

November 5, 2014
Curtis Hall
7:30 p.m.

A **SPECIAL MEETING** of the **TOWNSHIP COMMISSIONERS** was held this evening at 7:30 p.m. for the President of the Board of Commissioners to present his *2015 Budget Message and Financial Plan* pursuant to the provisions of the Home Rule Charter, Section 1205 (see attached).

President Harvey Portner presided. The Secretary's Roll Call was answered by Commissioners McKeown, Norris, Rappoport, Sharkey, and Simon.

Staff present were Alyson Elliott, Assistant Township Manager; Michael Fleming, Public Works Coordinator; Kenneth Hellendall, EMS Director; John J. Norris, Chief of Police; Kevin O'Brien, Deputy Chief of Police; Joseph W. O'Neill, Fire Marshal; Bruce Rangnow, Director of Fiscal Affairs; Henry Sekawungu, Planning and Zoning Officer; and Bryan T. Havir, Township Manager. Also present were Stephen Burns, Finance Director and Carrie Turner, Library President.

Also present was Stephen G. Burns, Finance Officer and Carrie Turner, President and CEO of Libraries. A Public Attendance list is attached.

1. In conformity with the provisions of the Home Rule Charter, President Portner presented to the Board of Commissioners his *2015 Budget Message and Financial Plan*, including the *Proposed Operating and Capital Budgets* as follows:

- a) Comparative figures for estimated income and expenditures for the current fiscal year 2014 and actual expenditures for the year 2013, together with the forecast of revenues and expenditures for two additional years (2016 and 2017);
- b) A proposed Operating Budget for 2015;
- c) A proposed Capital Program for 2015 through 2019;
- d) Proposed Capital Budgets for 2015 and 2016;
- e) A proposed State Liquid Fuels Budget for 2015.

2. Mr. Portner noted that due a family matter, Commissioner Haywood was not in attendance.

There being no further business to come before the Board, upon motion of Mr. McKeown, the meeting was adjourned at 7:45 p.m.



Bryan T. Havir
Township Manager

as per Anna Marie Felix



BUDGET MESSAGE FOR 2015

from

Harvey Portner, President

Board of Commissioners

November 5, 2014

Good evening fellow residents and Board members.

It is my privilege to present to you the Township's financial plan for 2015 in accordance with our Home Rule Charter. The plan includes proposed Operating and Capital Budgets for 2015, a state Liquid Fuels Budget and a Five-Year Capital Program through 2019.

The proposed Operating Budget for 2015, which comprises the funds that are needed to maintain the day-to-day operations of the Township, totals \$41,458,283. This is an increase of \$1.25 million dollars or 3% and is attributed to several items such as contractually obligated salary increases, increases in property, liability, and workers' compensation coverages, health insurance premiums, mandated contributions to our municipal pension plans, and increased payments in our debt service to fund the Township's much needed ageing infrastructure improvements.

Currently, two of the Township's three collective bargaining groups – the Salaried Association, which represents municipal and police administrative support staff and paramedics, and the Teamsters, which represents our public works employees – have contracts that expire at the end of this year. Neither group has yet come to the table to negotiate wages and benefits so these remain somewhat of an open question right now. We hope that they will do so before the end of the year. Increased contributions to their health insurance and pension benefit costs are the Township's top priority in any new contract in order to help reduce our future unfunded long-term employee benefit liabilities. The Commissioners have a fiduciary responsibility to control the Township's costs. When looking at our four pension plans, our mandated contributions to these plans in 2015 will increase by \$576,761.

Also, there has been a reduction in the Township's total assessed valuation, which is the total value of all properties in the Township. Unfortunately, decreases in assessments equates to a decrease in tax revenues collected. We are both cursed and blessed with an unusually high percentage of tax-exempt properties, roughly 13% – the highest in the county. Between now and adoption of the final budget in December, the Township Manager and I hope to meet with some of the major non-profit entities to seek greater voluntary contributions from them to help defray the costs of the Township services that they use, such as police, volunteer fire companies, and emergency services, road repairs, snow plowing, and roadway salting operations.

We have taken the initiative this year to form an Alternative Revenue Committee, which recently had its first meeting. This committee is comprised of myself, two commissioners, and two members of the public who are business experts. It is my hope that this committee will help locate and identify additional sources of revenue for the Township that have heretofore been overlooked or unknown.

In this age of transparency, let me be clear, the Township is experiencing the same problems and challenges of older communities throughout the country. We have an ageing infrastructure, and because Cheltenham was developed over the years as a residential bedroom community, there is very little commercial and retail development, office parks, or light industry, with a very limited commercial and business tax base, leaving us short on economic resiliency for the future. We are 98% developed, which leaves little space left for new development. We are further impacted by state cuts in funding such as that provided for road repairs; the county has approved lower reassessments that cut down on tax revenue; and additional federal mandates have been a financial burden on local municipalities. Forward budget projections indicate that our revenue from existing sources will only grow at about ½% to 1% per year while our expenditures will grow at about 2% to 3% per year.

The Commissioners and our Township Manager anticipated that 2015 would be a very difficult budget year. We scrutinized every part of the budget to save money and to continue to offer progressive municipal services. We have worked hard to put in place new programs and projects that are important to both the economic vitality and quality of life in our community. We are aggressively working with our financial advisor and bond consultant, and we refinanced 2004B and 2009 Bond Series earlier this year, which saved the Township about \$325,000 in interest payments, and we issued a new bond for capital projects, primarily sewer replacement work and improvements to Township buildings. We continue to maintain a “Aa” bond rating by Moody’s. This rating reflects strong financial performance and sound management practices.

Not all is negative. There are exciting changes underway. New developments are on the horizon. These developments will generate future new revenue for the Township. For residents, this will translate into lower future taxes and enable the Township to provide enhanced services. There are those among us who relish in being obstructionists when it comes to development. To them I say, we cannot live in the past. Economic vitality depends on positioning the Township to respond to the trends that will drive the Township’s economy into the future, rather than those solutions based in the past. This is not to say that we should not look closely to balance the needs of progress with existing residential areas. Sometimes, this is difficult but as elected officials, we have a duty to, and are responsible for, the future of this entire community, not just to a few or to a special interest group.

For 2015, new developments include:

- Arcadia University’s plans for a \$4,000,000 campus expansion, which will generate revenue via building permits.
- Kerlin Farm, a planned 55+ apartment complex on Ashbourne Road in Cheltenham.
- Swift & Choi, a planned 55+ condominium complex on Ashbourne Road in Elkins Park.

- The former Dominican Retreat House property on Ashbourne Road, which was approved for mixed use development, will feature a hotel and residents units and restaurant and retail.
- The Wyngate townhome development in Wyncote continues to grow.
- The Matrix/Ashbourne development on Ashbourne Road in Cheltenham is anticipated to move forward in 2015.
- It is hoped that the zoning application of WaWa, which was approved by the Zoning Hearing Board and planned for the vicinity of Ogontz Avenue and Limekiln Pike will come to fruition.

In 2014, we adopted an Ordinance regulating the flow of fats, oils, and grease in the sewer system by food establishments or large cooking facilities, we finalized Wastewater Service Agreements with Philadelphia, Abington and Springfield Townships, and Jenkintown Borough, and adopted an Ordinance creating a Floodplain Conservation District, and protection of our riparian buffer areas, implemented planned building improvements to Glenside Hall and the Rowland Community Center, and the development of the Roberts Block Building in Glenside into a family-style restaurant and apartments that will lead to revitalization of the Glenside Business District.

Exciting initiatives are in store for 2015. They include improvements for streetscape improvements proposed for Elkins Park, improvements to sewers, parks, public works, and the opening of new businesses in the Township, building upgrades to the libraries, new radios for the Police Department to enhance emergency communications, including a new County communications tower, our five volunteer fire companies have initiated a long-range plan with goals and objectives to strengthen their services to the community, and it is anticipated that there will be a creation of WiFi hotspots at Curtis Hall, Glenside Hall, and the Township Administration Building.

In order to present a balanced budget this evening, a tax increase is being proposed that will increase millage by about .4497 mills, which equates to about \$66 per average assessed property. This increase is needed to cover a \$840,803 budget shortfall due to expenses. I am hopeful that this proposed increase can also be reduced between now and budget adoption on December 17, 2014.

I will now briefly highlight our Capital Budget, which includes a five-year projection of projects and equipment purchases of a long-term nature. The proposed 2015 Capital Budget details over 90 specific projects totaling over \$21,500,000 dollars. These projects include curb and sidewalk improvements, park and recreation equipment, improvements to our ballfields and parklands, streambank restoration to several of the Township-owned historic buildings, improvements to Township buildings, including specific restoration projects, rehabilitation of our swimming pools and facilities, new fleet vehicles, upgrades to our flood control facilities, sanitary sewer infrastructure reconstruction projects, and roadway improvements, just to name a few.

Next Wednesday evening, the Finance Committee will review this proposed budget at Curtis Hall at 7:30 p.m. A week later, on November 19, at 7:30 p.m., at Curtis Hall, the Board will adopt the preliminary Operating and Capital Budgets for 2015. A formal public hearing will take place on December 17, at 7:30 p.m., at Curtis Hall. Since that hearing is on the same night that the Board will adopt next year's budget, I encourage residents to give us their input before hand.

Thank you for your attention, and good evening.
