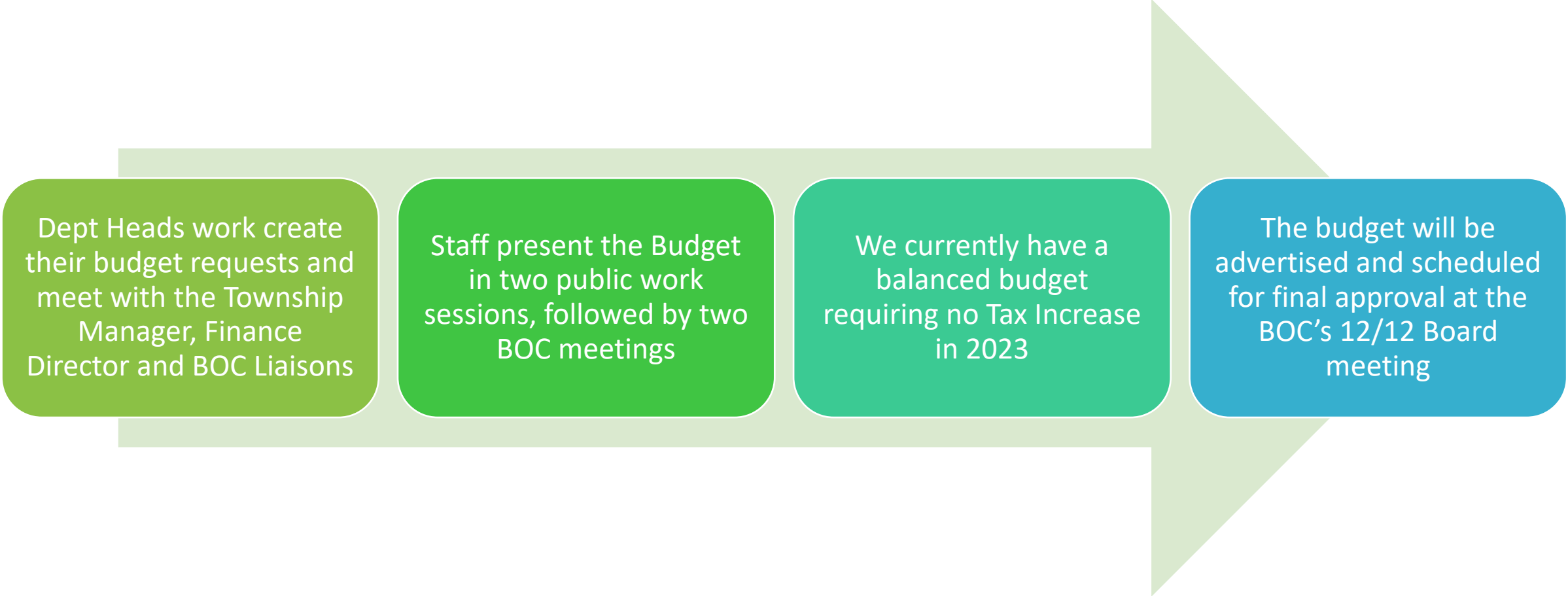




# Budget 2023 Presentation

November 14, 2022

# The Budget Process



Dept Heads work create their budget requests and meet with the Township Manager, Finance Director and BOC Liaisons

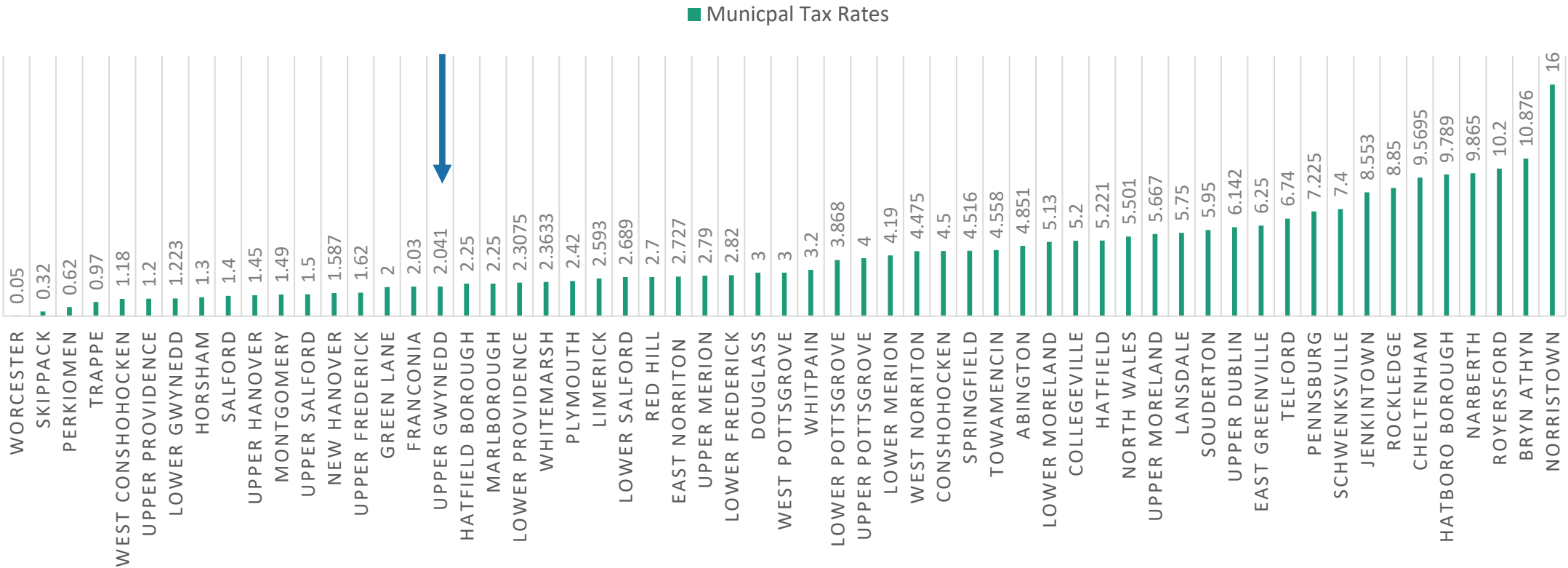
Staff present the Budget in two public work sessions, followed by two BOC meetings

We currently have a balanced budget requiring no Tax Increase in 2023

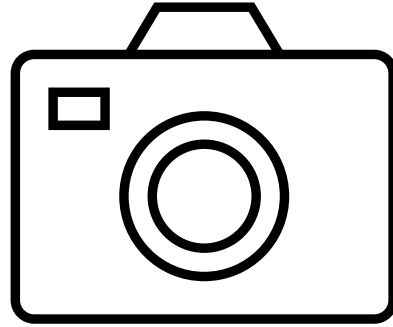
The budget will be advertised and scheduled for final approval at the BOC's 12/12 Board meeting

# No tax increase is proposed in 2023

## MUNICIPAL TAX RATES IN MONTGOMERY COUNTY



# 2023 Snapshot General Fund



- Our 2022 General Fund spending forecast is **\$(1,648,973)** under budget, our revenue is forecast at **\$745,852** over budget
- We are trending \$417,454 end of year surplus event after including a \$715,000 suggested transfer to capital reserves.
  - Admin and Public Works are showing the largest reduced spending F/C
    - Benefits, salaries, Capital Project Timing/Supply Chain issues and Grant Acquisitions make up most of this underspending
    - Roads project under Budget by \$160,000
- All delayed projects are shown in the 2023 Budget

Our revenues in the Local Enabling Taxes were up significantly over our proposed budget:

Acct	Budget Line	2021 Budget	2022 Forecast	Difference
01-310-010	Tax - Real Estate Transfer	528,900	710,000	181,100
01-310-050	Tax - Local Services (LST)	876,200	938,200	62,000
01-310-210	Tax - Earned Income (EIT)	6,206,700	6,914,700	708,000

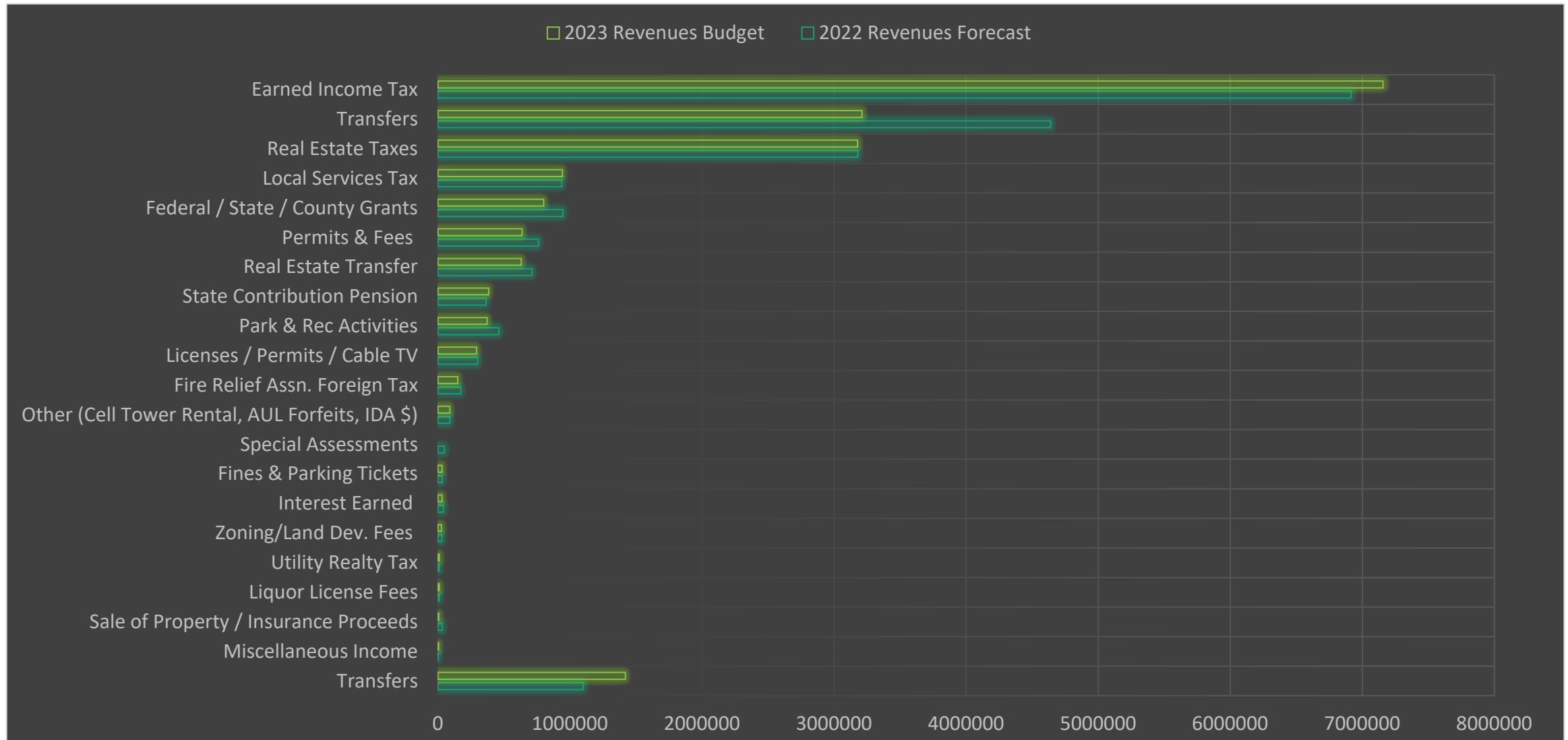
# Budget Appropriations By Fund

General Fund	
<u>Revenue</u>	
Taxes	11,916,115
Inter-Fund Transfers	3,211,670
Federal / State / County Grants & Aid	1,333,551
Fees	671,022
Park & Recreation Activities	372,650
Licenses / Permits / Fines	322,765
Miscellaneous Income	101,500
Interest	30,000
Total Revenue	17,959,273
<u>Expenses</u>	
Public Works / Park & Recreation	7,993,594
Police / Fire / Code Enforcement & Zoning	6,013,026
Administration / Tax Collector / IT / Township Facilities	2,598,833
Inter-Fund Transfers	591,700
Debt Service / Insurance	741,291
Surplus Reserve Appropriation	20,829
Total Expenses	17,959,273

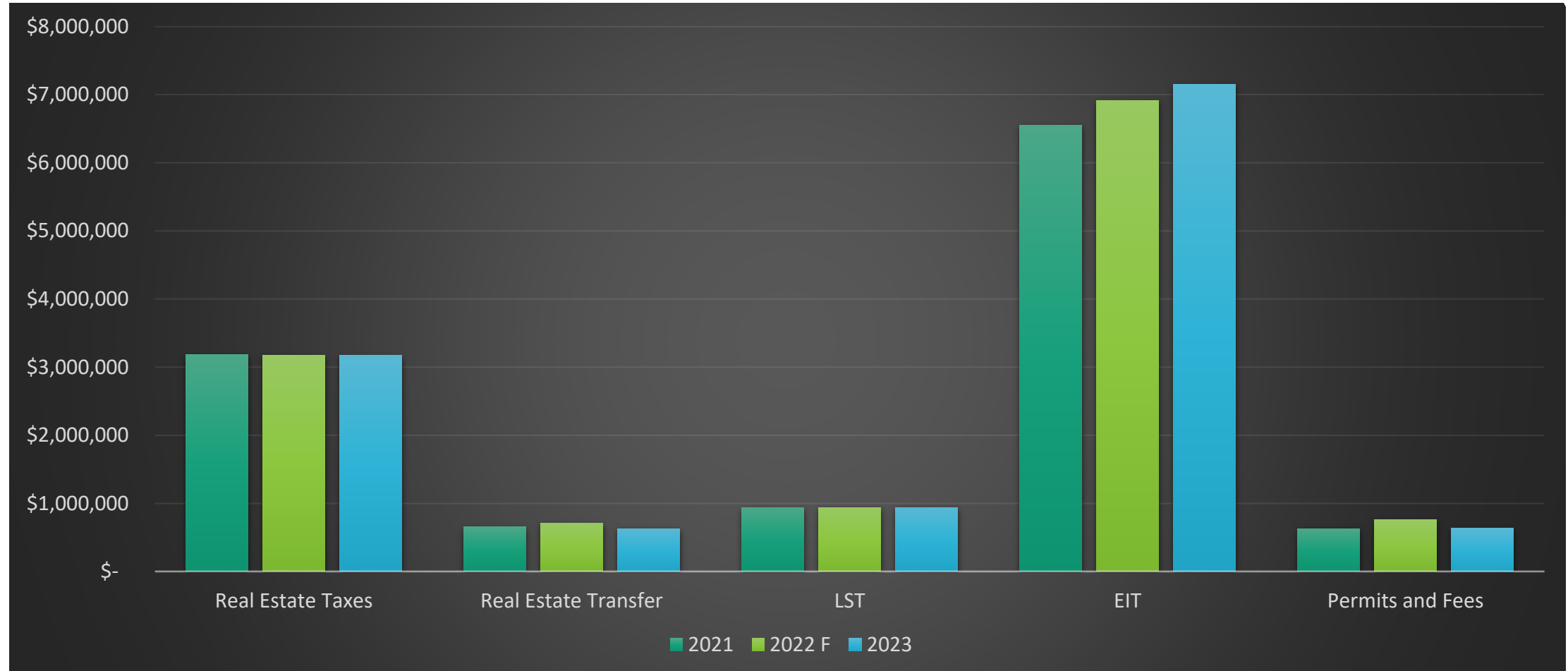
# Budget Appropriations By Fund

SEWER FUND	
<u>Revenue</u>	
Residential & Commercial Rental	5,370,588
Transfer From Waste Water Capital Fund	1,521,500
Pretreatment Reimbursement	44,000
Penalties / Fees	49,415
Interest	6,900
Miscellaneous Income	12,000
Deficit Reserve Appropriation	<u>1,433,175</u>
Total Revenue	8,437,578
<u>Expenses</u>	
Plant & Collection System Operations	2,999,637
Depreciation	2,337,309
Inter-Fund Transfers	2,131,158
Debt Service / Insurance	<u>969,474</u>
Total Expenses	8,437,578
LIQUID FUELS TAX FUND	
<u>Revenue</u>	
State Appropriation	464,572
Interest	3,000
Reserve Appropriation	<u>132,428</u>
Total Revenue	600,000
<u>Expenses</u>	
Road Recycling & Overlay	600,000

# Total 2023 Revenue= \$ 18,765,915

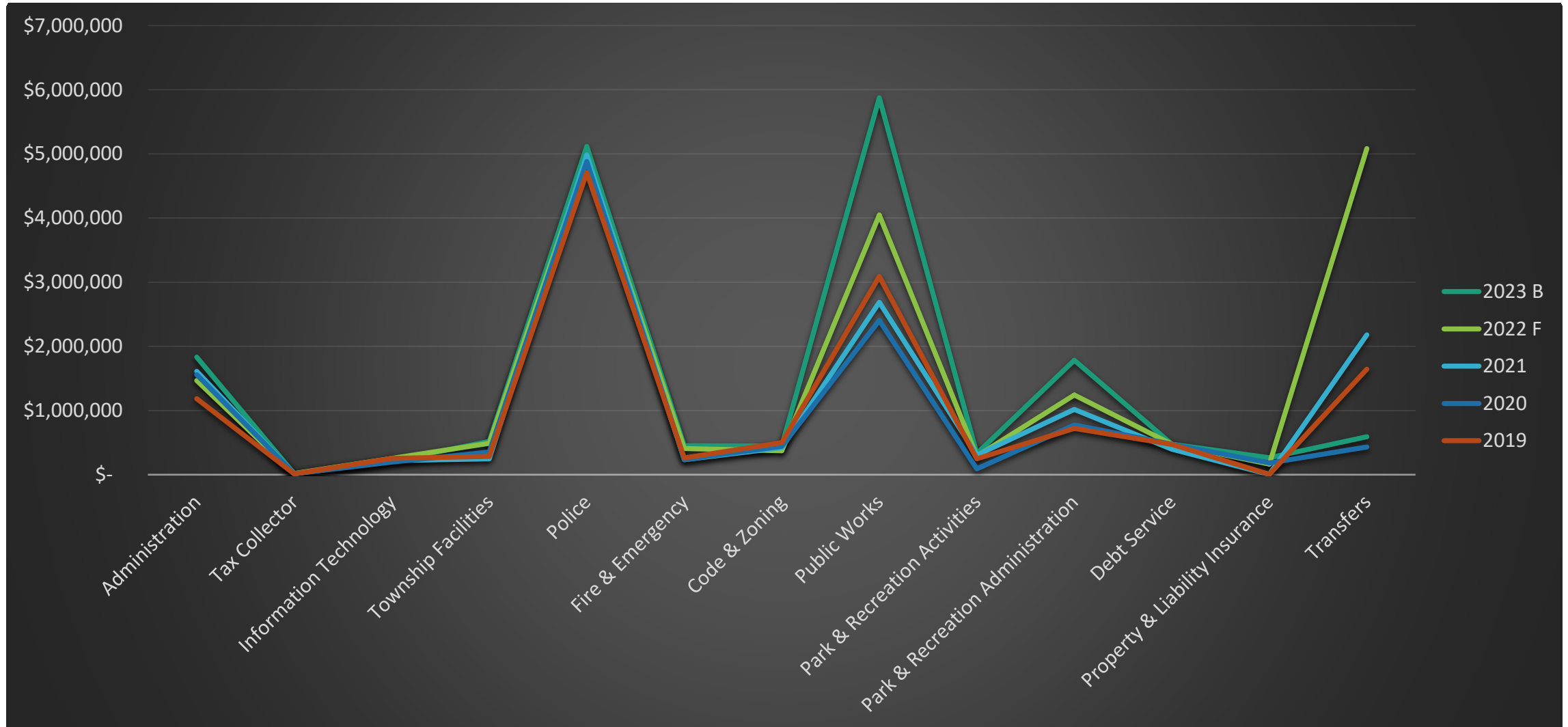


# Three Year Comparison- Major sources GF Revenue





# Total 2023 GF Expenses= \$ 17,346,745



# GF Operational Overview

- Part Time Fire Marshall vs current PT stipend position
- Facilities upgrades for safety, compliance and workspace
- Increased costs associated with Property Insurance due to high claim incidence (flood) and cyber reinsurance coverage
- Increased PD costs due to ladder increases and negotiated contractual salary obligations
- New FTE in Admin for IT
- Increased Gas and Heating oil across all depts (63% increase in Public Works ALONE)
- Survey of Township Complex for Fire Safety/Sprinklers
- Continued investment in Stormwater Repairs and Pipe Lining
- Concession Stand external maintenance
- Parks Comprehensive Plan update
- Salary study results helped to reclassify employees and provide comparable wages

# WWTP Operational Overview

- No proposed rate increase, although one may be needed next year.
- 2022 Showed large increases across the board in chemical, gasoline, electricity, any operational cost to account for increased flow due to WIP Diversion Project
  - \$291k Chemical Increase/another \$56 k in 2023
  - \$25k Engineering/\$75k in 2023 due to WIP and I &I complications
  - \$55k Electric/ \$5K in 2023
  - \$13K Instrument Maintenance/\$14.5k in 2023
  - \$120 K Sludge Hauling/\$67k in 2023
- Most capital spending is consolidated into I & I work this year and completing the 2-year project replacing clarifier 3.
- Payment to TMA increased by \$45k to anticipate sale to Next Era
- Contractor for grounds maintenance at Plant and Pump Stations \$18k due to staff time needed for WIP and I & I projects

# Fire Fund Operational Overview

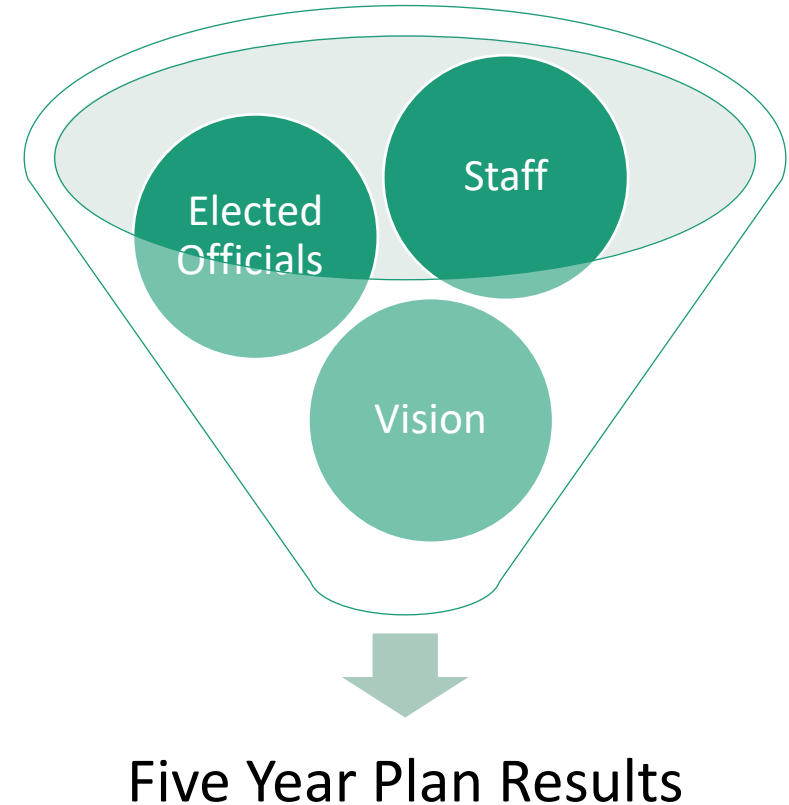
- 2022 Brought sale of old FD vehicles at \$15k higher than anticipated
- \$13k increase of funding to Upper Gwynedd Fire Department for increased costs (audit, heating oil, television long distance and phones costs)
- Return of the FD stipend program funded exclusively by UGTFD
- \$7,500 Budgeted in Funding to North Penn FD for Fire Police Vehicle retrofit
- \$463,634 fund reserve to help fund future vehicle and building improvements



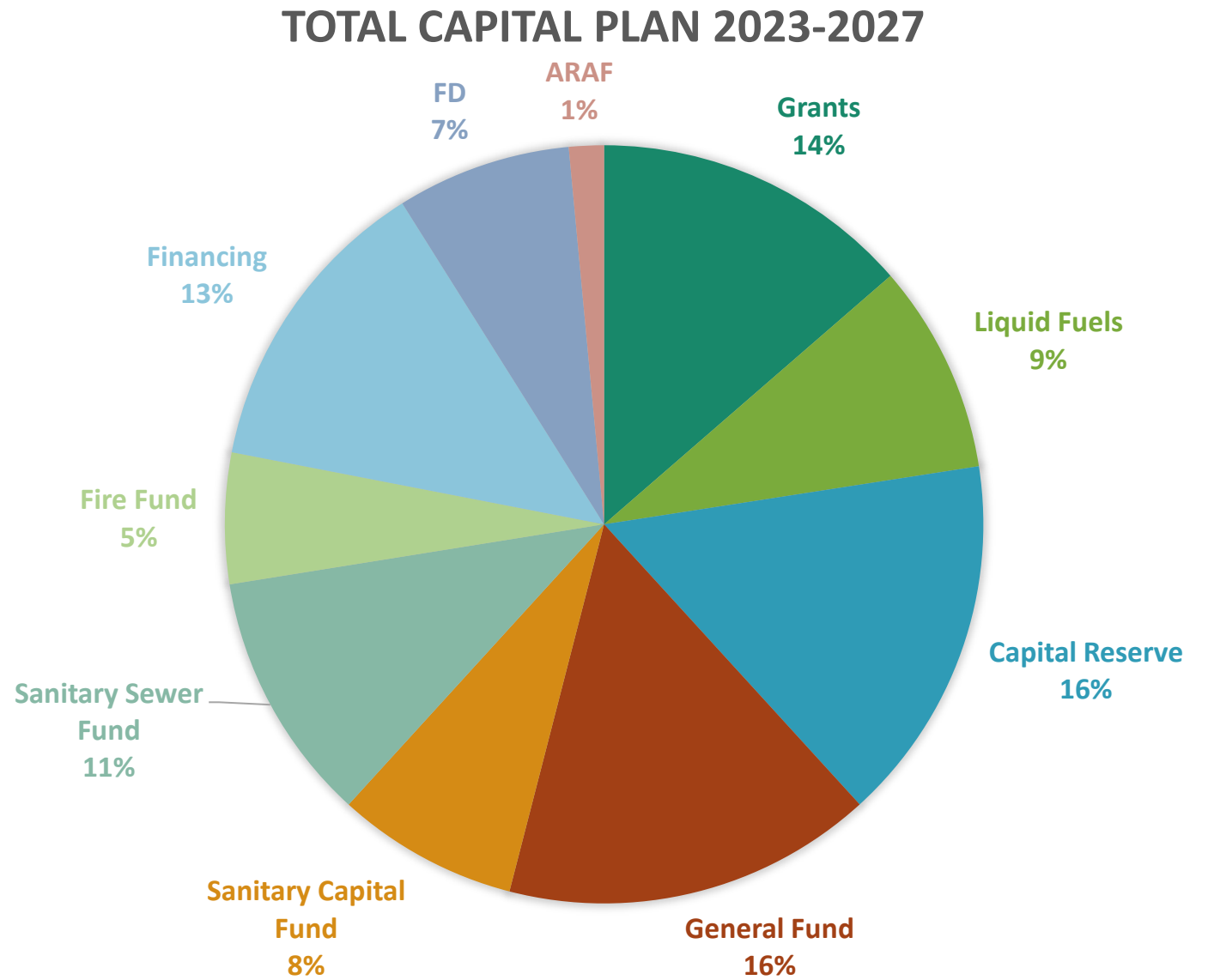
# Capital Projects

# Five-Year Capital Plan

- **Proposed spending in the amount of \$26,946,737, with over 143 projects across seven departments including Administration, Facilities, Police, Public Works, Fire, Parks and Recreation and Wastewater.**
- **Funds will be sources from 11 different funding sources including Grants, Liquids Fuels, Capital Reserves, Rebillable Funds, the General Fund, Sewer Capital Fund, Sanitary Sewer Fund, Fire Fund, Fire Department Funds and Recovery Act Funding.**



# Capital Plan Funding Sources



# American Recovery Act Funding

- UGT has changed our planning relating to ARAF due to changes in the requirements for expenditures.
- Our allocation totals \$1,563,795 in funding and we need to spend it by the end of 2024.
- Allocated \$1.153795 to WWTP in 2022 to help fund emergency repairs due to WIP Expansion
- ARA WWTP Projects 2023 totaling \$400,000:
  - Clarifier 3 Rebuild project Phase 2





- Sumneytown Pike Bridge, replacement estimated at \$2.5 million
- Built in 1927
- 2023 Brings robust spending on Engineering (\$456k) with construction in 2024

## Theme 2023: Infrastructure Investment Planning





## Theme 2023: Infrastructure Investment Planning

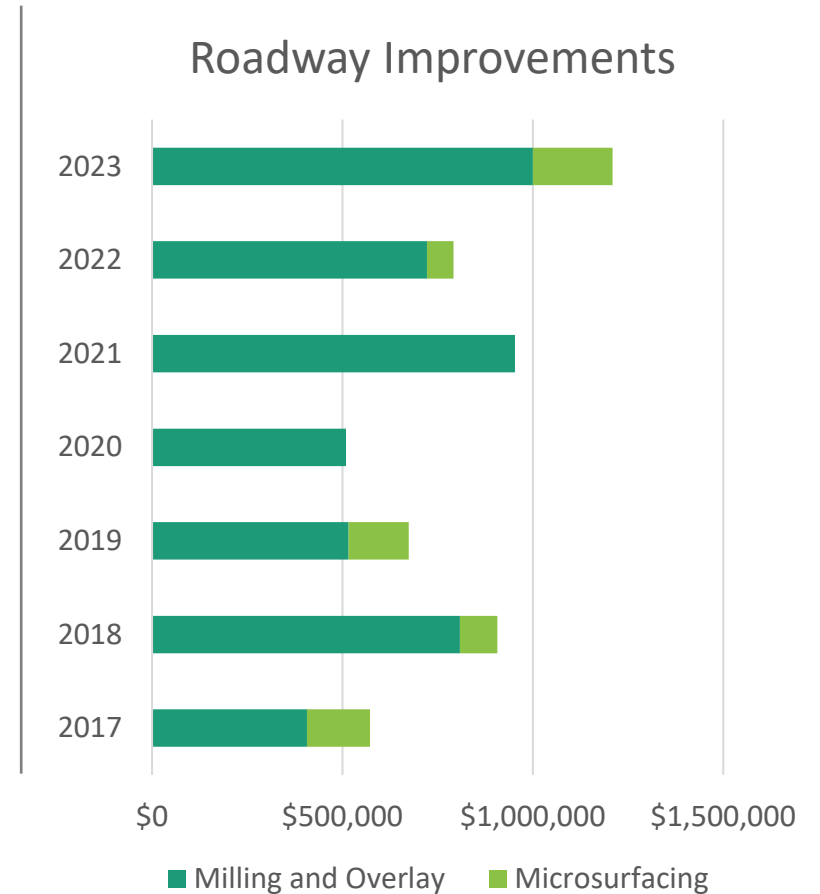
- Haines Run Streambank Restoration is necessary to help prevent a breach like you see in this picture
- Haines Run Streambank Restoration \$1.4M (awarded grants with DCNR \$90K, CFA \$76k and Montco 2040 \$200K= Total Grant funding \$366k) - 2023 \$60k engineering and phase 1 construction \$670,000 )
- Grant funding provides direct relief to the Capital Fund

# Other Capital Projects 2022

- Security improvements in our Township Building and a sprinkler survey for non-admin Buildings for increased safety for employees
  - In Car Camera Upgrades for PD and two new vehicles
  - Pole Barn Construction
  - Open Space Management Plan- continued
  - Continued focus on I and I in WWTP- over a \$1 million dollar investment!
  - DVRPC Streetlight Procurement
  - Drop down flood gates for high flood roadways
  - Drainage improvement projects on West Prospect and Meadowbrook neighborhoods
- 
- Pet and Person Water Fountain
  - Updated Marquis Board Parkside place
  - Completed replacement of Clarifier 3- WWTP
  - Vehicles
    - One ton Dump Truck Replacement (2004)
    - Replace 1999 Gator
    - Replace 2008 Crane Truck
    - Zero Turn Mower (P and R)
    - Field Mower Attachment and Mower Truck Replacement

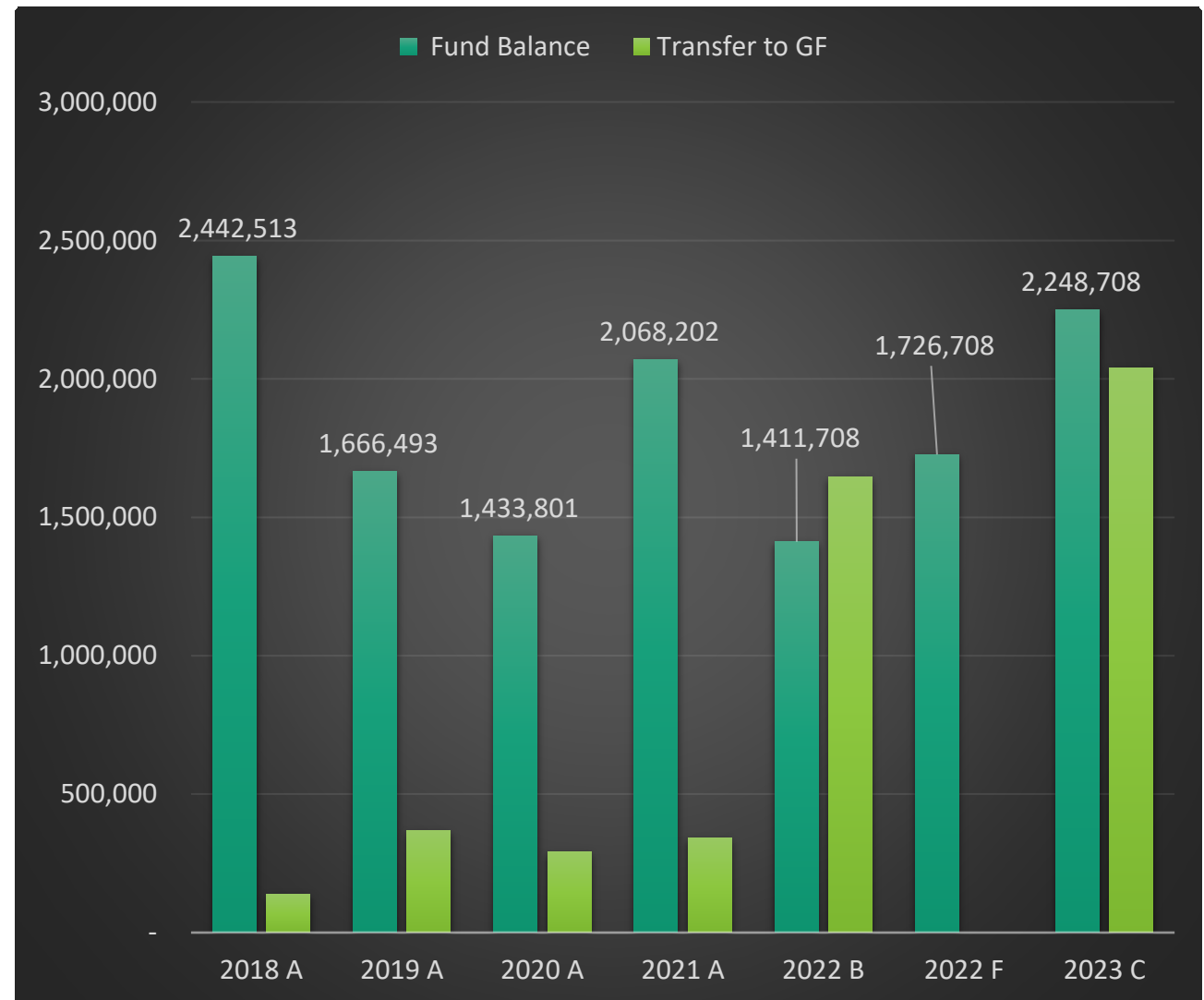
# 2023 Roads Program

- Microsurfacing:
  - Conway Place, Flintlock Drive, General Nash Drive from Garfield to Patriot, Hartley Place, Lafeyette Road, McIntosh Way, Muhlenberg Drive, Musket Drive, Patriot Drive, Powderhorn Drive, Pulaski Drive, Scott Way, Stirling Drive, Supplee Road, Tricorn Drive, Twinlyn Drive.
- ADA ramps for 2024 Roadways
- Mill and Overlay:
  - Broad St (Garfield to Sumneytown), Church Road, Hancock Road, Forest Lane, Amity Lane



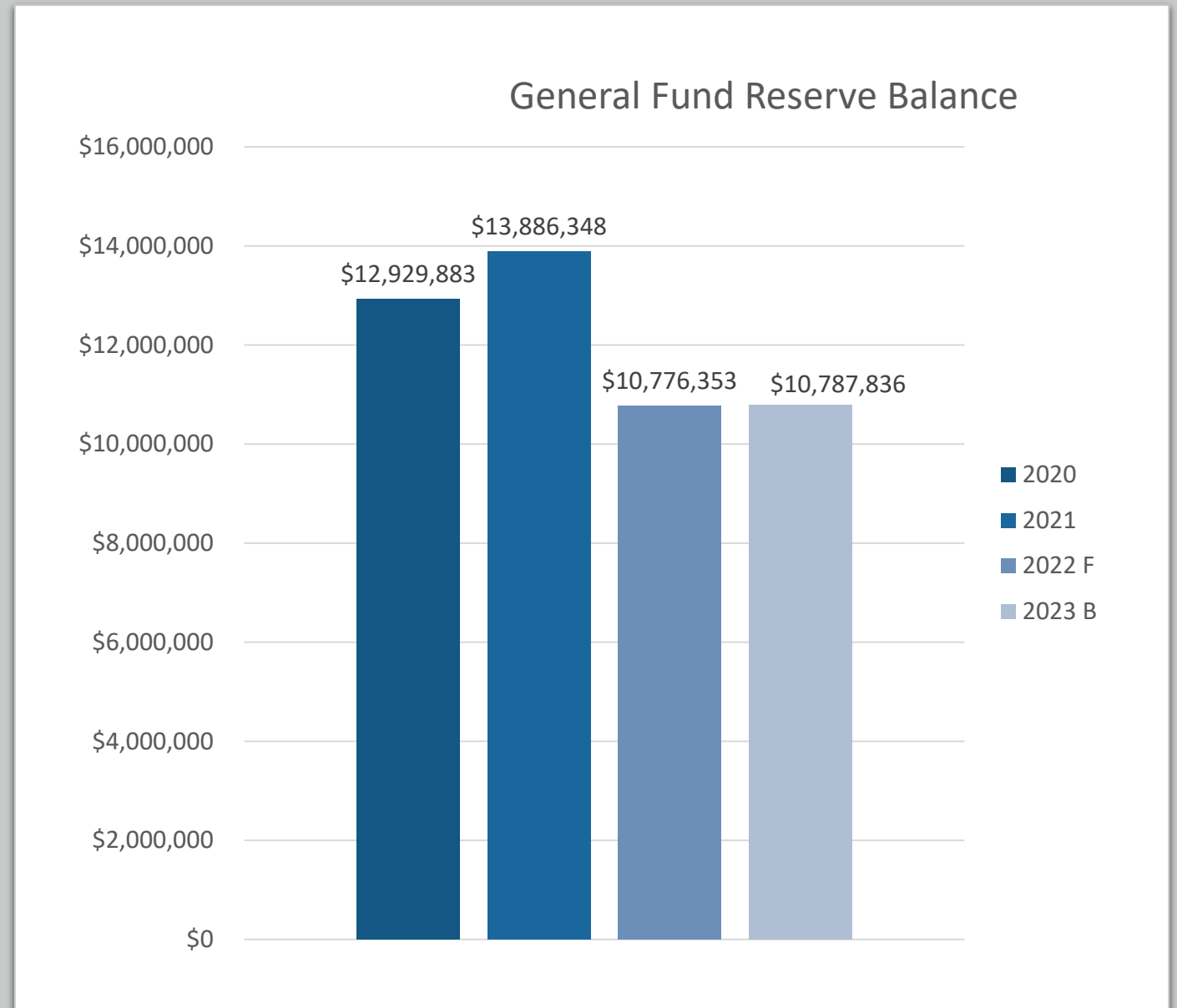
# Transfers to Capital Reserve

- In 2022 we are budgeted a transfer to Capital Reserve of \$315,000. Strong revenues and timing of projects has enabled us to allocate another \$400k to that fund
- This aggressive funding level will enable us to complete projects the projects planned for in our five-year plan.
- We will need to maintain a \$315,000 transfer each year to keep up with the funding level for those projects. We have planned \$360,000 for 2023, which is slightly above our goals.



# 2023 Projected General Fund Reserve Balance

- Reserves are in place to help fund the gap during hard times
- Minimum recommended reserve is 3 months of expense
- This trend since 2018 has represented about 9.5-12.9 months of spending in reserve
- 2023 Budget as it stands today would leave us with 60% of expenses in reserves and a very strongly funded capital reserve fund.
- The large reduction between 2021 and 2022 is due to the 10-year loan to WWTP for Emergency Repairs this year.

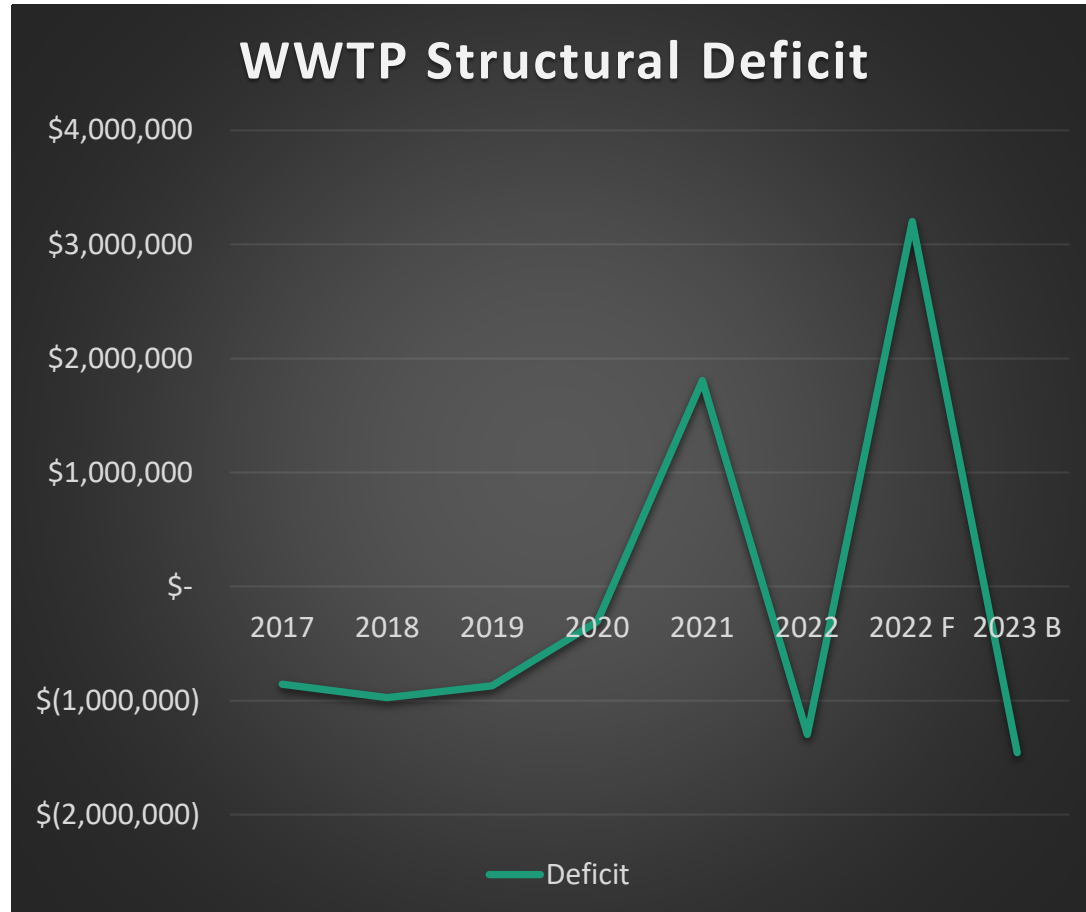


# Potential Rate Increase 2024

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WWTP

# Wastewater Treatment Plant Potential Rate increase 2024

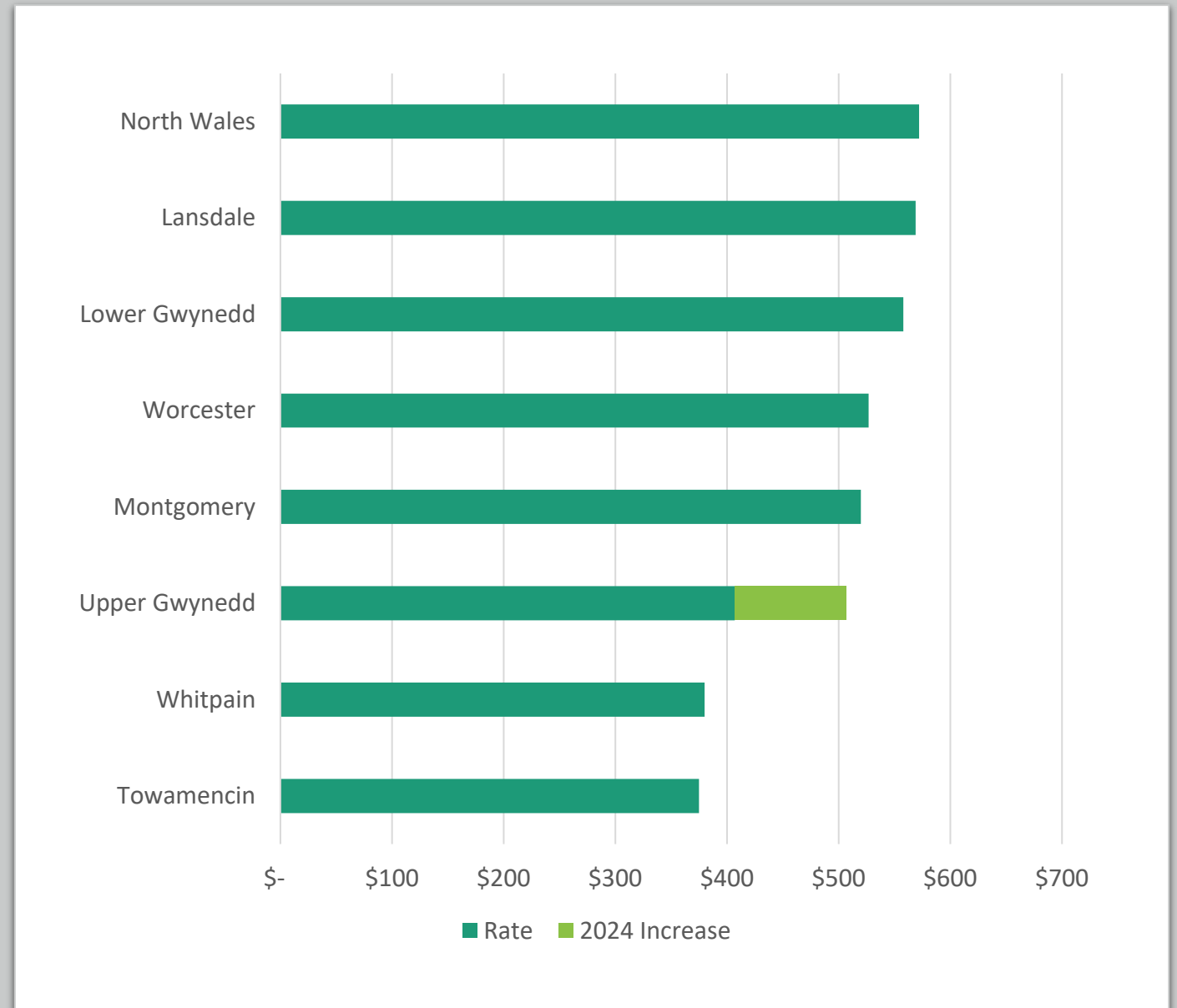


- Our WWTP fund has continued to operate at a deficit even after rate increases in 2017
- The deficit is covered by a transfer from WWTP reserve funds (structural deficit)
- Our total reserve funding in WWTP funds in 2023 is \$7.2 million
- We cannot continue to keep funding the deficit through reserve fund transfers
- With WIP online we have much higher than anticipated I and I costs and completed an additional \$3 million dollars in unanticipated projects this year.



# WWTP Comparative Rates

- A rate increase of \$100 per EDU in 2024 would increase \$1.3 million in revenue for the WWTP fund
- This year alone we are spending \$1.1 million fighting I and I issues
- I & I isn't just an environmental issue, it is also an efficiency and cost issue.



# I thought WIP was supposed to save us money?

- Our operating service charge to Towamencin in 2021 was \$896,203. In 2022 it was \$94,500. If Towamencin's sale to Next Era is approved by the PUC rates would increase by 135% over the next ten years.
- That rate increase would have created an additional payment to TMA of \$1,209,874 annually in 10 years for a total payment of \$2,106,077. We would need to raise our rates for every rate payer to \$569 annually to cover that increase (\$162 per EDU)
- WIP allows us to invest in our own system and keep costs reasonable for our residents and rate payers.
- We will try our best to stave off this increase, WWTP staff are evaluating and tracking Chemical use and trying to reduce sludge hauling costs.





Upper Gwynedd Township remains in stable a financial position for 2023 and into the future

# Questions