



## **Borough of Greencastle 2019 BUDGET MESSAGE**

Council, Mayor, Citizens of the Borough of Greencastle:

It is my distinct pleasure to author and present the 2019 Proposed Budget and Budget Message that is a culmination of countless hours of research, information gathering, analysis, and team work among the Borough Staff. The Borough's operating budget is a bold statement of our priorities and commitments to the citizens for the coming year and should support the Borough's needs and strategic vision. I confidently state that the proposed budget as presented meets that standard and I look forward to continued public vetting and the same from the elected body. The attached is submitted pursuant to Section 26-7 (d) of the Code of the Borough of Greencastle.

### **Notes on the Proposed General Fund Budget**

The proposed revenue for the budget is \$1,839,230.00 which reflects a 15.00 mill tax rate the same as 2018.

The proposed expenditures for the budget is \$1,757,730.44 which is a 4% decrease from 2018.

The expected fund surplus for the budget is \$81,499.56.

### **Notable Inclusions for the Proposed 2019 General Fund Budget**

Included in the proposed budget is the addition of two fulltime patrolmen for the Police Department. This inclusion reflects the ever increasing call volume the Police Department is experiencing along with the visibility of illegal controlled substances within the Borough. The Police Department budget also restores the 4<sup>th</sup> patrol vehicle to the police department fleet.

The budget also allocates specific funding to the Comprehensive Rezoning Initiative. The Community Development Committee of Council in conjunction with the Planning Commission and other stakeholders is performing a thorough analysis of the Chapter 205 zoning to ensure that the Borough is ripe for redevelopment while also maintaining the character of our community.

The Borough's sidewalk implementation and maintenance program is supported in the budget with funds allocated to the installation of Americans with Disabilities Act compliant ramps at strategic points in the Borough. Funds for inspection of new sidewalks and current sidewalks is also allocated.

The Borough Administrative office maintains a copier from the early 1990's that is slated to be replaced in 2019. Ongoing printing and maintenance costs are also accounted for.

The Borough continues to offer a competitive healthcare package to its employees. The Borough Council when adopting its 2018 budget increased premium contributions from 25% to 40% for multi person plans. The 2019 budget restores the premium contribution back to 25% which presents a minimal impact on the General Fund. This change is a morale enhancing event appreciated by all employees.

With the use of Highway Aid funding from the Pennsylvania Gas Tax we will be reconstructing the street and curbing on N. Carlisle Street from E. Walter Avenue to the town square. This is in accordance with our strategic road improvement plan for the northern section of our community. In 2016 W. Walter Avenue from Williamson Avenue to Molly Pitcher Highway was paved and in 2018 E. Walter Avenue from Edwin Bittner Memorial Bridge to Allison Street was paved. Reconstruction North Carlisle Street will complement those projects. Reports are that N. Carlisle Street last experienced a road improvement project over 30 years ago.

### **Storm Water Utility & Pollution Impact Fee**

The Borough of Greencastle owns and operates an extensive network of storm water management infrastructure. The Borough is also designated as a Municipal Separate Sewer System (MS4) community per the Environmental Protection Agency (EPA) and Department of Environmental Protection (DEP). Among other things, being an MS4 community means that in that next five years we must reduce our sediment load as determined by DEP by 10% or 101,797lb.<sup>1</sup> The permit cycle begins in 2019 and the Borough Treasurer has reported a projected total costs of \$1,167,105.00.<sup>2</sup>

The 2019 budget proposes the creation of a Storm Water Utility Fund and the levying of a Pollutant Impact Fee. Total revenue for the fund is \$658,440.00 and the 2019 expenses is projected to be \$305,360.00 with a net balance of \$353,080.00. The net balance will offset the costs of a major capital project in 2020.

The justification for the fee is to fund the ongoing storm water management obligations and the MS4 program as required by state and federal law. The fee structure is tiered through a methodology that

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<sup>1</sup> Greencastle Borough Pollutant Reduction Plan, January 16, 2018, 16

<sup>2</sup> Borough of Greencastle MS4 Budget 082218, August 22, 2018, 1

residential units do not produce as much storm water as commercial and institutional dwellings. The burden to fund is shifted to the larger structures in the Borough in an x2 and x2.5 shift.

	Total Units	Annual Fee/Rate	Quarterly Fee/Rate	Annual Revenue Generated
Residential	1974	\$ <b>160.00</b>	\$ <b>40.00</b>	\$ <b>315,840.00</b>
Institutional/Worship Center	26	\$ <b>500.00</b>	\$ <b>125.00</b>	\$ <b>13,000.00</b>
Commercial	206	\$ <b>1,600.00</b>	\$ <b>400.00</b>	\$ <b>329,600.00</b>
Total				\$ <b>658,440.00</b>

In 2019 the Borough will complete a MS4 project at the Lilian an S. Besore Memorial Library. The project is a bioretention swale designed to reduce sediment from the storm water runoff created by a proposed parking lot being installed. The storm water will be treated before entering the existing storm water management infrastructure. This project is an approved Best Management Practice and outlined in the Borough’s Pollutant Reduction Plan.<sup>3</sup>

Also in 2019 will be significant engineering on a proposed joint stream restoration project.<sup>4</sup> Construction is projected to begin in 2020.

## **Recommendation on Proposed 2019 General Fund and Storm Water Fund Budgets**

I recommend that the Council approve the proposed 2019 budget with two amendments.

1. The purchase of an additional police cruiser is shown to be paid for from the 2019 Capital Reserve Fund. The projected January 1, 2019 balance of the fund is \$363,973.81. This fund is not always contributed to but receives the majority of its funding from investments. I recommend that the police cruiser, estimated costs of \$50,000.00, be supported by the General Fund surplus of \$81,499.56. I support using the Capital Reserve Fund but believe it should be allowed to grow if the General Fund budget can support that.
  
2. During the budget development process the \$3,000.00 annual contribution to the Lilian S. Besore Memorial Library was removed. The methodology of the decision was that the

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<sup>3</sup> Ibid, Greencastle 23-25

<sup>4</sup> Ibid, 21-22

bioretention project on the property was in itself a donation as it would manage the property's storm water. There is no contesting that merit of this logic, however, the \$3,000.00 donation goes to support the ongoing facility maintenance requirements. The volunteer board that maintains the facility provides an invaluable service to the community by enabling Greencastle to have a library. Our projected General Fund surplus can support this donation and I recommend that it be restored.

3. The two above recommendations would reduce the projected General Fund surplus from \$81,499.56 to \$31,499.56.

With the proposed amendments I recommend that the proposed general fund budget and storm water budget be approved. The proposed budgets are a culmination of our strategic goals and addresses the needs of our community while also practicing fiscal responsibility.

## **2019 Proposed Sewer Fund Budget**

The proposed sewer fund budget allocates significant funds to equipment replacement and line rehabilitation. This is in accordance with the asset management plan adopted in 2017. As predicted the equipment replacement schedule is less in 2019 that it is in future years due which is only a reflection of equipment life expectancy. The 2019 proposed budget surplus is \$24,438.12.

The 2019 proposed budget does not propose a rate increase.

### **Notable Inclusions for the 2019 Proposed Sewer Budget**

In 2019 I propose that a rate structure study/analysis be performed to determine if a new rate structure can be implemented to provide relief to minimum users. This is similar to the study that the Greencastle Area, Franklin County, Water Authority performed. The end results of the study were quite popular with our residents who requested that the same process be under taken for the sewer bills. This priority is reflected in the proposed budget.

The proposed budget also prioritizes various capital projects, again, supported by the asset management plan.

- Engineering for the Carlisle Street Pump Station
- Roof replacements for the sewer department office, generator room, and Colonial Drive Pump Station.
- Demolishing and filling in the no longer needed trickling tank.
- Strategic collection line rehabilitation in concert with the strategic road maintenance program.
- Upgrading the chlorine generation system to a safer and more efficient process.
- Installing a new aeration system in the Carlisle Street wet well.

## **Recommendation 2019 Proposed Sewer Fund Budget**

I recommend that the 2019 proposed sewer fund budget be adopted as presented. The proposed budget is a culmination of our strategic goals and addresses the needs of our sewer system while also practicing fiscal responsibility.

### **2019 Budget Development Process Schedule**

The Administration and Finance Committee, Mayor, along with the Chief of Police, Finance/HR Manager and Borough Manager laid out a schedule for the budget development to allow for transparent public vetting. The schedule is as follows:

- October 4<sup>th</sup>      Public review of current budget materials and proposals- Focus on capital outlay.
- October 19<sup>th</sup>    Public review of current budget proposals and recommendations.
- October 25<sup>th</sup>    Special Council Meeting to preliminarily adopt and advertise budget and advertise tax ordinance.
- November 29<sup>th</sup> Special Council Meeting to adopt budget and tax ordinance.

The Borough Council and Mayor may not feel prepared to preliminarily adopt the proposed budgets during the October 25<sup>th</sup> meeting and could therefore choose to delay adoption until the November 5<sup>th</sup> Regular Council Meeting. Final adoption would take place at the Regular Council Meeting on December 3<sup>rd</sup>. If deemed necessary the Council could schedule another public meeting for vetting the week of October 29<sup>th</sup> and still take action at the November 5<sup>th</sup> meeting. A decision on whether or not an additional meeting is needed should be made at the October 25<sup>th</sup> meeting.

## Borough of Greencastle Tax Rate History, Breakdown, & Facts

<u>Year</u>	<u>Tax Rate</u>
1996	25.5
1997	25.5
1998	25.5
1999	25.5
2000	26.5
2001	10.6*
2002	10.6
2003	10.6
<b><u>2004</u></b>	<b><u>11.0</u></b>
2005	11.0
2006	11.0
2007	11.0
2008	11.0
2009	11.0
2010	11.0
2011	11.0
2012	11.0
2013	11.0
<b><u>2014</u></b>	<b><u>13.0</u></b>
2015	13.0
2016	13.0
<b><u>2017</u></b>	<b><u>14.0</u></b>
<b><u>2018</u></b>	<b><u>15.0</u></b>

**Bold & Underlined Years indicate a year when tax rates were increased.**

**\* County change to 100 valuation – no change in actual tax rate**

### Revenue/Additional Rate (mills)

<b>Assessed Value</b>	<b>41,133,240</b>	
	<u>Rate (mills)</u>	<u>Revenue</u>
	<u>Increase</u>	
	0.013	534,732
	0.0135	555,299
		20,567
	0.014	575,865
		41,133
	0.0145	596,432
		61,700
	0.015	616,999
		82,266
	0.016	658,132
		102,833.10

<u>Millage Rate</u>	<u>0.015</u>	
<b>Assessed Value</b>	<b>1 Mill Equals</b>	<b>Amount Owed in Borough Taxes</b>
\$ 10,000.00	\$ 10.00	\$ 150.00
\$ 15,000.00	\$ 15.00	\$ 225.00
\$ 20,000.00	\$ 20.00	\$ 300.00
\$ 25,000.00	\$ 25.00	\$ 375.00
\$ 30,000.00	\$ 30.00	\$ 450.00
\$ 35,000.00	\$ 35.00	\$ 525.00
\$ 45,000.00	\$ 45.00	\$ 675.00
\$ 50,000.00	\$ 50.00	\$ 750.00
\$ 75,000.00	\$ 75.00	\$ 1,125.00
\$ 100,000.00	\$ 100.00	\$ 1,500.00
\$ 125,000.00	\$ 125.00	\$ 1,875.00
\$ 150,000.00	\$ 150.00	\$ 2,250.00
\$ 175,000.00	\$ 175.00	\$ 2,625.00
\$ 200,000.00	\$ 200.00	\$ 3,000.00
\$ 250,000.00	\$ 250.00	\$ 3,750.00
\$ 300,000.00	\$ 300.00	\$ 4,500.00
\$ 350,000.00	\$ 350.00	\$ 5,250.00
\$ 400,000.00	\$ 400.00	\$ 6,000.00

The total assessed value of taxable property in the Borough of Greencastle is \$41,133,220.<sup>5</sup>

22.88% of the Borough's assessed properties are tax exempt and their combined assessed valuation is \$11,276,720.00.<sup>6</sup>

## Conclusion

As previously stated the 2019 proposed budgets are a culmination of our strategic goals, commitments, and plans to address the needs of our community and infrastructure. The Council, Mayor, and citizens of Greencastle can have confidence in the presented proposals as we look to tackle the challenges of the future. In closing, I wish to thank those that made these proposals possible.

Our Finance/HR Manager, Lorraine Hohl, Chief of Police John Phillippy, Police Administrative Assistant Ericka Faight, Waste Water Plant Manager Kevin Hunsberger, former Public Works Manager David Nichols, current Public Works Manager Bob Manahan, and Administrative Receptionist Donna Zimmerman. Their combined approach to ensure that the budget met our operational needs and the needs of the community, all supported by thorough research, is impressive and worthy of high praise. Not to forget the actual implementation of data and preparation of materials through the many revisions.

I would also like to thank the Administration and Finance Committee; Jim Farley, Frank Webster, Larry Faight, along with President Steve Miller and Mayor Ben Thomas. All were very involved in the development process with their keen analysis, comments, visioning, and creative problem solving. The proposed product is better because of their assistance.

Lastly, the citizens of the Borough who make suggestions, comments and offer ideas throughout the entire year about what our Borough needs and where the money should be spent. Special thanks to all those who specifically engage in the development process and attend our many meetings. Government is at its best when the citizens it serves are a part of the decision making process.

Respectfully Submitted,

Eden R. Ratliff  
Borough Manager

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<sup>5</sup> Real Estate Tax Assessment Duplicate, Franklin County Tax Assessment Office, 2018

<sup>6</sup> Ibid, Real Estate Tax