

Manheim Borough
2017/2018 Budget Summary Report

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2017 has been a year of building on the changes that occurred in 2015/2016. Council and staff have placed an emphasis on maintaining and improving the efficient functioning of the Borough. The Borough remains in good financial condition, and has continued to maintain at least a 6 month reserve amount. This reserve is separate from general annual operating funds and capital funds, and serve to protect the Borough from fluctuations in revenues as well as from unexpected expenses associated with disasters or other events.

Notes regarding the 2018 Budget

- **2017 was a Countywide reassessment year.** Based on state law, municipalities are mandated to adjust the real estate tax millage to a rate that would result in no increase in total real estate taxes that the Borough receives solely due to the new assessment values. For properties that had assessed values increase at the same percentage as the average increase for the Borough as a whole, real estate taxes would remain the same under the new assessment. For those that had percentage increases higher or lower than the Borough average increase, real estate taxes will be correspondingly higher or lower as a result of the new assessment. State law further requires municipalities that intend to increase real estate taxes in a reassessment year to do this in a separate approval process, and limits the increase in millage to no more than 10%.

- Based on the new assessment, the adjustment to the real estate tax millage rate for the Borough in order to meet the requirements of net-zero real estate tax revenues yields an "Initial Tax Rate" of 4.4181 mills for 2018, a decrease from the 2017 rate of 5.85 mills. Council, in order to balance the 2018 budget, has proposed an increase to this "Initial Tax Rate" (4.4181 mills) in the amount of 0.2219 mills, resulting in a "Final Tax Rate" for 2018 of 4.64 mills. Following are examples illustrating the Borough real estate tax bill based on sample old and new tax assessments and rates:

2017 Assessment Value	2017 Boro Millage	2017 Boro Real Estate Taxes	2018 Reassessment Value	2018 Boro Millage	2018 Boro Real Estate Taxes
\$100,000	5.85	\$585	\$133,000	4.64	\$617
\$125,000	5.85	\$731	\$166,250	4.64	\$771
\$150,000	5.85	\$878	\$199,500	4.64	\$926
\$175,000	5.85	\$1,024	\$232,750	4.64	\$1,080
\$200,000	5.85	\$1,170	\$266,000	4.64	\$1,234

For example, if your 2017 real estate tax assessment was \$150,000 and your new assessed value is \$199,500 based on the county-wide reassessment (a 33% increase), your Borough real estate tax bill will increase \$48, from \$878 to \$926 (a 5.5% increase).

2017 Assessment Value	2017 Boro Millage	2017 Boro Real Estate Taxes	2018 Reassessment Value	2018 Boro Millage	2018 Boro Real Estate Taxes
\$150,000	5.85	\$878	\$160,000	4.64	\$742
\$150,000	5.85	\$878	\$175,000	4.64	\$812
\$150,000	5.85	\$878	\$185,000	4.64	\$858
\$150,000	5.85	\$878	\$190,000	4.64	\$882
\$150,000	5.85	\$878	\$200,000	4.64	\$928

Likewise, if your 2017 real estate tax assessment was \$150,000 and your new assessed value is \$175,000 based on the county-wide reassessment (a 17% increase), your Borough real estate tax bill will decrease \$66, from \$878 to \$812 (an 8% decrease).

Total Real Estate Taxes for any given property consists of three parts: Borough, County, and School District. The breakdown of the percentage of an annual real estate tax bill is illustrated below.



- The trash and recycling fee (formerly known as the municipal services fee) was reduced in 2017 by \$60/yr (going from \$250/yr to \$190/yr). This reduction will remain in effect for 2018, with no increases proposed. Trash and recycling expenses (contract hauler, tipping fees, disposal charges, administration) are covered by the biannual trash and recycling fees charged to Borough property owners, as well as a small state recycling grant.

- Under Culture and Recreation, which includes the parks and the community pool, expenses are covered in part by usage charges and fees.

- For Parks, revenues are primarily derived from pavilion and field rentals, as well as lease revenues from Manheim Central School District and the operator of Kauffman Park (The Shack mini-golf facility). The projected revenues for 2018 from these sources are approximately \$93,000. The projected expenses for parks, which includes insurance, utilities, repairs, mowing and the playground contract, are approximately \$110,000.

- For the Pool, revenues are primarily derived from memberships, day passes, and from Aaron's Acres and swim team leases. The projected revenues for 2018 from these sources are approximately \$110,000. The projected expenses for the pool, which includes the Lititz Rec operation and maintenance support contracts, utilities, chemicals, supplies, maintenance and repairs are approximately \$210,000. Additionally, approximately \$500,000 of needed capital repairs have been included within the capital budget over the next 5 years (which is funded from the annual general budget).

- Under Code Enforcement, revenues are generated from permit, application, and license fees. For 2018, the projected revenues from these sources is approximately \$63,500. Expenses include Code Enforcement Officer wages and benefits, supplies, legal services, and hearing advertising and stenographer charges. These expenses are projected to be approximately \$84,000 for 2018.

- Under Police Services, the projected expenses for 2018 are approximately \$2.5 million. In addition to taxes, these expenses are primarily covered by the Rapho Township contract for police coverage, reimbursement from the County and the Manheim Central School District, and from fines. These reimbursements are projected to be approximately \$1.5 million.

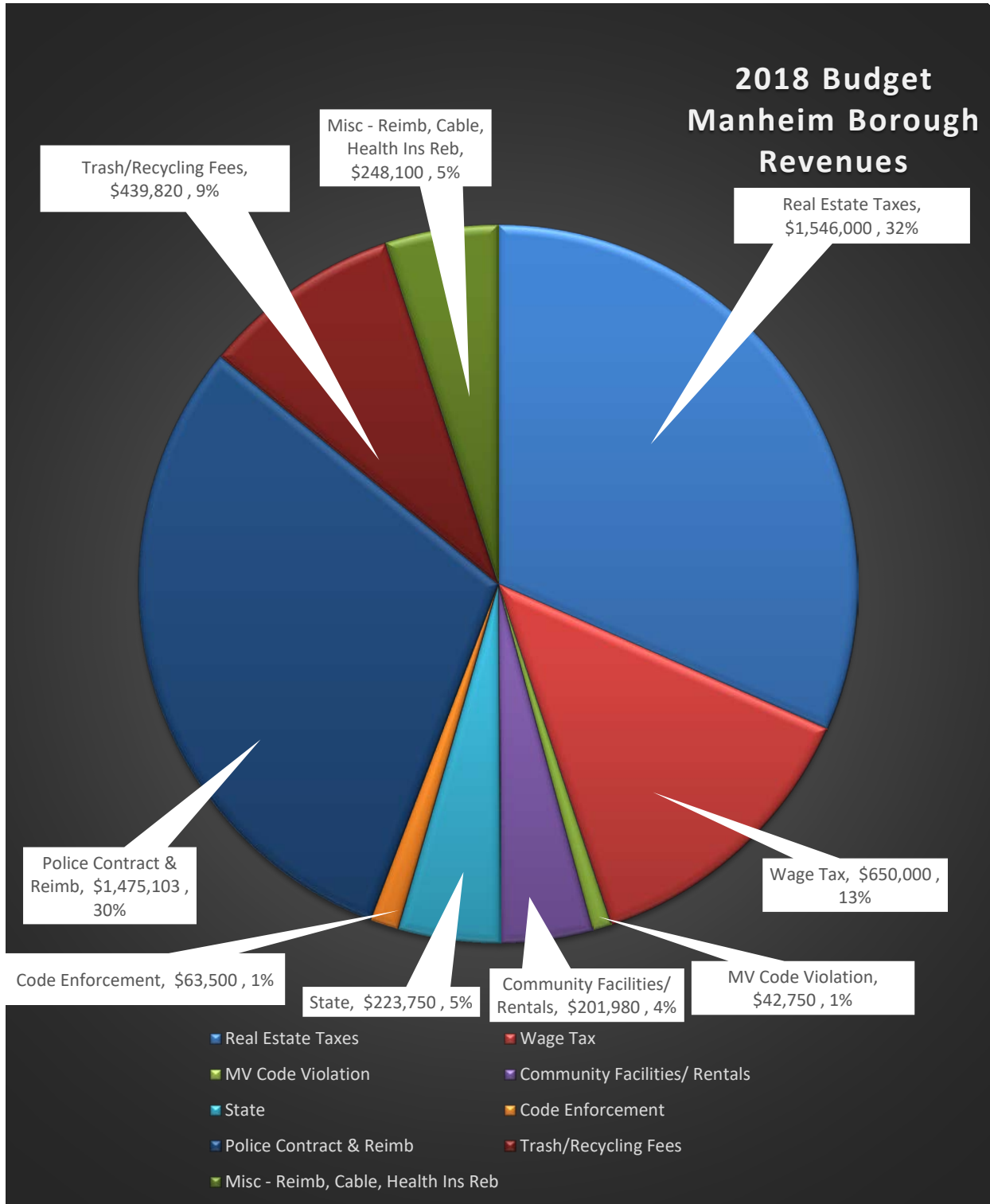
A 10 year Capital Budget has been prepared to address the capital needs of the Borough. This budget includes necessary repairs to streets, bridges, the pool, as well as the replacement of major equipment. Another major need that is being planned for

within the capital budget is the construction of stream restoration projects. These projects are unfunded mandates that have been placed on the Borough (and other municipalities) by the state and the EPA to reduce the adverse effects of Stormwater runoff on the Chiques Creek and the Chesapeake Bay. The costs for these Stormwater mandates are anticipated to be at least \$1.5M over the next 10 years. Funding for the capital budget will come from excess reserves and existing capital funds, as well as from ongoing transfers from the annual operating budget. Grants will be pursued whenever possible. This long range planning strategy is intended to fund the major capital improvements of the Borough without the need for taking on additional debt.

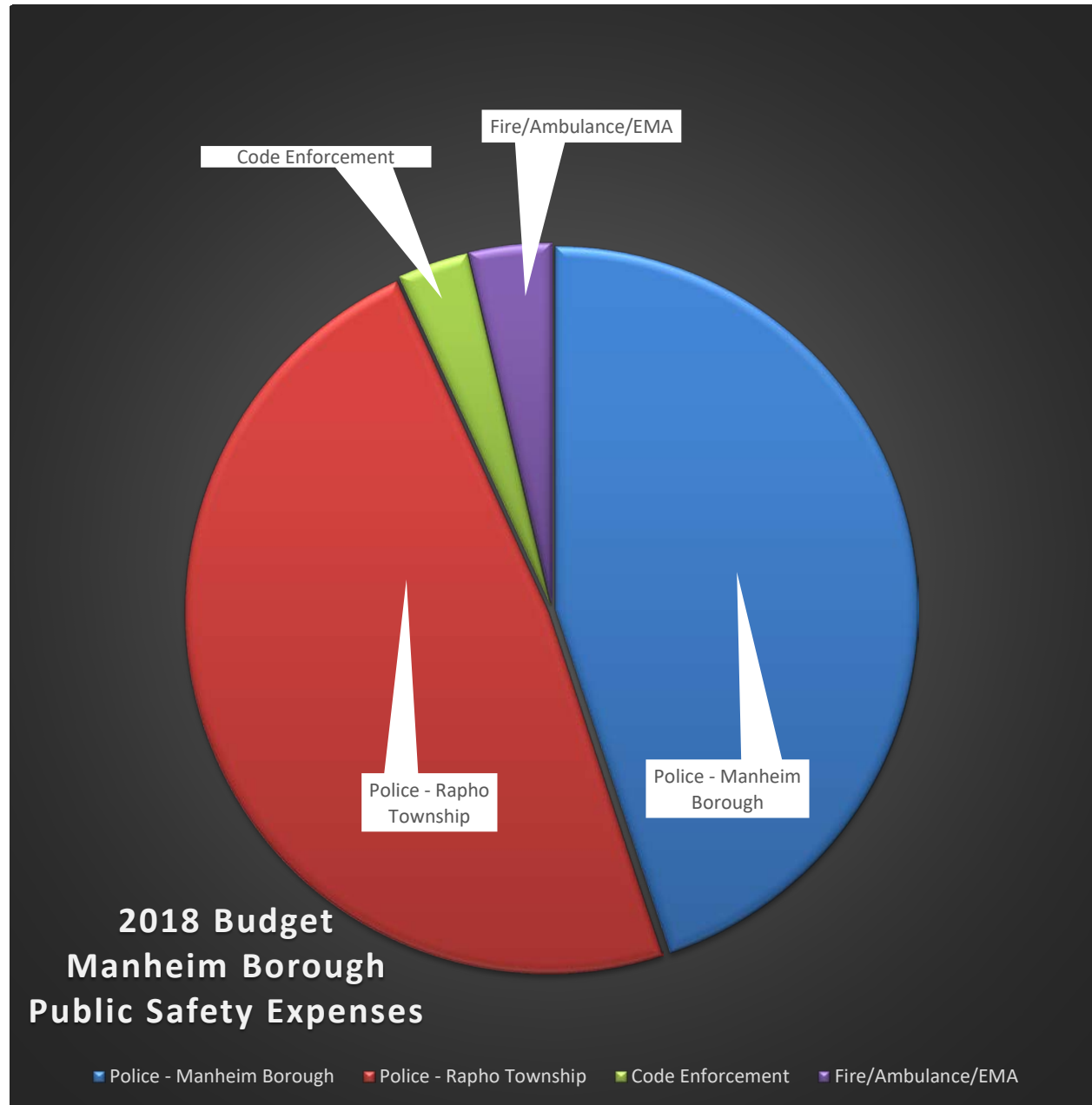
Under General Finances, a number of cost-saving and related initiatives have been undertaken (and are ongoing). A sampling of the more significant measures are highlighted below. While many of these began in the last year, since they are not one-time savings they are presented here as they represent ongoing efficiencies:

- Reviewed fee schedule for code enforcement – discovered inspection fees were not being charged. This was addressed in 2017 and will continue.
- HVAC system – reviewed thermostat settings to correct them to proper, timed cycles rather than running continuously, and installed locks on wall units outside elevators to eliminate “visitors” tampering with settings.
- 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 were filed to request refund of past taxes paid, which resulted in a nearly \$3,000 refund. Energy suppliers request for proposal issued, received very competitive rates, will result in approximately \$9,000/year savings over current contract (electric) beginning November 2017.
- 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. Measures were installed in 2017.
- Investigated service providers (electrical, HVAC) for Borough, initiated changes that reduced those costs by well over 25%.
- Recovered all costs associated with traffic signal poles damaged due to accidents.
- Participation in health insurance cooperative with other governmental agencies resulted in a refund of 13% of insurance premiums for 2017, and will result in a double-digit net **decrease** in health insurance costs for 2018.

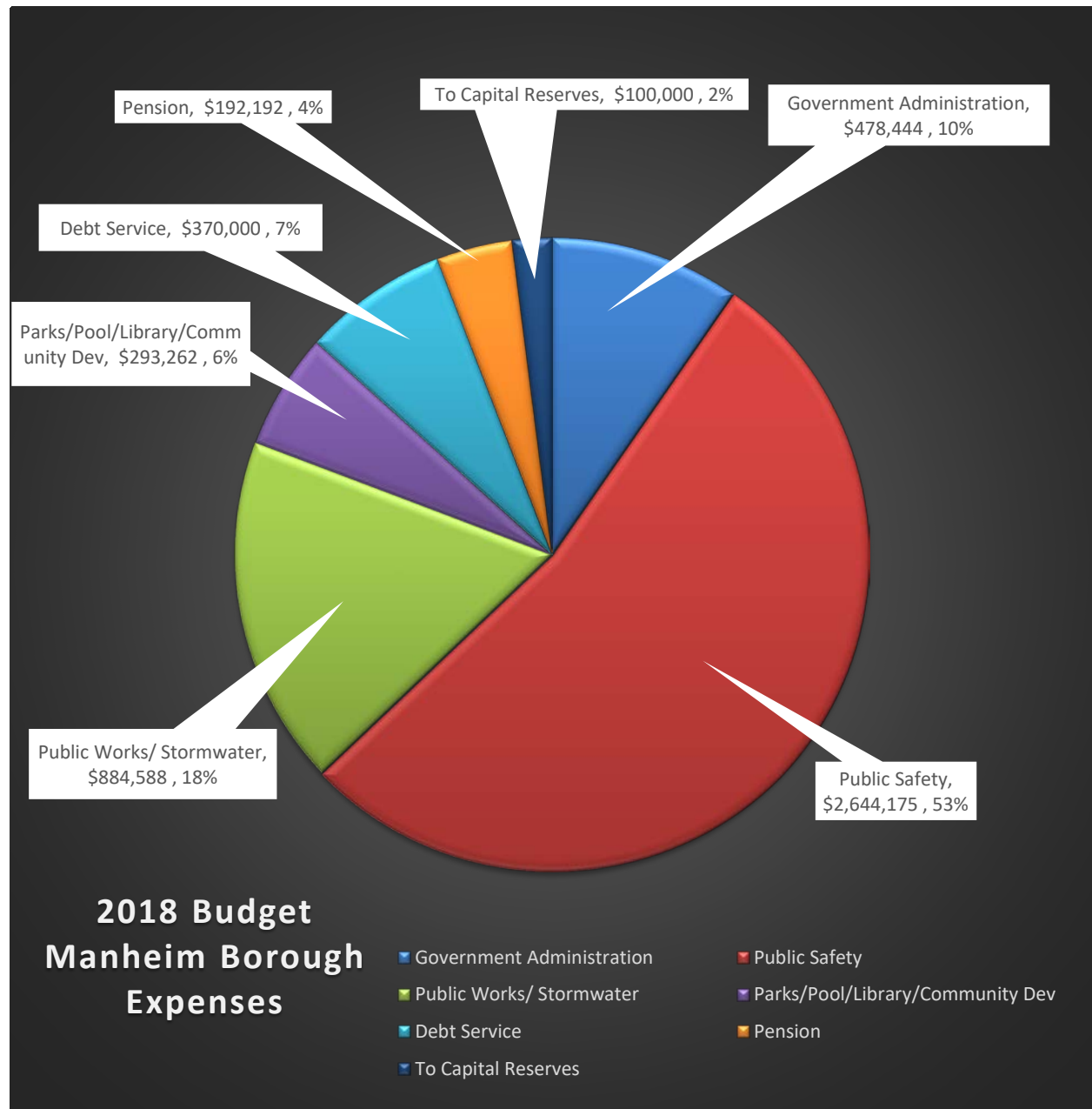
The largest source of revenue for the Borough is real estate taxes (32% of total revenues), followed closely by revenues from the police contract with Rapho Township (30% of total revenues). A full breakdown of the revenue categories are shown in the chart below.



The largest expense for the Borough is Public Safety (52% of total expenses). Public safety includes police services (which represents 93% of the Public Safety budget), as well as fire/ambulance services support, and code enforcement. The chart below illustrates the full breakdown, including the Manheim and Rapho portions of the police expense.



Public Works, which includes streets, stormwater facilities, and other Borough-owned facilities, accounts for the next largest expense category at approximately 18% of total Borough expenses. A breakdown of expense categories are shown in the chart below.



Public welfare and safety, the essential function of local government, represents the vast majority of the total budget. As can be seen in the above chart, general administration only represents 10% of the budget, debt service is at 7%, and pension costs are at 4% (with a majority of pension costs reimbursed by the state).

Some highlights of recent public welfare and safety improvements are as follows:

- 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 has enhanced 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 has improved the ability for those with physical or other limitations to exit the building safely should a fire or other emergency arise.
- Upgrading of 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.
- Completed street preservation projects, utilizing state liquid fuels funds in addition to capital funds. The projects completed in 2017 utilized a "fog seal" and was performed on streets that were just at the beginning stages of showing deterioration. The goal of this method is to prolong the life of the street surface by sealing the street to inhibit water penetration which would result in the formation of potholes and cracking.
- The Borough was awarded a Community Development Block Grant in the amount of \$200,000 to install storm sewers on North Main Street in order to alleviate the excessive water on the surface of the street. This water has resulted in splash from vehicles affecting adjacent buildings and making it virtually impossible to walk on the sidewalks. This project will be completed in early 2018, with PennDOT performing a paving project on Main St. in the summer of 2018.
- The Borough has continued a formal playground program at Mummau Park which provided summer recreation opportunities for youth. This program has been approved to continue in 2018.
- 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 hired an in-house code enforcement officer in January of 2017 in order to provide full-time service in this important function of the Borough.

- The Borough was awarded a state grant (Green-Light-Go grant) to provide battery backup for the traffic signals within the Borough. This will provide additional safety as well as reduce the need for police and fire personnel during power outages. It is anticipated that these systems will be installed in 2018.

In 2018, in addition to the aforementioned North Main Street Stormwater project and traffic signal backup project, the Borough has budgeted for the resurfacing of South Charlotte Street and South Hazel Street. The Borough has tentatively placed North Linden Street on the schedule for resurfacing in 2019, after the completion of the Gramby Elementary School. Additionally, needed repairs to two Borough-owned bridges – East Stiegel Street over Chiques Creek and Oak Street over a tributary to the Chiques Creek - are also planned.