

# Manheim Borough

## 2018/2019 Budget Summary Report

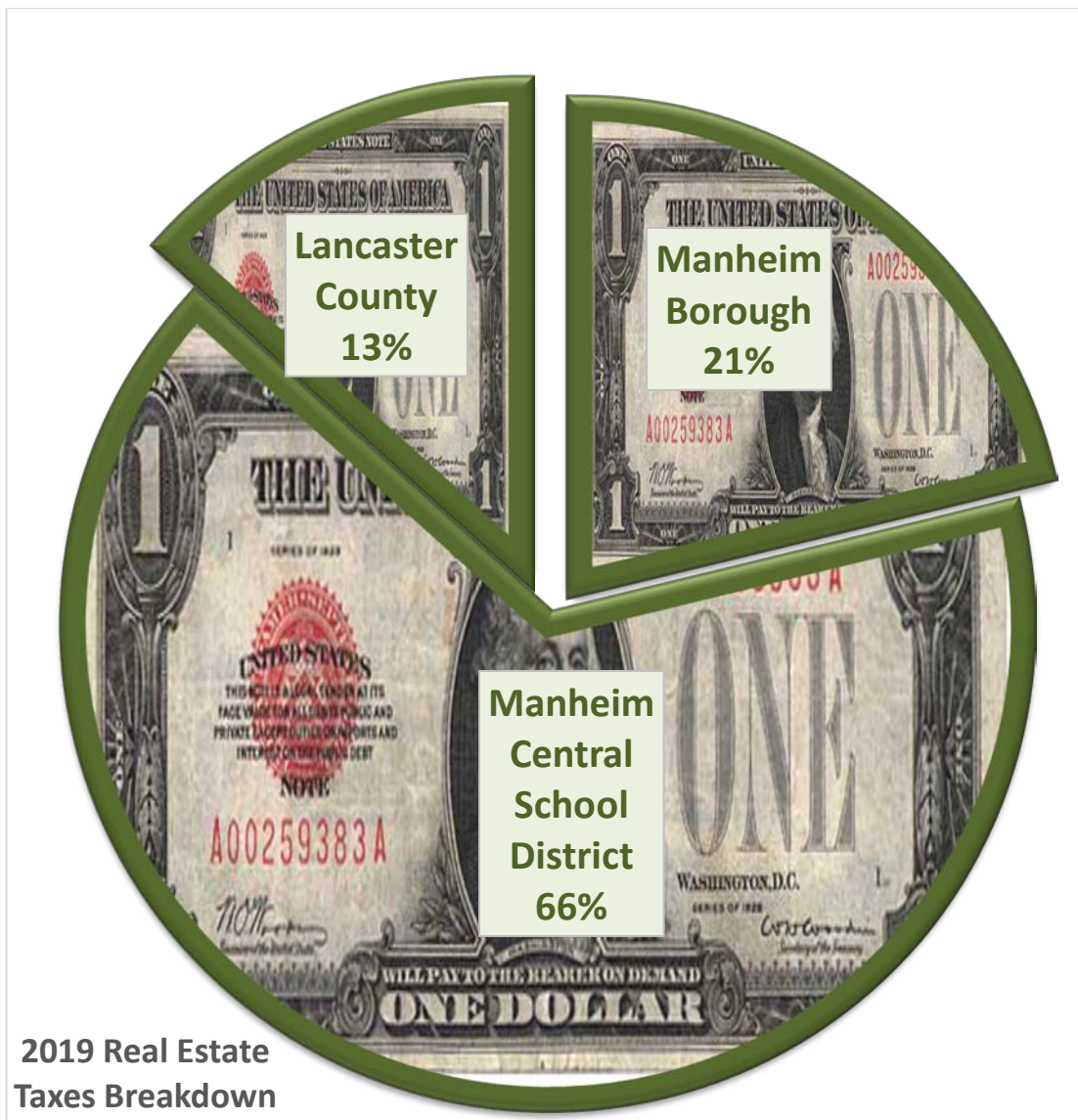
James R. Fisher, PE, CBO

Chief Administrative Officer, Borough Manager, Treasurer

Council and staff continue to place 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 financial reserve. This reserve is separate from general annual operating funds and capital funds, and serves to protect the Borough from fluctuations in revenues as well as from unexpected expenses associated with disasters or other events.

### Notes regarding the 2019 Budget

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



2019 Real Estate Taxes Breakdown

- The 2019 budget contains **NO INCREASE in real estate tax rates**, maintaining the millage rate at 4.64.

- With this rate, a small budget deficit exists. The finance committee's recommendation was to not increase the millage rate, and to make up the difference with the prior years' surplus/reserves.

- 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 2019**, 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 with a small state recycling grant.

**2019 is the final year of the 5 year contract with Lebanon Farms Disposal/Waste Industries. The Borough will be putting trash and recycling services out to bid in 2019.**

- 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 \$232,000 (approximately \$172,000 general fund expenses, \$20,000 public works expenses, and \$40,000 short-term repair expenses). *Additionally, \$300,000 to \$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 2019, 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 \$86,000 for 2019.**

- Under **Police Services**, the projected expenses for 2019 are approximately **\$2.56 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 \$1.55 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

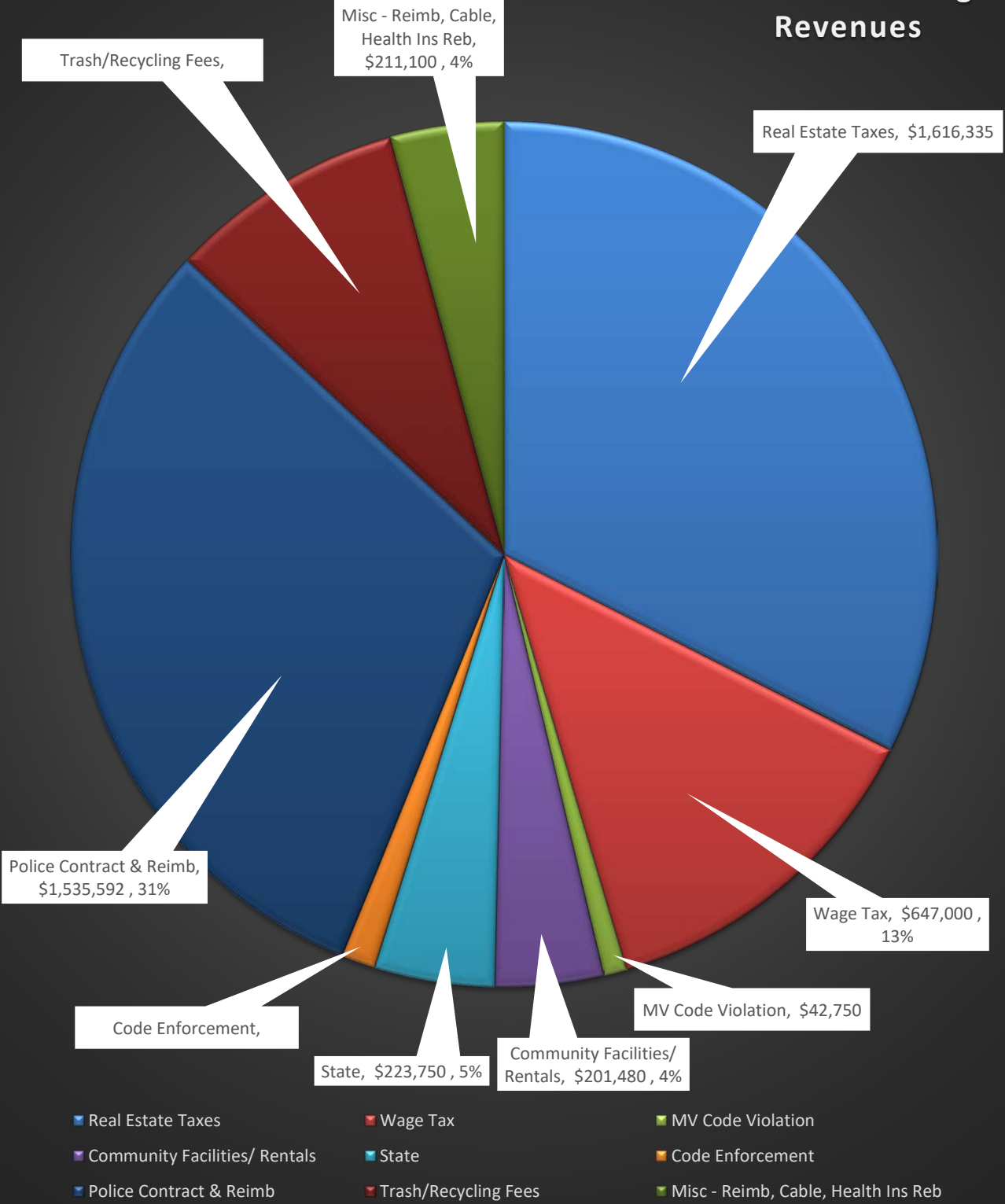
effects of Stormwater runoff on the Chiques Creek and the Chesapeake Bay. The costs for these Stormwater mandates are anticipated to be at least \$1.5M over the next 10 years. Funding for the capital budget will come from excess reserves and existing capital funds, as well as from ongoing transfers from 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 prior to the last year, since they are not one-time savings they are presented here as they represent ongoing efficiencies:

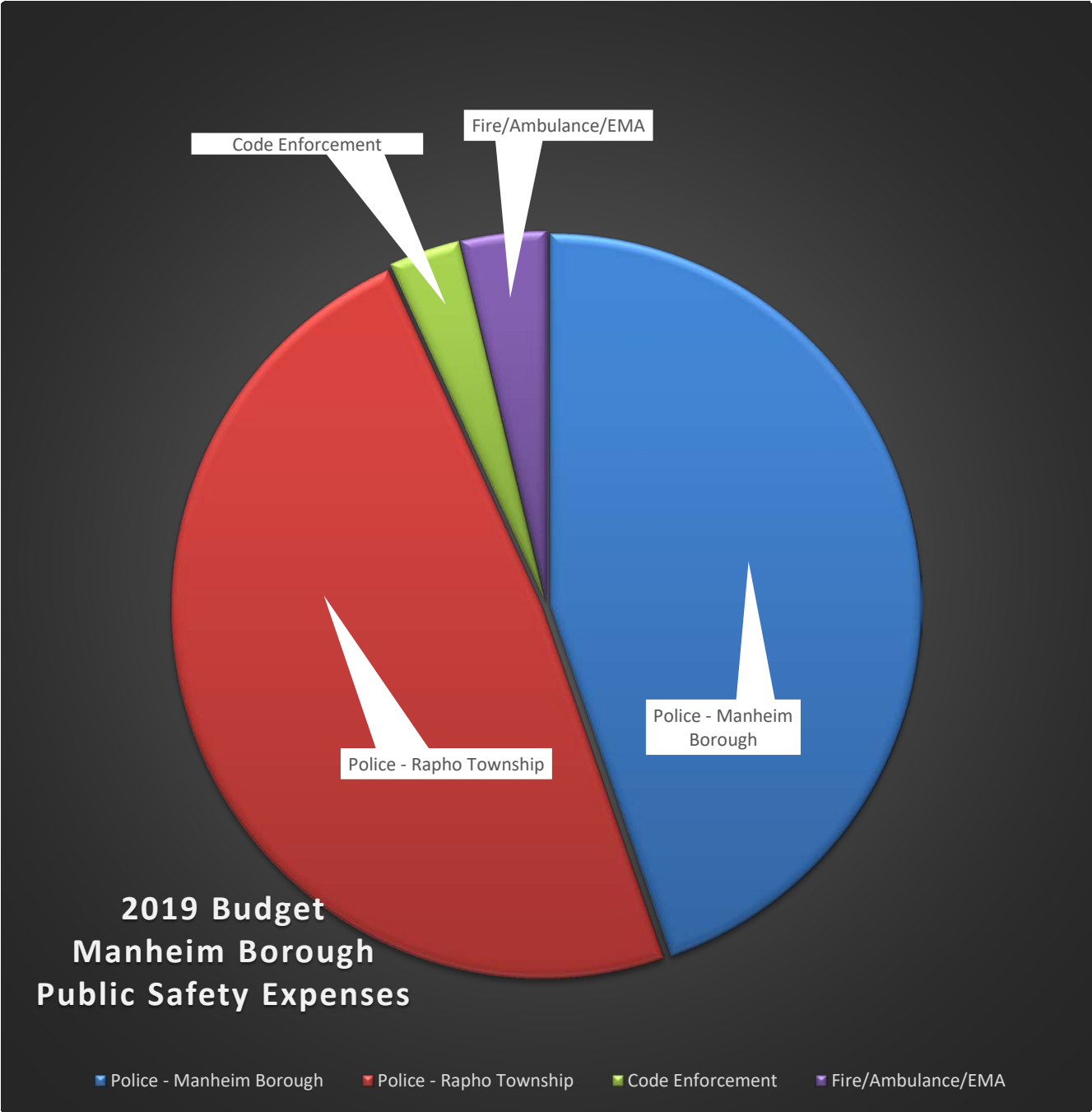
- HVAC system – reviewed thermostat settings to correct them to proper, timed cycles rather than running continuously, and installed locks on wall units outside elevators to eliminate “visitors” tampering with settings.
- Contracted energy audit and other services with no cost to Borough. Audits of past 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) (began 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%.
- Participation in health insurance cooperative with other governmental agencies resulted in a refund of over \$150,000 of insurance premiums for 2018. Insurance premium increases for 2019 will be very minimal, just 0.6 %.
- All non-decorative street lights in the Borough were converted to LEDs, resulting in cost savings and improved street lighting.

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

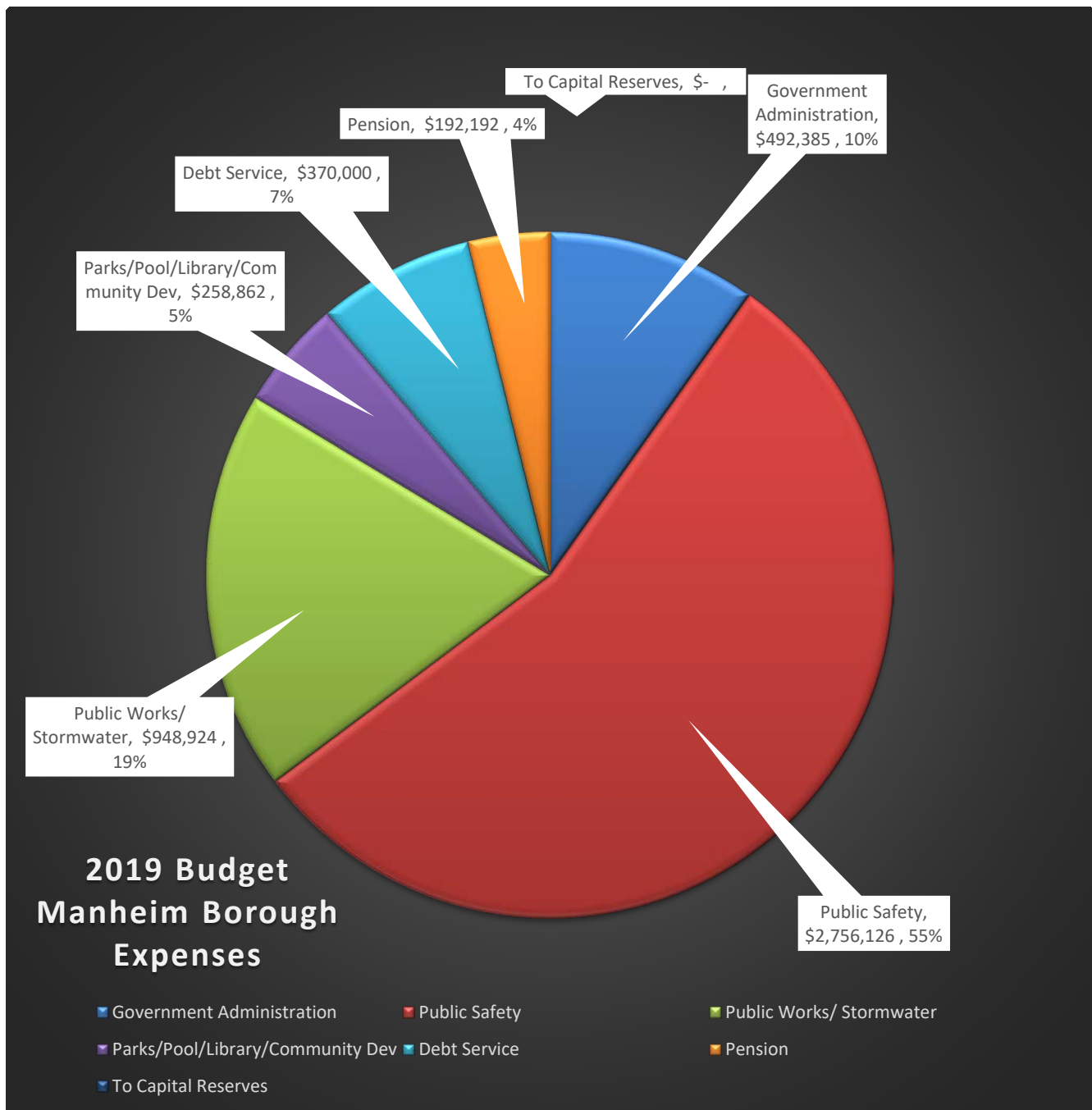
# 2019 Budget Manheim Borough Revenues



The largest expense for the Borough is Public Safety (55% of total expenses). Public safety includes police services, 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, bridges, and other Borough-owned facilities, accounts for the next largest expense category at approximately 19% 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:

- 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 was completed in the summer in advance of the PennDOT paving of Main Street.
- 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 2019.
- 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. This project was completed in September.
- South Charlotte Street was resurfaced, along with associated ADA ramp upgrades, in a joint project with MAWSA.
- ADA ramp upgrades were completed as part of the PennDOT state road paving projects through the Borough. This work was completed by PennDOT contractors and paid for by the Borough.
- South Hazel Street had originally been scheduled to be reconstructed in 2018. However, due to various circumstances, including UGI's plans for replacing an aging gas main, this project was postponed until 2019.
- North Linden Street is scheduled to be reconstructed in 2019, and will be bid along with the South Hazel Street project.
- Needed repairs to the Borough owned bridge on S Oak Street is also scheduled to be completed in 2019.

2018 was an extreme year for precipitation and associated flooding. Recently completed projects – Logan Park and the dredging under the bridge on PA 72, certainly helped reduce the impact, but due to our location and topography the Borough remains susceptible to flooding. The Borough has undertaken measures to improve our flood insurance rating in order to reduce flood insurance rates for our residents. This is anticipated to be completed in 2019, with the associated rate reductions tentatively taking effect in 2021.

Additionally, the results of a flood resiliency study prepared by the Susquehanna River Basin Commission and the Army Corps of Engineers identified several measures that can further reduce flooding impacts in the Borough. The selected alternative is currently proceeding through the necessary phases to bring this project to fruition within the next 5 - 7 years.

The Borough is also subject to state and federal requirements to improve the water quality of the Chiques Creek and the Chesapeake Bay. These mandated sediment reduction requirements will result in the Borough undertaking a stream bank and flood plain restoration project on the Chiques Creek in Memorial Park. The total cost of this project, which is expected to cover at least 2 permit cycles, is anticipated to be approximately \$1.5 million dollars. The Borough has applied for grants to help defray the costs to Borough taxpayers, and to date the Borough has been awarded \$800,000 in grants.