

PRESIDENT'S BUDGET MESSAGE FOR 2017

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

Board of Commissioners

November 2, 2016

Good Evening Fellow Residents and Board Members:

I am Mickey Simon, President of the Board of Commissioners for Cheltenham Township. The Township's Home Rule Charter requires that the Board President outline the Township's budget and financial plan for the following year. The plan for 2017 that I present tonight includes proposed Operating and Capital Budgets, a State Liquid Fuels Budget and a Five-Year Capital Program through 2021.

The budgeting process began this summer and continued into October when the Township Manager held various budget meetings with department heads, staff and representatives from the libraries, and a finance meeting with the Fire Companies. That was followed by two Public Budget Workshops on October 6 and on October 26, conducted by the Board of Commissioners.

The proposed Operating Budget for next year totals \$42,862,710 which is an increase of \$567,267, or 1.3%. While all department heads have held the line on expenses, this increase can be found in numerous areas – liability and workers compensation coverages, healthcare insurance premiums, increased payments in our debt service to fund the Township's much needed aging infrastructure improvements, and actual wage increases reserved for our three (3) employee

collective bargaining associations (the Police, which represent the uniformed officers; the Salaried Association which represents municipal and police administrative support staff and paramedics; and the Teamsters Local No. 115, which represents our Public Works employees). All three union employee contracts expire at the end of this year. The Commissioners have a fiduciary responsibility to control the Township's costs. We are in negotiations with our collective bargaining groups now, but the question of wages and benefits for these employees remains open at the present time. Modest increases may be agreed upon in order to gain the support of the employees' bargaining groups for pension, healthcare, and various work-related changes. These issues may remain unresolved at the time of the passage of the budget.

With respect to new land development activity, the Township anticipates it to remain level, but our commercial building permit fee activity is projected to decrease by about 50%, causing revenues in licenses and commercial building permits to be reduced by the same amount.

Our real estate assessment millage is projected to increase slightly in 2017 for the first time in recent years due to settlement of several reverse tax appeals that were favorable to the Township. We look forward to the possibility of additional tax revenue in future years, but do not project any increases to offset fully the Township's projected expenditure increases.

In order to present a balanced budget this evening, an increase in tax millage of 0.3193 (from 8.0972 mills to 8.4165 mills) is being proposed. This results in a tentative tax increase of about \$47.89 or 3.9% for the average home assessed at \$150,000. The Commissioners will continue to work with the Township

Administration to identify revenue sources and cost savings so that any tax increase might be reduced between now and budget adoption on December 21, 2016.

This proposed budget includes a \$75,000 or 4.8% increase for the library system. This is about half the amount requested by the Library Board but like everything else, that request may be reviewed by the Commissioners again before final adoption. This budget reflects no increase for the Township's five volunteer fire companies for operational expenses. They have not requested an operational increase for 2017, but we have proposed funding for capital improvements of up to a total of \$75,000 for the fire companies provided their long-range plan is completed next year.

There are several good new developments underway:

- A ribbon cutting for the opening of the Wawa Convenience Store and Gas Station, located at 8250 Limekiln Pike, is scheduled for Thursday, November 10, 2016.
- Plans are underway for a new 4,500 square feet restaurant and banquet facility at 1347 West Cheltenham Avenue.
- Land development plans are being submitted next month for a new 2,000 square feet Dunkin Donuts at 1403 Cheltenham Avenue.
- Plans are underway to convert the former indoor tennis facility at 46 East Church Road to an indoor and outdoor soccer facility.
- Arcadia University plans an additional 10,000 square feet of campus expansion relating to their auxiliary gym and Spruance Hall. This will generate revenue from building permits.

- Earlier this year, Fresh Grover opened in the former Path Mark grocery store in Cedarbrook Plaza.
- And, we look forward to the opening in 2017 of many of the twenty-two (22) retail stores that are being built at the Greenleaf at Cheltenham (former Cheltenham Mall) which is undergoing renovations and repurposing as a new shopping destination center on Cheltenham Avenue.

Funding and gift giving plays a large role to help offset operating and capital expenses for the Township. Our Township staff constantly pursues grants and corporate funding to benefit local programs and services. Since August of last year to present, the Township has secured almost \$1 million dollars in new grants.

- \$350,000 Pennsylvania Department of Community and Economic Development (DCED) Multimodal Fund Grant for pedestrian and streetscape improvements in Elkins Park West.
- \$342,000 Department of Housing and Urban Development Community Block Grant for La Mott Community Center improvements.
- \$83,597 PennDOT Automated Red Light Enforcement Grant to increase pedestrian safety at Glenside Avenue and Rices Mill Road intersection by upgrading Americans with Disabilities Act (ADA) ramps and installing crosswalks and pedestrian signals.
- \$76,029 PA Department of Environmental Protection (DEP) Recycling Performance Grant for residential and commercial recycling.
- \$25,592 PennDOT Green Light-Go Grant to upgrade the intersections of Limekiln Pike at Church Road and at Easton Road to improve ADA and pedestrian accessibility.

- \$21,175 PennDOT Green Light-Go Grant to reduce congestion at Greenwood Avenue and Route 309 by synchronizing traffic signals.
- \$18,628 PennDOT Green Light-Go Grant to install a traffic signal mast arm, signal and wiring at Ashbourne Road and New Second Street.
- \$16,536 Communities that Care Grant to reduce underage drinking and drug use through extra Police patrols in targeted areas.

These are just to name a few. We are currently seeking construction dollars through grant applications for others projects such as streetscape improvements in the Elkins Park East Commercial District located near High School Park, developments and implementations project funds identified in the Curtis Landscape Conservation Management Plan and funding from the Pennsylvania Department of Economic and Community Development and Commonwealth Finance Agency to help offset for our sanitary sewer infrastructure needs. To date, Cheltenham has invested over \$18.5 million dollars in capital improvements to maintain the sanitary sewer system over the last decade and a half. This includes planning, engineering, and construction. The Township has borrowed another \$7.5 million in bond funding for future work. At September's Board of Commissioners meeting, the Commissioners adopted a resolution to solicit a "Request for Qualifications" (RFQ) to seek the interest of qualified parties and possibly to engage in a transfer of the sewer system either by sale, lease/concession or through a management arrangement. The Township hired Dilworth Paxson as its legal counsel to assist in this transaction. We anticipate this analysis will take twelve to eighteen months to complete.

In the meantime, the improvements to the sewer system are still being planned and must be made no matter who owns the system. The next phase of

nearly four (4) miles of replacement of Interceptor A between Church Road and Central Avenue is scheduled for bidding by the end of this year with work to commence in Spring 2017. Our neighborhood evaluation work is currently being bid for the projects that are identified in the Inflow and Infiltration (I&I) Remediation Plan that we are working on with the Pennsylvania Department of Environmental Protection and the City of Philadelphia. Projects are also being planned over an eight (8) year period to address the long-term I&I issues. The engineering cost estimates for that work are around \$50 million over the next eight (8) years, subject to evaluations being completed and the projects being engineered and designed. We are hopeful that the price tag for this work will come in a lot lower. There will be some cost-sharing by the tributary municipalities of Abington Township, Jenkintown Borough and Philadelphia for the scope of the improvements.

It is anticipated that the new I&I remediation plan will be adopted in early 2017 and will be used for our new wastewater treatment agreement with the City of Philadelphia.

The Township will also be introducing a Private Sanitary Sewer Lateral Inspection Program in the near future. The Sewer Department personnel and Township staff consulted with several engineering firms, Abington Township and the City of Philadelphia and it was determined that new equipment is needed to undertake the ongoing inspections and maintenance of sewer mains and lines in the public rights-of-way and private laterals. A new truck and camera has been ordered and is expected to arrive in early January 2017. This will allow time for our employees to be properly trained and begin to use the equipment as part of the

inspection program. Additionally, if we eventually sell the system, all vehicles and equipment would be part of the sale of assets.

Other capital improvements that are significant in nature to the Township are all contained in the proposed Capital Budget, which includes a five-year list of projects and equipment purchases. In addition to the few improvements that were just mentioned, the proposed 2017 Capital Budget details over 80 specific other projects totaling over \$22,400,000. These projects include curb and sidewalk improvements, park and recreation equipment, streambank restoration, repairs to numerous Township-owned properties including historic restoration projects which involve roof and wall repairs to Curtis Hall, and a Feasibility Study for the long-term rehabilitation to the Glenside and Conklin pools, which combined with their age (40-50 years old) have shown the need to be updated in order to better serve the Cheltenham community.

The Capital budget also calls for new fleet vehicles, upgrades to the Flood Control Facilities, roadway improvements and participation in a new regional streetlight procurement program, which combines the benefits with the Pennsylvania Guaranteed Energy Savings Act with the bulk purchasing power from 38 Philadelphia-area communities, to convert all Township-owned street lights, traffic signals and exterior building and parking lot lights to LED technology. The conversion process will begin in the spring of 2017 and should be completed by late 2017/early 2018. Once completed, the Township should realize a 68% energy savings which will save the Township more than \$3 million in energy and operations/maintenance costs over a 20-year period. This achieves one of the long-term energy goals in the Township's Sustainability Plan.

I am also happy to announce that in 2017, the Township will be taking on another major energy sustainability initiative, dealing with the Solsmart Program, as Cheltenham was designated as a participant in this nationwide program under the Bronze Community Criteria. The Township will be receiving free technical assistance from the Delaware Valley Regional Planning Commission for permitting, planning, zoning and development of solar energy initiatives. Look for more information to be announced about this program on the Township's website and social media in early 2017.

Another initiative that the Board of Commissioners is committed to completing in 2017 is the adoption of a new comprehensive Zoning Ordinance and Map. This planning document will help set forth the land use initiatives and growth strategies for our community which include new mixed uses, and will help generate new commercial activity and revenue, while protecting our environmental features for decades to come and future generations. It has been a document years in the making. I am hopeful in early 2017 that the Commissioners will schedule a series of public meetings and a public hearing or two, for adoption of the ordinance and map, which has been spearheaded by our Planning Commission and Economic Development Task Force.

In conclusion, I must stress that it is difficult to finalize some expenditures and revenues in early November, especially while negotiating with our three unions. The Commissioners, working with the Township Manager, will continue to analyze every aspect of the budget between now and budget adoption on December 21st. We will make every attempt to maximize revenues, cut expenditures and minimize any tax increase. We are sensitive to the impact the economic downturn has had on our residents.

Next Wednesday evening, November 9th, the Finance Committee will review this proposed budget at 8:00 PM at Curtis Hall. On November 16th, 2016, at 7:30 PM, at Curtis Hall, the Board will adopt Preliminary Operating and Capital Budgets for 2017. A formal public hearing and adoption will take place on December 21st at Curtis Hall at 7:30 PM. I encourage all residents to give their input to the Commissioners.

Thank you for your attention and good night.
