

Manheim Borough

2016 Summary Report

Over the past year the Borough has gone through substantial changes – three new Council members, a new Borough Manager, a new Financial/HR Coordinator to name just a few. Through this process, Council and staff have placed an emphasis on reorganization and the efficient functioning of the Borough. While these efforts have covered all facets of the Borough’s operations, they can be broken down into two general categories: General Finances and Public Welfare and Safety.

Under General Finances, a number of cost-saving and related initiatives have been undertaken (and are ongoing). A sampling of the more significant measures are highlighted as follows:

- Assembly and review of all contracts and agreements to assure vendors are not being overpaid and entities to be billed are being billed in accordance with the agreements.
- Converted accounting software to commonly used system to better manage financial transactions and reporting.
- Updated coding of all expenses to more accurately account for and track all Borough expenditures. This measure is essential for the Borough to recover all eligible costs through reimbursements and contracts.
- Pool rental agreement – discovered provision for reimbursement of up to \$10,000 for competition pool repairs. Reimbursement received.
- Refinanced existing debt to combine with new debt for police station to procure favorable terms for the Borough.
- Common area floor mats in Borough building – eliminated paying approximately \$900 per year for mat maintenance, replaced by simply buying our own mats for less than \$200. With a 5 year usefulness expectancy for the mats, ~\$200 every 5 years vs ~\$4,500 every 5 years.
- Reviewed fee schedule for code enforcement – discovered inspection fees were not being charged. This has been addressed and will begin in 2017.
- HVAC system – reviewed thermostat settings to correct them to proper, timed cycles rather than running continuously.
- HVAC system - Installed locks on wall units outside elevators to eliminate “visitors” tampering with settings.
- Obtained reimbursement from FEMA/PEMA for just over \$10,000 in snow clearing expenses associated with the extreme snow event in January of 2016.
- Elevator – recovered nearly \$3,000 for elevator service that was provided through improper protocol by the various service companies.
- Detailed reviews of invoices resulted in discovery of several services no longer being needed or used which had been continued to be paid – cell phone service: 4 lines (for Borough and police) were dropped as they were no longer in use. GIS tracking units – discontinued one, no longer required.
- General office supplies - beginning comparison shopping of multiple suppliers and local stores to reduce costs.

- Discovered Borough was paying for annual ASCAP licensing for MCRec (~\$350/yr). Determined not needed and discontinued.
- Cable Franchise Agreement – Agreement completed with expanded list of services for which fees will be collected. Review of prior invoices resulted in a refund of approximately \$2,500 for charges for service that was supposed to be free.
- Contracted energy audit and other services with no cost to Borough. Audits of past invoices revealed that we were being charged state sales tax. Forms and supporting documentation and bills filed to request refund of past taxes paid. Energy suppliers request for proposal issued, received very competitive rates, will result in approximately \$9,000/year savings over current contract (electric) beginning in 2017. Current gas supplier rate is lowest available.
- Resolved billing cycle issue with UGI that had resulted in late charges being regularly assessed (approximately \$70/mo).
- Completed exoneration process for 16 E Stiegel to eliminate past tax balance (\$1,781.43)
- Review of contract resulted in receiving payment for lifeguard services for 2014 and 2015 (approximately \$5,000), and will also result in these payments to be made in 2016 and moving forward.
- Energy Audit for windows/doors, resulting in measures that will reduce energy costs with an 18% return on investment and less than a 6 year payback period.
- Investigated service providers (electrical, HVAC) for Borough, initiated changes that reduced those costs by well over 25%.
- Follow-through with MDDG/MAEDC regarding reimbursement for all costs associated with MDDG dissolution.
- Began implementation of safety measures at Borough building to reduce potential damage and liability.
- Recovered all costs associated with traffic signal poles damaged due to accidents.

Under Public Welfare and Safety, the most significant improvement is the new police department building which is anticipated to be fully occupied and operational by the end of January 2017. This new facility will substantially improve the efficiency of the police department operations, as well as provide a more modern and secure area for the police as well as those who need to use these facilities. The efficiency has been further enhanced by the proximity of the new Northwest EMS facilities and the sharing of the costs for a number of the site improvements.

Some other public welfare and safety measures that have been undertaken are:

- New security and surveillance systems installed at the Community Pool, Memorial Park and the covered bridge. Vandalism has been greatly reduced through these measures, and the Borough's liability exposure has been reduced.
- New lighting at the Wolf Street public parking lot which will enhance visibility and security.
- Line painting and signage upgrades at the Wolf Street/East High Street intersection to improve safety for pedestrian crossing.
- Area of Rescue call box installation in the Borough building which will improve the ability for those with physical or other limitations to exit the building safely should a fire or other emergency arise.

- Conducted HVAC audit to assess condition of current equipment. Exposed electrical wire in attic was discovered and repaired, eliminating serious fire hazard.
- In the process of upgrading various doors throughout the Borough building to meet current fire and safety requirements.
- Upgraded plows on public works vehicles to provide for more efficient clearing of snow on public streets.
- Stormwater drainage improvements completed near the high school as well as at South Penn/West Stiegel streets, reducing surface water runoff.
- Completed street resurfacing projects, utilizing state liquid fuels funds in addition to capital funds. Additional street projects will be completed in 2017, again utilizing a combination of liquid fuels funds and capital funds.
- Completed safety audit of Borough playground facilities.
- In cooperation with PennDOT, a significant amount of silt and sediment has been removed from Chiques Creek under the Route 72 Bridge. This will increase the bank-to-bank capacity of the stream in order to help reduce the amount of overflow and associated flooding.
- The completion of the Logan Park flood plain restoration project, which was spearheaded by the Chiques Creek Watershed Alliance at no cost to Borough residents, has provided both environmental benefits as well as increased stream capacity.
- The Borough began a formal playground program at Mummau Park which provided summer recreation opportunities for youth. This program has been approved to continue in 2017.
- Code Enforcement has been a high priority and numerous steps are beginning to be implemented to ensure all of the Borough's codes are enforced fairly and firmly. The Borough's goal is compliance, and we want to offer every opportunity to assist property owners to meet the various requirements of our ordinances. However, for those who choose to ignore our codes and remain in violation, the Borough will be taking the necessary enforcement measures.

Notes regarding the 2017 Budget

- The current budget proposes a 0.8 mil increase, with 0.55 mil being a direct result of the proposed reduction in the municipal services fee. This means that the net millage increase is 0.25 mil.
- With this increase, a budget deficit still exists. The finance committee's recommendation was to keep the net mil increase at 0.25, and to make up the difference with the 2016 surplus/reserves rather than simply increase our reserves (our current reserves are at just under 8 months, our reserves have remained above 6 months throughout 2016, and we anticipate the reserves to remain above 6 months by the end of the year – the generally accepted reserves range is 3 – 6 months).
- The municipal services fee reduction is currently set at \$60/yr (going from \$250/yr to \$190/yr).
- For the 0.55 millage increase resulting from the municipal services fee decrease, the breakeven point occurs at assessed values of \$109,000. In other words, for properties with assessed values up to \$109,000, the property tax increase will be less than or equal to the municipal services fees decrease (e.g. a residential property assessed at \$80,000 will have a real estate tax increase of \$44 but will have a \$60 decrease in the municipal services fee). For properties with assessed values between \$109,000 and \$200,000, the net increase will be between \$0 and \$50.

Based on the assessment figures, approximately 42% fall under the breakeven cutoff of \$109,000, and just under 50% fall between the \$109,000 and \$200,000 value. Therefore, approximately 92% of the properties will have a net increase of \$50 or less, with nearly half of those having no increase or a decrease. Again, this is strictly the impact of the change in the municipal services fee structure.

With the actual net millage increase of 0.25 mil as currently proposed, the increases within those same ranges would be \$0 to \$27.25 and \$27.25 to \$50.00, respectively. Therefore, the maximum total increase would be for a property assessed at \$200,000, and that total increase would be \$100. So for 92% of the properties in the Borough, the total increase will be \$100 or less.

For rental property owners, the net increases will be less (and the net decreases will be more) depending on how many units exist within each property. However, our new fee schedule will be corrected to include the inspection fees which were previously not assessed, and the proposed annual rental license fee will be increased to \$55.00 from \$50.00.

- On the revenue side, the significant changes are from the reduction in the municipal services fees as explained above, the elimination of the Main Street reimbursements (since there are no more Main Street expenses), and a conservative assumption that we will not receive any health insurance co-op rebates (we have received rebates each of the last 5 years which have varied from ~\$31K to ~\$131K, but preliminary estimates they provided us indicate the possibility of no or little rebate in 2017).

- On the expense side, the increase has been held to approximately 3.9%. The significant changes are from the 11.8% increase in health insurance rates (which is actually very competitive with other increases that have begun to be announced), a ~\$195,000 increase in the police budget, a ~\$63,000 increase in the culture/recreation budget (primarily due to corrected coding of park utilities and creating a fund for the Ash tree removal), the elimination of Main Street related expenses, an increase of \$134,000 in the debt service payments with the completion of the police station, and the elimination of a budgeted transfer to the capital fund (upon final determination of 2016 surplus at the end of the year, any remaining surplus will be transferred to capital budget).