



Borough of Greencastle 2020 BUDGET MESSAGE

Council, Mayor, Citizens of the Borough of Greencastle:

It is my honor to author and present the 2020 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 principled statement of our priorities and commitments to the citizens for the coming year and should support the Borough's needs, standards and strategic vision. 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 \$1,789,960.00 which reflects a 15.00 mill tax rate the same as 2019.

The proposed expenditures for the budget is \$1,861,694.30, which is an increase of \$103,963.86 from 2019.

The expected fund deficit, before removing capital expenditures, is \$71,734.30.

Notable Inclusions for the Proposed 2020 General Fund Budget

Included in the proposed general fund budget is the addition of a fulltime Code Enforcement Officer who will primarily oversee the Code of the Borough and the enforcement thereof. This position will also assist the Manager with the Zoning Ordinance and associated permits, inspect all stormwater related infrastructure, assess impervious additions or deletions from rate payer's parcel and subsequently adjusting their Stormwater Pollutant Impact Fee, manage the stormwater credit program, manage the Sidewalk Maintenance Program and enforce all wastewater policies within the collection system. This

inclusion reflects the need for proper enforcement of the Code of the Borough of Greencastle in order to protect the integrity of the town and enforcement of the laws.

The 2020 budget reflects the fulfillment of the second fulltime position of patrolman to the police department not previously filled in 2019. Additionally, the police department owns and maintains Motorola XTS 2500 series portable radios. These radios are 10 years old and showing malfunction. Furthermore, according to the FCC they have the potential to become obsolete as the FCC intends to vacate the "T" Band, which is the band currently used by police personnel. This budget incurs the cost of the first of three installments of a three year lease to own Motorola APX 8000 portable radio program, enhancing the safety of our officers and the response time to our citizens.

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 in also allocated.

The Borough Administrative office maintains computers, software and other technological infrastructure, necessary to perform daily operations in the twenty first century. Computers and servers are on a rotational replacement plan in order to reduce malfunction. This budget allocates funds for 10 PC replacements and a new server. Ongoing technical support is also accounted for.

The Borough continues to offer a competitive healthcare package to its employees. The 2020 budget retains employee premium contribution of 25% for multi person plans. This benefit 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. N. Carlisle Street last experienced a road improvement project over 30 years ago.

Stormwater Utility & Stormwater Pollution Impact Fee

The Borough of Greencastle owns and operates an extensive network of stormwater 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, MS4 communities are required to reduce their contributing sediment load, determined by DEP, flowing into the Chesapeake Bay by 10% during a five year permit cycle, automatically renewing for an additional five years after. As a result, from 2019-2023, we must reduce

our sediment load as determined by DEP by 10% or 101,797lb.¹ The permit cycle began in 2019 and the Borough Treasurer at the time reported a projected total costs of \$1,167,105.00.²

The 2020 budget continues to operate the Storm Water Utility Fund and the levying of the Stormwater Pollutant Impact Fee. Total revenue for the fund is \$630,000.00 and the 2020 expenses is projected to be \$343,810.64 with a net balance of \$286,189.36 to be used for future MS4 required PA Effectiveness Values Credit Best Management Practice projects.

The justification for the fee is to fund the ongoing stormwater management obligations of the MS4 program as required by state and federal law. The fee structure is based on a service charge of \$5.36 per one hundred square feet of impervious material on each parcel located within the corporate boundaries of the Borough with a 17% discount. Borough Council, Staff and property owners, insisted the fee be based on the most fair and equitable methodologies in order to enact this new fee. A fee based on the level of imperviousness on each parcel ensures the burden to fund the utility is shared appropriately and tied to a level of specific service.

In 2020, the Borough will complete a MS4 project at the Lilian S. Besore Memorial Library. The project is a bioretention, raingarden designed to reduce sediment from the stormwater runoff created by a parking lot and neighboring impervious material. The stormwater will be treated before entering existing stormwater infrastructure. This project is an approved Best Management Practice and outlined in the Borough's Pollutant Reduction Plan.³

Furthermore, this budget calls for significant engineering for a proposed joint stream restoration project.⁴ Construction may begin in 2021.

Recommendation on Proposed 2020 General Fund and Storm Water Fund Budgets

I recommend that the Council approve the proposed 2020 budget with one amendment.

1. The desire to keep the millage rate at 15 is noteworthy, justifiable and does not cause an extreme detriment to the General Fund Balance. However, as it stands, the budget is at a \$71,734.30 deficit. Implementing a balanced budget using prior year's surplus has negative consequences that must be made known.

First, the budget will not be self-sustaining. With already entering with a deficit and anticipating using the general fund balance to pay for current allocations, there is greater risk to the end balance of cash on hand when unintended maintenance is required not previously accounted for. As a direct result, the Borough Council will be forced to use cash further declining the safety net of surplus revenue.

¹ Greencastle Borough Pollutant Reduction Plan, January 16, 2018, 16

² Borough of Greencastle MS4 Budget 082218, August 22, 2018, 1

³ Ibid, Greencastle 23-25

⁴ Ibid, 21-22

Second, Borough Council has been able to support major projects using the general fund balance over the culmination of years of small surplus revenue. For example, the Borough Council was able to support a quarter million dollar reconstruction project in order to protect current Borough Staff. This was using years of surplus to support a current day need. The Borough Council should not discontinue this philosophy, as we cannot project the future needs and associated costs for safety upgrades, enforcement upgrades, maintenance upgrades and/or infrastructure upgrades that may arise. Borough Council must be proactive yet responsible and mindful with surplus in order to ensure quality service for the future.

As previously mentioned, no millage increase is justifiable. It allows our community to absorb added costs already incurred by the stormwater fee and prepare for the results of the sewer rate study. Therefore, I am recommending the Council impose a 1mil increase, using less general fund balance to offset the deficit. A 1mil increase continues to use cash to offset the budget and no surplus, but it does decrease the amount of cash needed for support. This recommendation is more cautious in nature and maintains fiscal responsibility.

2. The above recommendation would reduce the projected General Fund deficit from \$71,734.30 to \$20,198.62.

With this amendment, I recommend that the proposed general fund budget and stormwater budget be approved. The proposed budgets are a culmination of our strategic goals and addresses the needs of our community.

2020 Proposed Sewer Fund Budget

The proposed sewer fund budget allocates significant funds to equipment replacement, reconstruction of an existing pumping station and line rehabilitation. This is in accordance with the asset management plan adopted in 2017. The 2020 proposed budget has a deficit of \$356,488.39.

The 2020 proposed budget does not propose a rate increase however, it does include increased engineering costs in order to conduct a rate study.

Notable Inclusions for the 2020 Proposed Sewer Budget

In 2020, I propose a rate structure study/analysis be performed to determine if a new rate structure can be supported using a different methodology than currently implemented and results of the study to be administered effective the subsequent Borough Council meeting. This is to ensure we are billing our customers equitably while also supporting financial obligations. Many of our customers express their desire to change the minimum obligation on the utility bill for sewer charges and enact a rate similar to the Greencastle Antrim, Franklin County, Water Authority based on usage. This priority is reflected in the proposed budget.

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

- Final engineering and construction of the Carlisle Street Pump Station
- Replacement of the Center Wheel Bearing and Scraper #2
- Strategic collection line and manhole rehabilitation in performance with the strategic road maintenance program.

Recommendation 2020 Proposed Sewer Fund Budget

I recommend that the 2020 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.

I support using the sewer fund balance to offset the deficit because the sewer fund utility is self-sustaining in nature. Current fees are imposed for future infrastructure upgrades and for the out years of future service needs. Borough Council and Staff have known of the deterioration and corrective action plan of the Carlisle Street Pumping Station, the primary expenditure causing the deficit, for a few years and have properly planned for this expense.

2020 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:

- September 25th Public review of current budget materials and proposals- Focus on capital outlay.
- October 3rd Public review of current budget proposals and recommendations for operations and revenues.
- October 10th Public review of current budget proposals and recommendations for revenues and wrap-up.
- October 30th Special Council Meeting to hold a public budget workshop.
- November 4th Special Council Meeting to preliminarily adopt all 2020 Budgets and advertise accordingly.
- December 9th Special Council Meeting to adopt all 2020 Budgets/Tax Ordinance.

The Borough Council and Mayor may not feel prepared to preliminarily adopt the proposed budgets during the November 4th meeting and could therefore choose to delay adoption until the second week of November. Final adoption would take place the third week of December through a Special Council

Meeting. If deemed necessary the Council could schedule another public meeting for vetting the week of November 11th. A decision on whether or not an additional meeting is needed should be made at the November 4th 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
<u>2004</u>	<u>11.0</u>
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
<u>2014</u>	<u>13.0</u>
2015	13.0
2016	13.0
<u>2017</u>	<u>14.0</u>
<u>2018</u>	<u>15.0</u>
2019	15.0

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)

Assessed Value	41,133,240	
<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>	
Assessed Value	1 Mill Equals	Amount Owed in Borough Taxes
\$ 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 \$41,283,480.00⁵
 22.88% of the Borough’s assessed properties are tax exempt and their combined assessed valuation is \$11,276,720.00.⁶

⁵ Real Estate Tax Assessment Duplicate, Franklin County Tax Assessment Office, 2019

⁶ Ibid, Real Estate Tax

Conclusion

As previously stated, the 2020 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, Emilee Little, Chief of Police John Phillippy, Police Administrative Assistant Ericka Faight, Administrative Receptionist Donna Zimmerman, Waste Water Plant Manager Kevin Hunsberger and Public Works Manager Bob Manahan. 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. This budget and its preparation for Council and Public review takes many hours of tedious and careful watch to ensure a quality product for inspection.

I would also like to thank the following members of Council through combined efforts helped to support staff and the 2020 budget; Frank Webster, Matt Smith, President Steve Miller, Vice President Larry Faight and Mayor Ben Thomas. All were 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 regarding Borough needs and where the money should be spent, I thank you. Your vision and dedication to the Borough keeps Borough Council and Staff accountable and fiscally responsible. 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,

Lorraine K. Hohl
Borough Manager