

Borough of Greencastle

2018 BUDGET MESSAGE

Council and Mayor:

Attached please find the Proposed 2018 Budget submitted pursuant to Section 26-7 (d) of the Code of the Borough of Greencastle. Council has scheduled a public hearing on the budget for Thursday, November 16th. Consistent with the Pennsylvania Borough Code, this budget must be made available for public inspection for a period of ten (10) days before Council is permitted to take formal action on the budget. If Council does not come to an agreement on a budget at the November 15th Budget Hearing then there will be an additional budget hearing and special meeting in December to approve the budget.

Council should choose to modify and make decisions on discretionary spending within the budget during the budget hearing. Any such changes will be incorporated in the budget provided for public inspection. Any major revisions to the budget made after the ten (10) day advertising period will require the revised budget to be advertised again for another ten (10) day period.

This proposed budget was prepared with the guidance of the Administration and Finance Committee who viewed and made recommendations on the budgets you will see at the Budget Hearing. The Finance Committee requested that I prepare three budgets for Council review.

1. A budget showing 4 fulltime police officers.
2. A budget showing 3 fulltime police officers.
3. A budget showing 2 fulltime police officers and increased part time police officer hours to offset.

The 2017 budget was not considered balanced with the budget showing a deficit of about \$10,000 for the new Borough Manager (E. Ratliff) to determine ways to cut funding during the budget year. The tax rate was kept at .13 mills as it was the previous year. Any tax rate increase will need to be discussed during the Budget Hearing. I do not advocate adopting a budget that is not balanced.

2018 Proposed General Fund Budget

The Council will need to select a proposed budget and decide which capital/discretionary items they would like to pursue in 2018. Depending on which items you select and what, if any, changes you make to the Police Department, will be used as a tool to determine if you need to raise taxes to balance the budget.

Some items that make up the 2018 budget:

1. A 9% wage increase for all fulltime patrolmen.
2. A 3% wage increase for non-uniform employees.
3. Significant repairs and painting of the clock tower.
4. A new phone system in the borough office.
5. Road work on E. Walter Ave and various alleys in the borough.
6. Video surveillance throughout the borough office and Police Department.
7. Body cameras for the Police Department.
8. Various storm water projects.
9. An 8% increase in health insurance premiums.

In your budget binders I included a "Concise Budget" for your review. I believe that this concise budget will be an effective tool to highlight where the Council has room to manage spending. The concise budget gives a brief overview of the departmental spending minus discretionary spending/capital projects. The discretionary spending/capital projects are shown on the last page. Also shown on the last page is the total cash (revenues minus expenditures) before and after the capital projects. The bottom line cash is shown at the end.

There are three versions of the concise budget, one for each variation of the Police Department.

During the budget hearing(s) the Council should provide guidance as to the structure of the Police Department, and what, if any, capital projects they would like to be included in the 2018 budget. Funding for capital projects from sources other than tax dollars (i.e. water, sewer, liquid fuels, etc.) are not shown in the concise budget. They should also provide guidance on any tax increases if necessary.

Recommended 2018 General Fund Budget

I recommend that the Council make a unified decision as to what kind of Police Department they would like to fund and be prepared to fund it accordingly. Council should deliberate on the proposed capital projects and make determinations as to which, if any, they would like to execute in 2018.

2018 Proposed Sewer Fund Budget

The sewer fund budget shows a year end fund surplus of about \$95,000. The Sewer fund is a fund that struggles financially. The sewer department, prior to my arrival, did not have an asset management plan to maintain the capital in the sewer collection system or wastewater treatment plant. The Chief Operator each year would try to scrape up funds to replace or repair equipment that was near failing which has caused us to be maintaining equipment that is near failure without a means to replace it. This year we did a comprehensive analysis of all of the equipment in the plant and studied our expenses and revenues to determine what kind of rate we would need to maintain our assets.

The plan breaks down revenue needed in the short term and in the long term. The goal is to generate enough revenue to have the cash to fix the assets that are presently failing and then enough cash to fix the assets that are expected to fail in the next 10-15 years.

The plan recommends a rate increase of 19% which would take the per thousand gallon cost of \$7.22 to \$8.59 per gallon. This would keep in place the 9,000 gallon per quarter minimum. A minimum quarterly bill would be \$77.31 for sewer.

If it my recommendation and the recommendation of the Administration and Finance Committee to approve a sewer rate increase of 19%.