A SPECIAL MEETING of the TOWNSHIP COMMISSIONERS was held this evening at 7:41 p.m. for the President of the Board of Commissioners to present his 2019 Budget Message and Financial Plan pursuant to the provisions of the Home Rule Charter, Section 1205 (see attached).

1. President Daniel B. Norris presided. The Secretary’s Roll Call was answered by Commissioners Brockington, Holland, Norris, Pransky, Rappoport, Sharkey and Norris.

Staff present were Charlyn Battle, Human Resources Director; Christopher Clewell, Public Works Superintendent; Alyson Elliott, Assistant Township Manager; Michael Fleming, Public Works Coordinator; John Frye, Chief of Police; Joseph W. O’Neill, Fire Marshal; Bruce Rangnow, Director of Fiscal Affairs; Henry Sekawungu, Director of Planning and Zoning; Brian Hinson, Director of Parks and Recreation; Hank Wacker, Sewer Superintendent; Joseph Stuckert, Street Lighting and Traffic Signal Superintendent; and Bryan T. Havir, Township Manager. Also present was Joseph Bagley, Township Solicitor; Mark Eisold, Township Engineer; and Carrie Turner, Library President.

2. In conformity with the provisions of the Home Rule Charter, President Norris presented to the Board of Commissioners his 2019 Budget Message and Financial Plan, including the Proposed Operating and Capital Budgets as follows:

   a) Comparative summary for estimated income and expenditures for the current fiscal year 2018 and the actual expenditures for the year 2017, together with the forecast of revenues and expenditures for 2019.
   b) A proposed Operating Budget for 2019;
   c) A proposed Five-Year Capital Program for 2019 through 2023;
   d) A proposed Capital Budget for 2019;
   e) A proposed State Liquid Fuels Budget for 2019.

3. There being no further business to come before the Board this evening, upon motion of Mr. Norris, the meeting was adjourned at 8:02 p.m.

   Bryan T. Havir
   Township Manager

as per Ashley Lupino
Good Evening Fellow Board Members, Township Residents and Township Staff:

My name is Daniel Norris. I am President of the Board of Commissioners of Cheltenham Township. The Township’s Financial Plan that I am presenting to you this evening for 2019 is in accordance with the Cheltenham Township Home Rule Charter, which requires the Board President to outline the Township’s proposed budget and financial plan for the upcoming year, including the proposed Operating and Capital Budgets, the State Liquid Fuels Budget, and the Five-year Capital Program for equipment and infrastructure needs through 2023.

The preparation of the budget began in August and continued into October when the Township Manager and Director of Fiscal Affairs held various budget meetings with Department Heads, Township Staff, representatives from the Cheltenham Township Library System, and a finance meeting with the five Volunteer Fire Companies. These meetings were followed by two Public Budget Workshops; the first being an all-day session on October 2, the second being an afternoon and evening session on October 24 and a special workshop dealing with Township operational and administrative issues. Both workshops were conducted by the Board of Commissioners.

The proposed Operating Expenditure Budget for next year totals $45,056,304, which is an increase of $853,343 or 1.93% from 2018 and is
attributed primarily to contractually obligated salary and benefit increases, required increased contributions toward our employee pensions, increased healthcare costs, and increased payments of debt service to fund the Township’s much needed capital infrastructure improvements to our many public parks, playgrounds, pools and numerous Municipal buildings, libraries, traffic signal and controller boxes to name a few.

Revenues are projected to increase by $250,389 to $44,453,350 overall (or 0.57%) from 2018 due to a varied number of operational income generating sources that have significantly increased. Some of the positive adjustments consist of the following increases:

- $160,000 in our investment income;
- $369,447 in refuse income;
- $20,000 in current year Mercantile/Business Privilege tax collections;
- $65,000 in our anticipated prior year liened Mercantile/Business Privilege tax collections;
- $33,403 in Pennsylvania State Pension Aid; and
- a one-time increase of $211,750 in the sale of some commercial real estate EDUs.

However, the proposed new revenue increases are projected to be offset by several negative adjustments in income due to the following factors:

- a projected drop in real estate prior year income resulting from lowered residential and commercial property valuations;
- a decrease of $20,000 in prior year liened real estate tax collections;
- a reduction of $200,000 in earned income tax revenue;
• a reduction of $15,000 in Parks and Recreation Amusement Park ticket sales;
• a decrease of $30,000 in Drug Task Force revenue;
• a decrease of $20,471 in State Aid to Fire Company funding;
• a decrease of $20,000 in Police Special Detail fees; and
• a $20,000 decrease in Comcast Franchise fee income.

Real Estate Tax revenue for 2019 is currently projected to decrease $181,850 from 2018. The Township’s current assessed valuation for 2019 stands at approximately $1,865,000,000 based on the most recent information received from Montgomery County. The 2019 budget factors in no structured use of the Township’s un-appropriated fund balance to help offset any portion of next year’s anticipated budgeted revenue to expenditure shortfall.

In order to present a plan for a balanced budget this evening and fill our revenue to expenditure shortfall of $602,954, a net increase in tax millage of .3233 mills is being proposed (from 8.8552 to 9.1785 mills). This results in a tentative property tax increase of about $48.50 for the average assessed home at $150,000. There will also be a $39.00 refuse collection fee increase per household (from $286 to $325). The Commissioners will continue to work with the Township Administration to identify reoccurring revenue sources and cost savings so that any tax increase might be reduced between now and when the budget is adopted on Wednesday, December 19, 2018.

This proposed budget for 2019 includes a $20,000 or 1.2% increase for the Cheltenham Township Library System. It also reflects a $12,500 increase for each of the five Volunteer Fire Companies for fire general operational expenses (from $740,000 to $802,500). The current $30,000 contribution to each of the fire companies will be retained for their continued use in developing new volunteer
incentive programs to reward our volunteers and aid in recruitment and retention efforts. Their devotion and commitment to saving lives and property is tremendous. They spend hundreds of hours in training and responding to calls at all times of the day and night and in all kinds of weather. We thank them for their selfless service to the community.

In addition to our firefighters, we are also very fortunate to have many other types of talented and dedicated volunteers in Cheltenham, such as the Emergency Medical Technicians; members of our many citizen advisory committees, such as the Planning Commission and Environmental Advisory Council; library volunteers; athletic group organizers, parks friends and advisory groups; American Legion and Veterans organizations, and many others. This community would not be what it is today without their service.

The budget being proposed this evening includes a contribution of up to $100,000 to hire an Economic Development Director in funding partnership with several possible entities, including the Cheltenham Township Community Development Corporation, Arcadia University and the Cheltenham School District. The proposed partnership will not only help to fund this new position, but will also help with supervision. This individual will be charged with aggressively marketing the Township to promote economic development to expand existing businesses, recruit new businesses, and fill vacant, underutilized commercial buildings, storefronts and parcels. The Commissioners are committed to providing Township dollars to this new position, but only if the other partners are committed to providing matching funds to cover expenses for hiring this position. The monies will not be expensed at the time of final budget adoption until such commitments by other organizations are made.
As has been the case for the last six years, every effort was once again made to hold the line on increasing any of our departmental operational expenditures in 2019. Departmental expenditures are projected to only increase by 0.50% overall. Other than the potential Economic Development Director, no new staff positions are proposed in 2019. Our staff levels have been trimmed to the maximum extent possible and costs have been economized while still striving to maintain an outstanding level of service to our residents.

Most of you are well aware that the Board of Commissioners signed an Asset Purchase Agreement in June of this year to sell the sanitary sewer system to Aqua Pennsylvania, Inc. The 2019 preliminary budget does not factor in any financial considerations with respect to this potential sale. Until the Pennsylvania Public Utility Commission (PUC) makes a determination on whether it approves, amends, or rejects the sale of the sewer system, we cannot change our projected operating sewer revenue and expenditures in 2019. Accordingly, all budgeted sewer revenue and expenditures for 2019 are consistent with historic sewer operation trends.

It is also important to note that the 3.75 mile Sanitary Sewer Interceptor “A” Replacement Project between Old York Road and Central Avenue is anticipated to be nearing completion by the end of this year. Construction currently is about 85% complete. There will be punch list items, tree planting, earth work, and final earth stabilization that will be carried over into 2019 and completed in the spring. But the large temporary black by-pass pipe that everyone in our community became focused on over the last few years will finally be removed by year's end. I am sure this is something that will be celebrated by many in the community.
Many of you know, the Township has been working in partnership with the U.S. Army Corps of Engineers on a Tookany Creek Watershed Flood Risk Reduction Study since July 2012. The study resulted in recommendations for a locally-preferred 6-basin “dry-basin” plan to control stormwater in specific areas upstream of the Watershed. The plan, which is significantly funded by federal dollars, was delayed somewhat for additional evaluation of the proposed designs to ensure certain sustainability and life safety design standards are met to justify the expenditure of federal funds. We anticipate the U.S. Army Corps of Engineers will complete the additional evaluation and present its final determination at the December 5, 2018 Public Works Committee meeting, so please stay tuned.

Many of you will recall that the Board adopted a new Comprehensive Zoning Ordinance late last year. That was a total rewrite of the Zoning Code and Zoning Map. I am happy to report the new Zoning Code is achieving its intended purpose of encouraging developers to propose adaptive reuse and new mixed use developments on larger parcels. Several new applications for development of strategic parcels have been submitted this year based on our zoning code changes. I will mention some of these projects shortly. In that same vein, the Township’s development standards known as the subdivision and land development ordinance (SALDO) are outdated and need to be refreshed. I appointed a committee earlier this year to work on that task and anticipate a draft Ordinance to amend the SALDO regulations being brought for a public hearing in mid-2019. These new development regulations along with our modernized zoning code will encourage development and adaptive reuse of larger parcel and older structures while retaining our natural features, respecting our environment, and addressing stormwater, while making it less of a challenge for applicants to go through the
approval process. Overall, the intent is to increase Township re-occurring tax revenue, on the commercial and mixed use front.

Some of the new development opportunities that are underway that are worth noting include:

- A new event venue is being planned for the 40 acre Elkins Estate located at 1750 Ashbourne Road. This project proposes a 115 room boutique hotel, distillery, restaurant with indoor and outdoor dining, a culinary training center and kitchen classrooms, and recording studio. Zoning Hearing Board approval was already granted and a land development application is expected to be submitted in the near future. The Township is also reviewing a plan by the developer for a tax incremental financing concept.

- The new 2,000 square foot Dunkin Donuts at 1403 West Cheltenham Avenue is slated to open in early 2019.

- The vacant Old Country Buffet building in Cedarbrook Plaza is currently being repurposed as a Golden Corral Restaurant. Building permits were issued last month and the restaurant is slated to open in early 2019.

- The Township signed an exclusive contract with Jeffrey A. Miller to host and manage weddings and other special events at Curtis Hall. This premier catering company will be investing over $500,000 to improve the kitchen, restrooms, bridal and groomsmen rooms, and the Hall, itself. The grounds surrounding the Hall will also receive a facelift. Events are already being booked for 2019.

- Now that the Wyngate development in Wyncote is complete, Matrix will be shifting its focus to its Ashbourne Meadows project on the former Ashbourne Country Club site in Elkins Park. Site work has already begun
and we anticipate the developer will begin construction on the 166 unit residential project sometime in the second or third quarter of 2019.

- With respect to our Sustainability Report Card, I am happy to report that the Township continues to receive numerous greening initiatives again this year:
  - the Sustainability Award at the Platinum Level from the Greater Valley Forge Transportation Management Association,
  - being recognized by the National Arbor Day Foundation for our 19th consecutive year as a part of the Tree City USA Program, and
  - being recognized by the Friends of the Wissahickon for the Township’s ongoing support of the clean water partnership for the Wissahickon watershed.

In addition to our $45,056,304 operating budget, the Township is also projecting a Capital Budget of $16.8 million for 2019. There are 96 capital projects and acquisitions planned, including the replacement of public works vehicles that are part of the municipal fleet; replacement of Ashmead Bridge; parking lot expansion and stormwater management improvements at Curtis Hall; improvements to our fourteen municipal buildings; upgrades to our two municipal pools, our playgrounds and our park facilities; updates to our traffic signals; and a Elkins Park West Streetscape Improvement Project which will be offset by a federal grant.

The Township continues to offset its costs by maximizing grants from federal, state and county agencies. During the past 12 months, the Township has secured over $1,266,000 in grants and corporate donations and is always looking to do more to increase that major source of revenue. Most of these projects are identified in the fall newsletter. We will be announcing another major grant we
secured tonight at our Public Works meeting for equipment for the Township Recycling Program.

The Township’s Liquid Fuels Budget provides funds for snow removal and paving municipal roadways. These are direct pass-through funds from the State utilizing a formula based on population and municipal road miles. Next year’s State contribution is slightly higher by 5% and we are hopeful, if bid prices are favorable, that we will have an additional $100,000 for paving activities, which equates to approximately 2 to 2.5 miles of additional paved roads.

The Commissioners will be working with the Township Manager, Director of Fiscal Affairs and Township Staff between now and the final budget adoption on Wednesday, December 19, 2018 to continue to fine tune our projections, maximize revenues and trim expenditures.

Next Wednesday evening, November 14th, the Finance Committee will review this proposed budget at 8:00 pm. On Wednesday, November 21st at 7:30 pm, the Board of Commissioners is scheduled to adopt the preliminary Operating and Capital Budgets for 2019. On Wednesday, December 12th at 8:00 pm at the Finance Committee, the budget will be reviewed and discussed further. On Wednesday, December 19th at 7:30 pm the Board of Commissioners will conduct a formal Public Hearing to consider adoption of the final budget. All meetings are open to the public and held at Curtis Hall. All public input is welcome.

Thank you for your attention. Have a good evening, a Happy Thanksgiving, and a safe and enjoyable holiday season!