,146	4,250	4,356	4,465	4,577
Operations	1,098	2,696	2,761	2,827	2,895
<b>Total Exp</b>	<b>7,807</b>	<b>9,951</b>	<b>9,362</b>	<b>10,954</b>	<b>9,457</b>
<b>Net</b>	<b>(2,117)</b>	<b>(3,813)</b>	<b>(3,324)</b>	<b>(5,016)</b>	<b>(3,619)</b>
<b>Rate</b>	<b>\$7.14</b>	<b>\$7.85</b>	<b>\$7.85</b>	<b>\$7.85</b>	<b>\$7.85</b>
% Change in Rate	+10.0%	+10.0%	0.0%	0.0%	0.0%
Amounts in \$1,000's					

## FORECAST



## 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 \$7.0M
  - 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

	2017	Forecasted 2018	2019	2020	2021	2022
Beg Balance	\$624,329	\$216,241	\$141,742	(\$39,414)	(\$181,892)	(\$301,520)
Revenue						
Realty Transfer	834,530	818,178	873,250	902,000	931,750	962,500
Grants / Interest	1,880	2,401	2,500	2,500	2,500	2,500
General Fund Transfers	-	160,000	-	-	-	-
<b>Total Rev</b>	<b>836,410</b>	<b>980,579</b>	<b>875,750</b>	<b>904,500</b>	<b>934,250</b>	<b>965,000</b>
Expenses:						
Professional Services	-	-	-	-	-	-
Debt Service	1,244,498	1,055,078	1,056,328	1,046,978	1,053,878	1,050,378
<b>Total Expenses</b>	<b>1,244,498</b>	<b>1,055,078</b>	<b>1,056,328</b>	<b>1,046,978</b>	<b>1,053,878</b>	<b>1,050,378</b>
<b>Rev Over/(Under) Exp.</b>	<b>(408,088)</b>	<b>(74,499)</b>	<b>(180,578)</b>	<b>(142,478)</b>	<b>(119,628)</b>	<b>(85,378)</b>
<b>Ending Cash Balance</b>	<b>216,241</b>	<b>141,742</b>	<b>(39,414)</b>	<b>(181,892)</b>	<b>(301,520)</b>	<b>(386,898)</b>

<sup>1</sup> 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

	2017	Forecasted 2018	2019	2020	2021	2022
Beg Balance	624,329	216,241	\$141,742	\$119,372	\$135,972	\$176,297
Revenue						
Real Estate Taxes	-	-	158,208	159,078	159,953	160,833
Realty Transfer	834,530	818,178	873,250	902,000	931,750	962,500
Grants / Interest	1,880	2,401	2,500	2,500	2,500	2,500
General Fund Transfers	-	160,000	-	-	-	-
<b>Total Rev</b>	<b>836,410</b>	<b>980,579</b>	<b>1,033,958</b>	<b>1,063,578</b>	<b>1,094,203</b>	<b>1,125,833</b>
Expenses:						
Professional Services	-	-	-	-	-	-
Debt Service	1,244,498	1,055,078	1,056,328	1,046,978	1,053,878	1,050,378
<b>Total Expenses</b>	<b>1,244,498</b>	<b>1,055,078</b>	<b>1,056,328</b>	<b>1,046,978</b>	<b>1,053,878</b>	<b>1,050,378</b>
<b>Rev Over/(Under) Exp.</b>	<b>(408,088)</b>	<b>(74,499)</b>	<b>(22,370)</b>	<b>16,600</b>	<b>40,325</b>	<b>75,455</b>
<b>Ending Cash Balance</b>	<b>216,241</b>	<b>141,742</b>	<b>119,372</b>	<b>135,972</b>	<b>176,297</b>	<b>251,752</b>
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

	2017	Forecasted 2018	2018	2019	2020	2021
Beg Balance	\$624,329	\$216,241	\$141,742	\$142,414	\$140,586	\$147,858
Revenue						
Realty Transfer	834,530	818,178	873,250	902,000	931,750	962,500
Grants / Interest	1,880	2,401	2,500	2,500	2,500	2,500
General Fund Transfers	-	160,000	180,000	150,000	120,000	100,000
<b>Total Rev</b>	<b>836,410</b>	<b>980,579</b>	<b>1,055,750</b>	<b>1,054,500</b>	<b>1,054,250</b>	<b>1,065,000</b>
Expenses:						
Professional Services	-	-	-	-	-	-
Debt Service	1,244,498	1,055,078	(1,055,078)	(1,056,328)	(1,046,978)	(1,053,878)
<b>Total Expenses</b>	<b>1,244,498</b>	<b>1,055,078</b>	<b>(1,055,078)</b>	<b>(1,056,328)</b>	<b>(1,046,978)</b>	<b>(1,053,878)</b>
<b>Rev Over/(Under) Exp.</b>	<b>(408,088)</b>	<b>(74,499)</b>	<b>672</b>	<b>(1,828)</b>	<b>7,272</b>	<b>11,122</b>
<b>Ending Cash Balance</b>	<b>216,241</b>	<b>141,742</b>	<b>142,414</b>	<b>140,586</b>	<b>147,858</b>	<b>158,980</b>
Millage Necessary <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a

<sup>1</sup> 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 2019 Shortfall (transfer or voted millage)
- 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 \$250,000 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 | 10% Rate increase included, as approved by the Board last year
  - Park & Open Space Fund | Need funding direction

## NEXT STEPS

- Publish the Township Manager's Recommended Comprehensive Budget | **Thursday October 25, 2018**
- Adopt the TMRCB as the "Preliminary Budget" | **October 29, 2018**
- Public Hearing #1 | **October 29, 2018**
- Public Hearing #2 | **November 19, 2018**
- Introduction of 2019 Budget Ordinance and Accompanying Resolutions | **November 26, 2018**
- Adoption of the 2019 Budget Ordinance | **December 10, 2018**



THANK YOU

