

Haverford Township 2023 Preliminary Budget

November 21, 2022

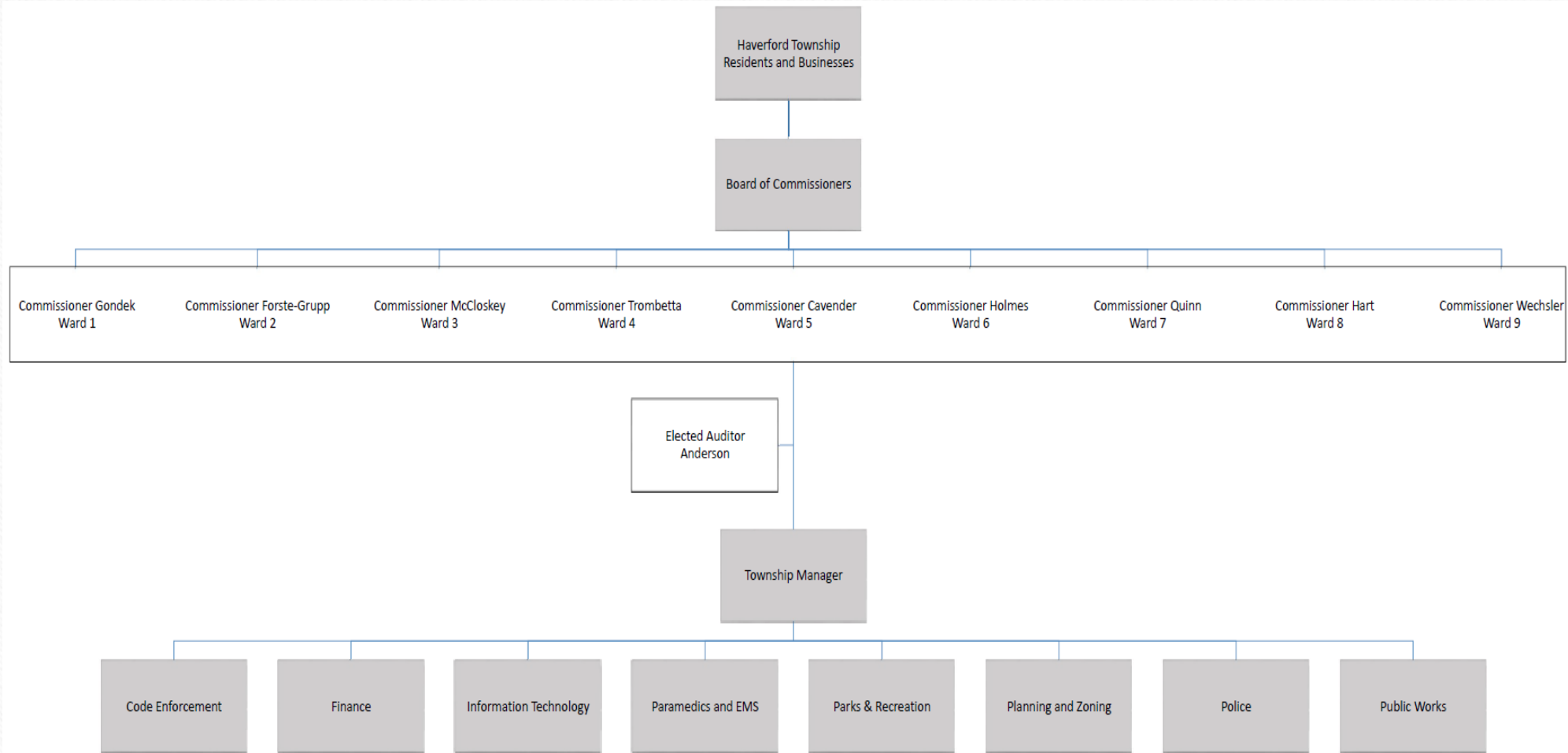
Presented by:

Kevin McCloskey, Esquire, Chairman, Finance Committee

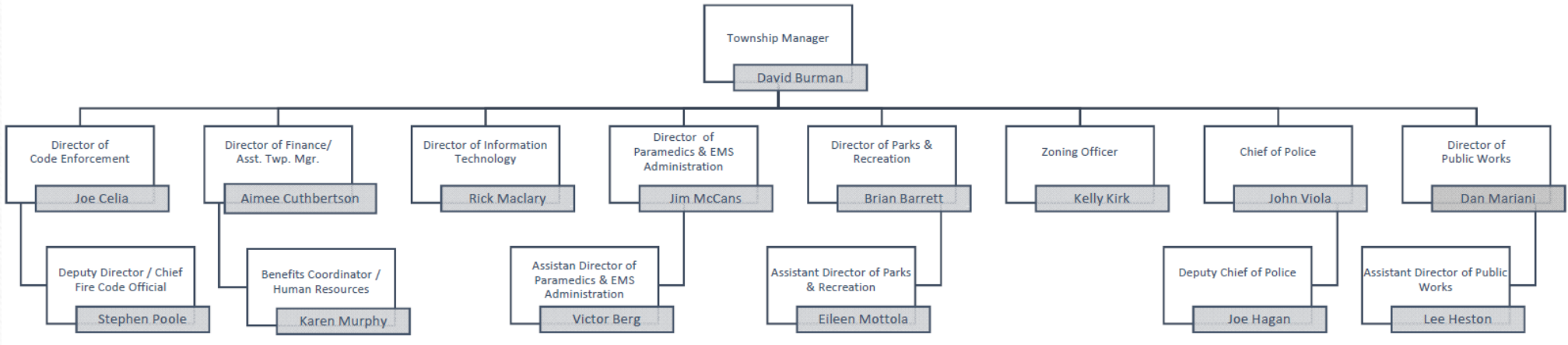
David Burman, Township Manager/Secretary

Aimee Cuthbertson, CPA, Director of Finance/Assistant Township Manager

Organization Structure



Leadership Team



Haverford Township Employees

(2022)

	FT	PT (var)	Seasonal (var)
Administration	2	0	0
Information Technology	4	0	0
Finance	4	1	0
Human Resources	1	0	0
Reception / Front Desk	0	2	0
Skatium	4	21	0
Public Works			
Sanitation	25	15	2
Sewer	5	2	15
Highway			
Management & Admin	4	0	3
Trees	8	0	0
Signs	2	0	0
Highway	11	2	0
Mechanics	7	0	0
Electricians	2	0	0
Buildings	4	1	0

	FT	PT (var)	Seasonal (var)
Parks & Rec			
Admin	3	1	0
CREC & Rec Programs	6	17	95
Parks Maintenance	7	7	5
Paramedics / EMS Admin.	2	0	0
Police Department:			
Sworn Officers	70	0	0
Administration	5	0	0
Parking Enforcement	1	4	0
School Crossing Guards	0	66	0
Animal Control	1	1	0
Planning & Zoning	2	1	0
Code Enforcement	6	2	0

2023 Proposed Budget Summary

Fund	2023 Proposed	2022 Adopted	Change (\$)	Change (%)
General (01)	\$49,106,107	\$47,253,567	\$1,852,540	4%
ARPA (03)	\$17,610,534	\$19,134,743	\$(1,524,209)	(8%)
Sewer (08)	\$4,697,998	\$4,738,144	\$(40,146)	(1%)
Capital Projects (18)	\$30,006,807	\$34,921,282	\$(4,914,475)	(14%)
TOTAL	\$101,421,446	\$106,047,736	\$(4,626,290)	

2023 Proposed General Fund Budget Initiative Overview



- Includes funding and practices:
 - To be mindful of affects of world-wide inflation on our community
 - To continue providing our current level of service balancing safety & efficiency with community needs and expectations
 - To satisfy our contractual obligations to the civilian and police CBA's
 - To prepare for borrowing in early 2023 to fund library renovations, Skatium improvements, and emergency apparatus
 - To get back on track with projects deferred due to COVID-19 and now due to supply chain challenges
 - To responsibly plan and spend American Rescue Plan Act monies

Discussion on General Fund Revenues

- Preliminary budget includes proposed 1.83% property tax increase
- Preliminary budget includes proposed 0% increase to annual trash/recycling fee but need additional discussion (see future slides for details)
- Planned use of reserves to address budget gaps due to world-wide inflationary conditions affecting the entire community (see future slides for details)
- Higher price challenges for vehicle maintenance, fuel, building projects

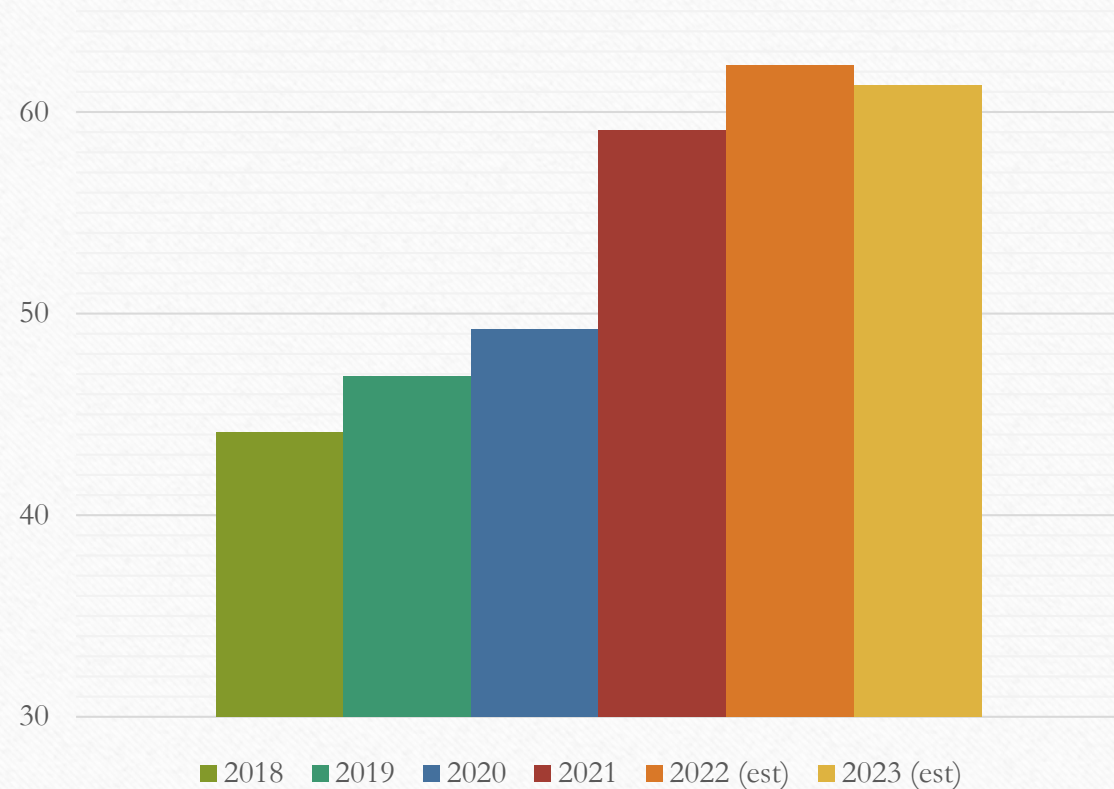


Discussion on Use of General Fund Reserves

When is it appropriate?

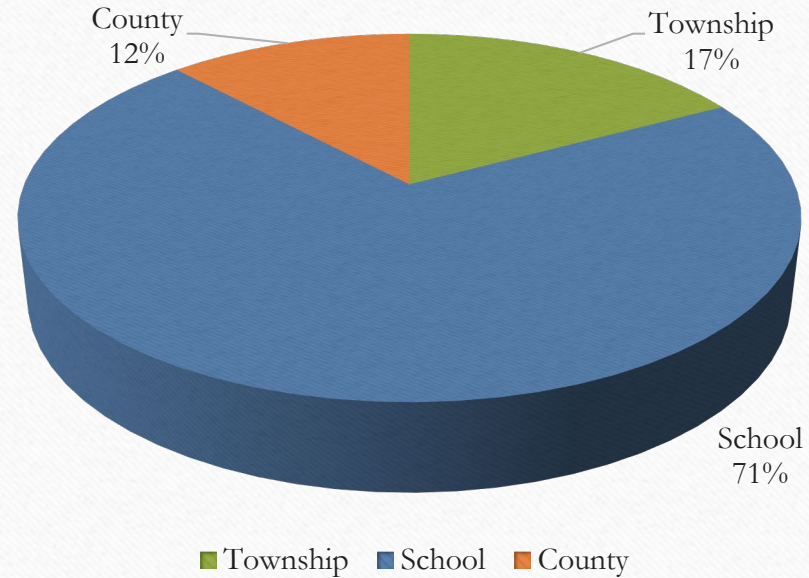
- When additional funds are needed to respond to a crisis or emergency
- When additional funds are needed to address unanticipated short-term revenue shortfalls
- To stabilize tax increases in unusual times
- \$1.5m use of reserves included in proposed 2023 budget (but still leaving us with increased reserves over 2021)
- **IMPORTANT TO NOTE:** our healthy reserve position is an integral component to our AAA rating

General Fund Reserves (as % of Budgeted Revenues)



Property Tax Structure

Taxing District	Tax Rate
Township (2023 - prelim)	4.295
School (2022-2023)	17.6880
County (2023 – prelim)	2.999 (un-announced)



2023 Proposed General Fund Revenues

Revenue Category	2023 Proposed	2022 Adopted	Change (\$)	Change (%)
Property taxes	\$27,048,379	\$26,403,029	\$645,350	2%
Act 511 taxes	\$4,500,000	\$4,310,000	\$190,000	4%
Licenses & permits	\$2,240,100	\$2,250,100	(\$10,000)	---
Fines & forfeitures	\$160,000	\$155,000	\$5,000	3%
Interest & rents	\$619,000	\$685,738	(\$66,738)	(10%)
Grants	\$3,218,276	\$3,254,416	(\$36,140)	(1%)
Department earnings	\$8,117,736	\$7,441,597	\$676,139	9%
Other income	\$1,102,616	\$1,208,687	(\$106,071)	(9%)
Interfund transfers & Other	\$2,100,000	\$1,545,000	\$555,000	36%
TOTAL	\$49,106,107	\$47,253,567	\$1,852,540	4%

Discussion on General Fund Expenditures

- CBA's call for 3.75% and 3.25% wage increase for Civilian & Police, respectively
- 5% increase in overall salaries & compensation costs
- 5% decrease in health care costs
- 1% decrease in property & casualty coverage premiums
- 8% increase in workers compensation coverage premiums
- 1% increase in MMO pension funding
- 1% decrease in debt service
- 15% increase in vehicle maintenance costs
- 46% decrease in gasoline & diesel costs



2023 Proposed General Fund Expenditures

Department	2023 Proposed	2022 Adopted	Change (\$)	Change (%)
Administration (400)	\$1,047,196	\$934,271	\$111,925	12%
Finance (402)	\$824,550	\$818,240	\$6,310	1%
Human Resources (406)	\$371,894	\$300,407	\$71,487	24%
Info Technology (407)	\$622,961	\$586,486	\$36,475	6%
Facilities (409)	\$1,193,221	\$1,036,766	\$156,455	15%
Police (410)	\$18,579,333	\$17,993,220	\$586,113	3%
Fire (411)	\$1,044,280	\$967,743	\$76,537	8%
EMS Administration (412)	\$561,457	\$574,077	(\$12,620)	(2%)

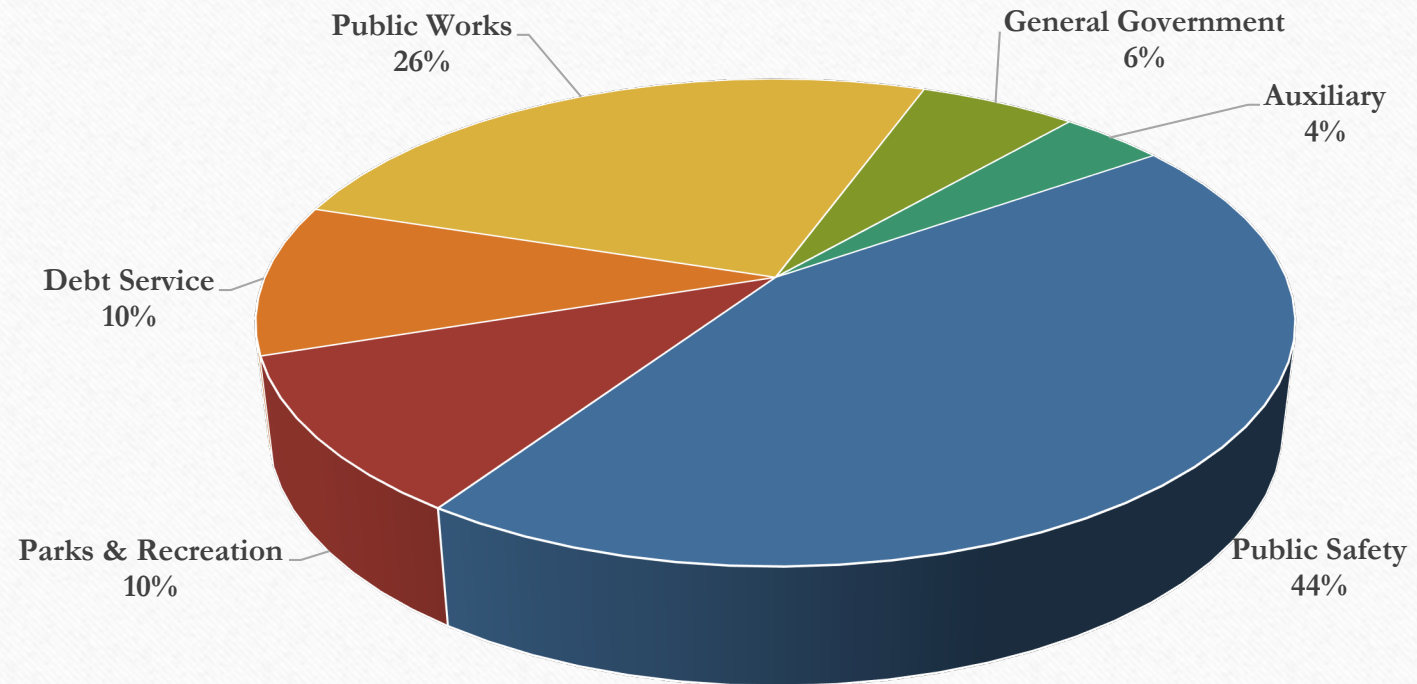
2023 Proposed General Fund Expenditures

Department	2023 Proposed	2022 Adopted	Change (\$)	Change (%)
Code Enforcement (413)	\$1,034,785	\$962,201	\$72,584	8%
Community Development (416)	\$459,978	\$481,126	(\$21,148)	(4%)
Sanitation (427)	\$5,754,572	\$5,756,933	(\$2,561)	---
Highways (430)	\$4,792,613	\$4,870,621	(\$78,008)	(2%)
Snow Removal (432)	\$293,828	\$268,313	\$25,515	10%
Street Lighting (434)	\$542,622	\$585,400	(\$42,778)	(7%)
Auxiliary (440)	\$1,909,448	\$1,794,642	\$114,806	6%
Parks & Recreation (450)	\$2,382,098	\$2,198,953	\$183,145	8%

2023 Proposed General Fund Expenditures

Department	2023 Proposed	2022 Adopted	Change (\$)	Change (%)
Ice Skating (451)	\$1,013,236	\$813,845	\$199,391	24%
Parks Maintenance (454)	\$1,745,022	\$1,334,985	\$410,037	31%
Debt Service (471/472)	\$4,933,213	\$4,975,338	(\$42,146)	(5%)
TOTAL	\$49,106,307	\$47,253,567	\$1,852,740	4%

General Fund Expenditure Categories



By The Numbers

Code Enforcement

	<u>FT</u>	<u>PT</u>
Inspectors	4	
Admin	2	2
2021 Permits Issued:	4,899	
2022 Permits Issued YTD:	3,206	
Rental Licenses:	810	≈

Police

	<u>FT</u>	<u>PT</u>
Sworn Officers	70	0
Administration	5	0
Parking Enforcement	1	4
School Crossing Guards	0	66
Animal Control	1	1
2020 Total calls for service		47,353
2021 Total calls for service		63,496
2022 Total calls for service YTD		55,508

By The Numbers

Public Works

	<u>FT</u>	<u>PT (var)</u>	<u>Seasonal (var)</u>
Sanitation	25	15	2
Sewer	5	2	15
Highway:			
Management & Admin	4	0	3
Trees	8	0	0
Signs	2	0	0
Highway	11	2	0
Mechanics	7	0	0
Electricians	2	0	0
Buildings	4	1	0
Township Roads:	124		
State Roads:	34		
Road Salt (Tons):	2,800	≈	
Stormwater Inlets:	2278	≈	
Sanitary Sewer Miles:	149	≈	
Trash (Tons):	17,000	≈	
Recycling (Tons):	4,000	≈	
Weekly Brush (Tons):	4,400	≈	
Curbside Leaves (Tons):	3,100	≈	

Parks & Recreation

	<u>FT</u>	<u>PT (var)</u>	<u>Seasonal (var)</u>
Admin	3	1	0
CREC & Rec Programs	6	17	95
Parks Maintenance	7	7	5
Acres of parks / open space	570		
Baseball / softball fields	33	(6 with lights)	
Soccer / football fields	11	(2 with lights)	
Pickleball courts	18		
Tennis courts	17	(3 with lights)	
Basketball courts	15	(5 with lights)	
Skate park	1		
Playgrounds	21		
Pavilions	9		
Other:			
Snow shoveling around parks			
Plowing Parkview Drive & CREC			
Shoveling bridges - Eagle, Ardmore, Buck, etc.			
Grass cutting:			
Darby Road Median			
West Chester Pike Median			
Pennsy & Darby Creek Trails			

Debt Service

- As of December 2022 – \$43.7m in outstanding general obligation debt
- Proposed budget includes assumption of \$26m in new borrowing
- Township is currently rated at AAA Investment Grade by Moody's Investor Services
- Currently, 10% of our general fund budget goes to pay debt service

2023 Trash/Recycling Fee Discussion

- Proposed budget initially provided to Board of Commissioners in October did not include an increase to the trash/recycling fee but recommended it remain as an “open item” through the budget hearing and final adoption in December.
- Three major components drive the trash/recycling fee recommendation:
 - Tonnage rate (or “tipping fee”) assessed by DCSWA
 - Recycling rate assessed by Republic
 - Our internal policy of keeping cost recovery between 80-85% through the annual fee

2023 Trash/Recycling Fee Discussion

- Our initial proposed budget included the following assumptions:
 - \$90 average recycling tonnage rate from Republic (changes monthly depending on market)
 - \$82 trash tipping fee from DCSWA (rate set will span entire calendar year of 2023)
 - under these assumptions, no increase was necessary
- However, the recycling market, which is typically cyclical and moves up and down through the year – has remained high for the past 3 months and is currently exceeding \$130 per ton.
- Earlier this month, we contacted Republic for some of its insights on future rates and they shared its opinion that rates will remain very high for the foreseeable future.

Trash/Recycling Trends

	2019	2020	2021	2022		Original Proposed 2023	For Discussion 2023	Impact
Trash/recycling fee	\$227	\$245	\$245	\$275		\$275		
DCSWA fee/ton	\$53	\$53	\$78	\$78		\$83	\$83	
Avg recycling fee/ton*	\$62	\$78	\$46	\$57		\$90	\$125	\$133,000
Trash tonnage	17,353	19,709	18,337	17,200(?) trending		17,500 (?) trending	17,500 (?) trending	
Recycling tonnage	4,580	4,727	4,512	3,700(?) trending		3,800(?) trending	3,800(?) trending	

Options to Finance Changes in Recycling Market

	For Discussion 2023
Additional Recycling Costs to Fund within Sanitation Budget	\$133,000
Option 1 - Through increased property tax over and above recommended 1.83%	Increase would go from 1.83% to 2.38%
Option 2 - Through increased trash/recycling fee (16,106 users)	\$8 increase to \$283 per year
Option 3 - Increase other general revenue lines for areas we see trending higher	No impact to residents but non-compliance with our long-standing policy of 80-85% cost recovery

2023 Proposed Sewer Fund Budget Overview



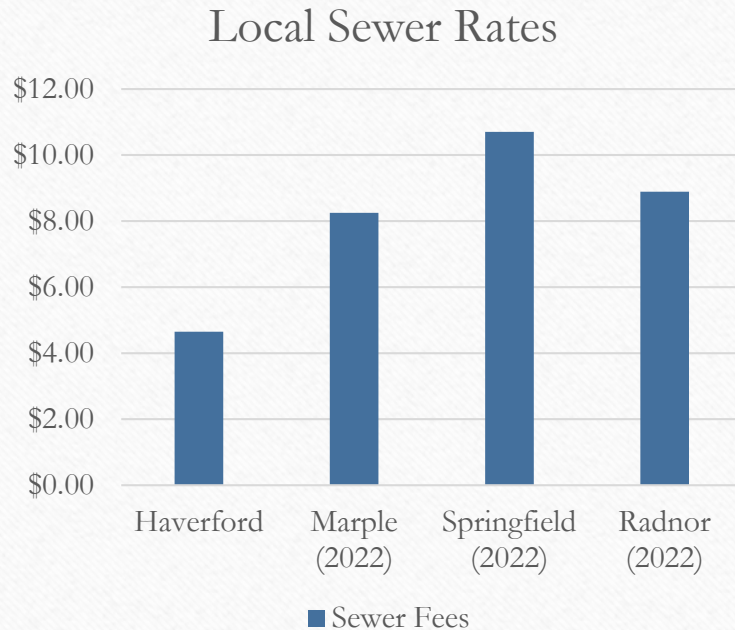
Largest Revenue Sources within Sewer Fund

- Sewer revenues are based on actual water flows as supplied by Aqua PA for the period 10/1/21 – 9/30/22
- Negative trend of about 5.6% reduction in water use over the last the five years and a YOY reduction of 2.4% between 9/30/21 and 9/30/22 readings
- Reduced water use = reduced revenues, without a rate increase

Largest Expense Sources within Sewer Fund

- Our sewer personnel
- Charges from Upper Darby Township as a conduit for the City of Philadelphia – 38.59% of metered flow through Upper Darby to the City is billed to Haverford based on long standing agreement with Upper Darby Township
- Charges from RHM (Radnor-Haverford-Marple Authority) – based on metered water flow out of the Township – minimal increase over 2022

2023 Proposed Sewer Fund Budget Overview



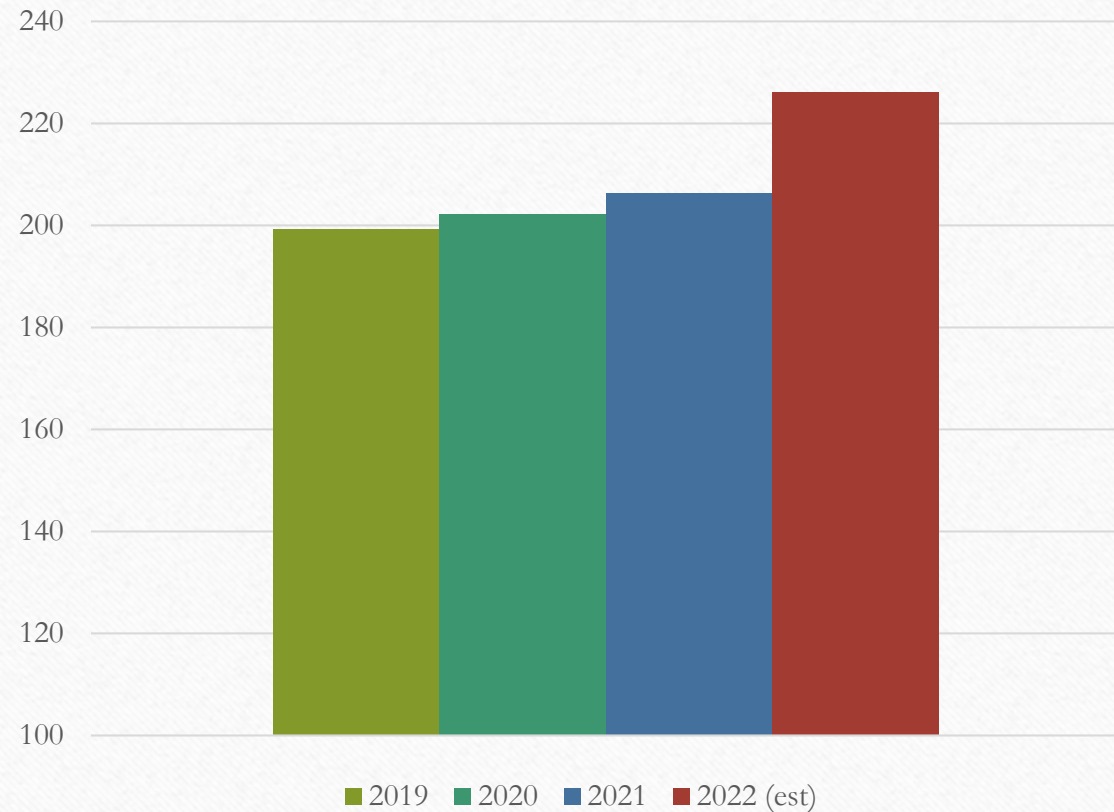
- Proposed budget includes no change in the sewer fee to remain at \$4.65/1,000g of water used as per Aqua
- In an ideal situation, only sewage waters would be in the pipes but with aging infrastructure, we have continued I&I challenges which inflate the metered flows out of the Township.
- Future discussion may be a structure of EDU fees as opposed to basing on water usage.
- Retained earnings (fund balance) within the Sewer Fund is restricted to sewer needs and essentially serves as both financial stability for sewer operations as well as a restricted source of sewer capital, if needed.

Discussion on Use of Sewer Fund Reserves

When is it appropriate?

- When additional funds are needed to respond to a crisis or emergency
- When additional funds are needed to address unanticipated short-term revenue shortfalls
- To stabilize rate increases in unusual times
- No planned use of reserves in 2023 proposed budget

Sewer Fund Reserves (as % of Budgeted Revenues)



Capital Project Fund

- Separate fund apart from general or sewer operations
- Holds monies for capital projects so available assets within the fund will ebb/flow depending on capital project activity (including historic properties)
- Source of revenues are borrowing proceeds/sale of township assets/one-time revenues; in 2023, we resumed practice of an annual \$100,000 transfer from general fund for historic property upkeep
- Assumes \$26m borrowing in early 2023

Capital Projects (non ARPA funded)

- Planned 2023 Projects:
 - Another EVC station @ CREC
 - “Welcome to Haverford” signage at major entryways into Township
 - Final bid documents and installation of solar panels
 - Skatium improvements (electric ice resurfacer, cooling tower replacement, begin design on locker room renovations)
 - Library renovation and expansion project
 - Historical asset requests at Nitre Hall and The Grange Estate
 - Upgrade decorative street lighting
 - Continuation of Pennsy Trail project
 - Continuation of Karakung/SEPTA parking project
 - Various equipment including (2) additional electric vehicles

ARPA Fund

- Separate fund apart from general or sewer operations or general capital project funds
- Accounts for monies received (\$19.8m) and spent on allowable expenditures under ARPA:
 - To respond to Public Health Emergency from the pandemic
 - To respond to Negative Economic Impacts from the pandemic
 - To provide Premium Payments to Essential Workers
 - To make Investments in Water, Sewer and Broadband
 - To replenish Public Sector Revenue Loss

Treasury Emphasis on Services to Disproportionately Impacted Communities

- Must be allocated by December 31, 2024 and spent by December 31, 2026

Details on What Have We Spent So Far.....

Projects Completed, Awarded or
In Process through November 14, 2022

Update on ARPA Original Spending Plan from August 2022

	Public Health	Negative Economic Impacts	Disproportionately Impacted	Premium Pay	Infrastructure	Revenue Replacement	Admin
Planned	\$265,145	\$3,250,000	\$600,000	\$305,000	\$3,250,000	\$2,000,000	\$250,000
Actual	\$434,066	\$353,477	\$48,961	\$323,742	\$828,670	-0-	\$197

TOTAL SPENT THROUGH NOVEMBER 14, 2022 = \$1,989,113

Category: Public Health Emergency

- Karakung Field Lights
- Sidewalk Project along Township Line Rd near Farwood & SEPTA station (Disproportionately Disadvantaged)
- HVAC system replacement with air purification in public works building
- Park picnic tables at various parks
- Senior Population Open House (Disproportionately Disadvantaged)

Category: Public Health Emergency

- Freedom Playground renovations
- Paddock Park playground equipment & message board
- Richland Park playground equipment
- Powder Mill Park playground equipment
- Grange Park pickleball/tennis courts

Category:

Negative Economic Impacts

- “Back to Business” Grants awarded to 97 local businesses
- (2) local job fairs administered by Discover Haverford and held at the CREC
- Grants to Not for Profits serving our senior population
- Façade Improvement Grant Program administered by Discover Haverford and awarded to 13 local businesses with more still in process

Category:

Negative Economic Impacts

- Darby Rd Streetscape – Phase 3
- Two year financial commitment to Discover Haverford for business district beautification
- Two year financial commitment to Discover Haverford to fund additional economic development staff

Category:

Premium Pay for Essential Workers

- Provided premium payments to public works employees and other first responders
- Provided premium payments to volunteer firefighters

Category: Investments in Water, Sewer & Broadband Infrastructure

- Storm sewer replacement – Euclid Ave
- Storm sewer replacement – Frederick & Ellis Rds
- Sanitary sewer replacement – Woodcrest Ave
- Raymond Dr Bioretention Basin

ARPA Financial Summary – To Date

❖ \$2.0m actual dollars spent

❖ \$17.8m to be allocated and spent between
2023-2026

2023 Capital Projects (ARPA funded)

- Planned Projects for 2023:
 - Continued playground equipment replacement and park enhancements including development of Brookline Park and trail extensions
 - New constituent assistance/code enforcement/community development/public works management software – TRAISR
 - Darby Rd Streetscape – Phase 3; East Hathaway Lane bus route beautification; tree planting along West Chester Pike business corridor
 - WMBE Start Up Grant Program
 - Mental health initiatives
 - Senior Initiatives Grant Program – Round 2

2023 Capital Projects (ARPA funded)

- Planned Projects for 2023:
 - Senior Economic Recovery Program
 - Law enforcement report writing software
 - Neighborhood traffic/pedestrian studies
 - Stormwater management initiatives
 - New and innovative leaf collection equipment
 - Design work for infrastructure improvements at public work facility

Future Planning & Wrap Up

- Future considerations:
 - Collective Bargaining Negotiations (Police CBA expires in 2023)
 - Maintaining existing facilities
 - Administer borrowing and library renovation and expansion /skatium capital projects
 - Continued use of ARPA monies in accordance with allowable spending rules keeping December 31 2024 and 2026 milestones in mind
 - Next steps in budget process – December 12, 2023
 - Comments, questions?