

A **SPECIAL MEETING** of the **TOWNSHIP COMMISSIONERS** was held this evening at 7:37 p.m. for the President of the Board of Commissioners to present his *2018 Budget Message and Financial Plan* pursuant to the provisions of the Home Rule Charter, Section 1205 (see attached).

1. President Morton J. Simon, Jr. presided. The Secretary's Roll Call was answered by Commissioners Brockington, Holland, Norris, Pransky, Rappoport, Sharkey and Simon.

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; and Bryan T. Havir, Township Manager. Also present was Director and Carrie Turner, Library President. A public attendance list is attached.

President Simon announced that the Board met in Executive Session prior to tonight's special public meeting in regards to potential litigation.

2. In conformity with the provisions of the Home Rule Charter, President Simon presented to the Board of Commissioners his *2018 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 2017 and the actual expenditures for the year 2016, together with the forecast of revenues and expenditures for 2018, 2019, 2019 and 2020.
 - b) A proposed Operating Budget for 2018;
 - c) A proposed Five-Year Capital Program for 2018 through 2022;
 - d) A proposed Capital Budget for 2018;
 - e) A proposed State Liquid Fuels Budget for 2018.
3. There being no further business to come before the Board this evening, upon motion of Mr. Sharkey, the meeting was adjourned at 7:57 p.m.



Bryan T. Havir
Township Manager

as per Ashley Lupino

PRESIDENT'S BUDGET MESSAGE FOR 2018

Morton "Mickey" J. Simon, Jr., President

Board of Commissioners

November 1, 2017

Good Evening Fellow Board Members, Township Residents and Township Staff:

My name is Mickey Simon. 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 2018 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 2022.

The budgeting process began this summer 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 10, the second being an afternoon and evening session on October 24. Both Workshops were conducted by the Board of Commissioners.

The proposed Operating Budget for next year totals \$44,202,961, which is an increase of \$1,340,251 or 3.13% from 2017 and is attributed primarily to contractually obligated salary and benefit increases, higher sanitary sewer treatment costs charged by the City of Philadelphia Water Department, and

increased payments of debt service to fund the Township's much needed aging infrastructure improvements, primarily the sanitary sewer system.

I am happy to report that earlier this year the Township Commissioners and Administration successfully settled contracts with the Township's three collective bargaining associations (the Police, which represents the uniformed officers; the Teamsters Local No. 115, which represents the Public Works employees; and the Salaried Employee Association which represents municipal and police administrative support staff and paramedics). All three union employee bargaining groups have agreed to new five-year contracts through December 31, 2021, which consist of cost-of-living and some modest wage increases, changes to healthcare plan design for some of the bargaining groups, an increase in employee contributions to health care costs for all of bargaining groups, along with various other workforce-related rule changes that monetarily benefit the operation of the organization and the residents and taxpayers over the term of the contracts.

Revenues are projected to increase by 1.2% overall from 2017 due to some positive adjustments in real estate taxes (mainly the Temple Tyler parcel being sold in the spring of 2017 and being added back onto the tax rolls), an increase in projected Earned Income Tax , Local Service Tax, and real estate deed transfer tax, as well as a projected increase in third-party payment income due to the recently approved and implemented fee schedule changes for EMS, an increase in our drug task force income based on DEA policing initiatives, and an increase in State Pension Aid.

However, the proposed new revenue increases will be offset by several negative adjustments in income due to a projected drop in real estate prior year income, a decrease in residential building permit income, an anticipated lower collection of current year Mercantile/Business Privilege Tax Income, and a lowered amount of budgeted miscellaneous income.

Real Estate Tax revenue for 2018 is currently calculated to increase from 2017. The Township's current assessed valuation stands at \$1,885,548,580 based on the most recent notification received from Montgomery County. The 2018 budget factors in the use of \$200,000 of the Township's unappropriated fund balance to help balance next year's anticipated budget revenue to expenditure shortfall.

In order to present a plan for a balanced budget this evening, an increase in tax millage of .4387 (from 8.4165 to 8.8552 mills) is being proposed. This results in a tentative property tax increase of about \$65.80 for the average assessed home at \$150,000. 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 20, 2017.

This proposed budget includes a \$70,000 or 4.31% increase for the Cheltenham Township Library System which is about half the amount requested by the Library Board. It also reflects a \$40,000 increase for the five volunteer fire companies for 2018 fire general operational expenses (\$700,000 to \$740,000) and a total of \$30,000 to the fire companies to be used by the individual fire chiefs to develop a new volunteer incentive program or series of programs for recruitment and retention to reward the many volunteer members in the individual companies. 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.

We are also very fortunate to have many other community volunteer groups such as the Auxiliary Police Officer, Emergency Medical Technicians, members of our citizen advisory committees, library volunteers, members of our little leagues, athletic organizations and many others.

Three other requests for additional funding are included in the proposed budget increase. They are as follows:

- A new part time position with the wage cost to be shared with the Finance Officer and Township for collection of additional Mercantile/Business Privilege Tax.
- Our Police Station was closed in 2010 between the hours of midnight and 6 am for cost saving reasons when we no longer dispatched police services from the Township and instead consolidated emergency dispatching to the Montgomery County 911 Call Center in Eagleville. However, times have changed and our Police Chief has presented a proposal to us to keep the station open 24 hours to increase public safety and keep our police patrolling the various sectors of the Township.
- And lastly, a proposal to open at least one of its two public pools three weeks earlier (between Memorial Day and the third Saturday in June) for the enjoyment of residents and users, with a slight increase in pool fees to pay for the costs of additional hours.

All five of the budget increases just described are only proposed until the adoption of the final budget.

The Township has been diligently working to improve its aging infrastructure. We are working with the city, state and federal agencies such as the Philadelphia Water Department and the Pennsylvania Department of Environmental Protection to rebuild a 3.75 – mile section of its Interceptor “A”, the main part of its sanitary sewer system between Old York Road and Central Avenue at a cost of more than about \$8.5 million. That project commenced in early August and is scheduled for completion in the fall of 2018 to be followed with the removal of the large temporary black pipe that currently serves as a by-pass pipe for moving sewage during wet weather events. The Township is also working with

the U.S. Army Corps of Engineers on a locally-preferred 6-basin “dry-basin” plan for storm events to address flood control and is slated to unveil the final plan to the public before the end of the year. Tentatively the presentation is scheduled for the December 6th Public Works Committee meeting so please stay tuned.

In two weeks at the Board of Commissioner’s legislative meeting on Wednesday, November 15, 2017 a public hearing will be held for public comment and consideration of adoption of the new draft zoning ordinance and map for Cheltenham Township. This is an entire rewrite of the Zoning Code which the Township has been working on for many years. We are looking forward to its final implementation after much thought, input and debate have already gone into it to address the public concern from a series of community meetings the Commissioners began holding in 2014. The proposal is a more modernized zoning code which includes more mixed use development opportunity in certain areas of the Township to encourage adaptive reuse of larger parcels and older structures and make it a little less challenging for applicants to get through the approval process more easily. The intention is to help increase Township reoccurring tax revenues, particularly commercial and mixed use tax revenues.

There are some other new developments that are underway that are worth mentioning:

- A new restaurant and banquet facility is slated to open in spring 2018 at 1347 West Cheltenham Avenue
- A new 2,000 square foot Dunkin Donut at 1403 West Cheltenham Avenue is slated to break ground in 2018.
- A new office and medical use tenant is planned for the building at 510 Township Line Road.
- The Township is working with the owner of 17 Limekiln Pike to repurpose the building for another restaurant and apartments.

- Tentative plans are underway for a Brew Pub at 13-15 South Easton Road.
- We look forward to the grand re-opening in 2018 of many of the twenty-two new retail stores that are being constructed at Greenleaf at Cheltenham (the former Cheltenham Mall) which is undergoing an entire repurposing and rebranding as a new shopping destination center along Cheltenham Avenue.
- In addition, we are very hopeful that Matrix will break ground on its 166-unit residential development known as Ashbourne Meadows in the Elkins Park East Community on the grounds of the former Ashbourne Country Club early next year.
- With respect to our sustainability report card; I am happy to note that the Township achieved numerous greenings initiatives this year: the Sustainability Award at the Platinum Level from the Greater Valley Forge of Transportation Management, an award from Delaware Valley Planning Commission's SolSmart Association for our efforts in solar energy, recognized by the National Park Service for being a Certified Local Government Partner for over 20 years with the U.S. Department of the Interior, and being recognized by the Arbor Day Foundation for our 18th consecutive year being a part of Tree City USA program.

In addition to our \$44,202,961 operating budget, the Township is also projecting a Capital Budget of \$15.4 million for 2018. There are 87 capital projects planned including such work as replacement of new police vehicles and other public works trucks that are part of the municipal fleet, a new ambulance, improvements to our fourteen municipal buildings, upgrades to our two municipal pools, playgrounds and park facilities, LED Streetlight and traffic light conversion program and ongoing upgrades to our sanitary sewer system mentioned above.

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 \$600,000 in grants and corporate donations and is always looking to do more to increase that major source of revenue.

Our capital projects for equipment, buildings, parks, sewers and other facilities are supported by long-term borrowing. The Commissioners later this evening at the Public Works Committee will be discussing the concept of letting a Request for Bids (RFB) for the consideration of selling the sanitary sewer system. If it is decided to issue the RFB, the formation gathered from the RFB will be based on highest and most advantageous price to the Township as well as a number of other weighted factors that will benefit the Township with respect to experience and maintenance of long-term operations of the systems, assigned long-term rates to Township taxpayers and response times for emergency repairs. The final decision as to whether to sell or retain the sewer system will determine how soon in 2018 the Township will need to borrow new funds for other capital projects that are being planned and will help determine the total value of the offering. The Township's bond rating continues to be excellent. We are able to borrow money at very low interest rates and this will help ensure that the priority projects identified in the 2018 capital improvement budget totaling around \$15.4 million can be accomplished at the lowest possible cost to the taxpayers.

The Township's Liquid Fuels Budget provides funds for snow removal and the paving of 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 1.3% and we are hopeful we will be able to pave about 2 to 2.5 more miles of roads from obtaining favorable bid prices.

The Commissioners will be working with the Township Manager and Township Staff between now and the final budget adoption on Wednesday, December 20, 2017 to continue to fine tune our projections, maximize revenues and trim expenditures.

Next Wednesday evening, November 8th, the Finance Committee will review this proposed budget at 8:00 pm. On Wednesday, November 15th at 7:30 pm the Board of Commissioners is scheduled to adopt the preliminary Operating and Capital Budgets for 2018. On Wednesday, December 13th at 8:00 pm at the Finance Committee, the budget will be reviewed and discussed further. On Wednesday, December 20th 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!
