

Township Manager's Budget Message

Richland Township has had a good year financially in 2015 with the combined fund balance of the General Fund, Police Fund, Fire Fund, Traffic Fund and Volunteer Boards Fund increasing by more than \$700,000. We expect that this combined fund balance will be over \$4.5 million by December 31st. This fund balance increase will enable the Township to make critical repairs to a bridge and a culvert on an important road, S. Old Bethlehem Pike and to move forward with the construction of a new Township Park that had been placed on hold for a number of years due to financial constraints.

The major factors leading to this increase in the combined fund balance were:

- A refinancing of the Township's previously issued bonds saved about \$200,000.
- Earned Income Tax receipts increased by about \$30,000.
- There was an increase in real estate transfer tax revenue of about \$40,000.
- There was an increase of about \$85,000 in permit fees due to new construction.
- Developer contributions that were higher than anticipated and along with savings in the costs of several capital items increased the balance about \$250,000.
- Finally, there was a \$125,000 balance increase in the Fire Fund, although that was anticipated in the 2015 budget.

As mentioned earlier, the increase in the combined fund balance will allow the Township to move forward with two large capital projects in 2016. Earlier in 2015 several structural problems were discovered with a bridge and an adjacent culvert on S. Old Bethlehem Pike over Morgan Creek. The problems resulted in a significant vehicle weight limit reduction for the bridge and raised the threat of a potential road closure for a heavily traveled road. It is anticipated that permitting needed for the repairs will soon be completed allowing construction to take place in 2016. These repairs are expected to cost about \$400,000 based on the most recent estimate from the Township's engineer. In 2016 we expect to construct a new Township park on open space ground set aside in the Brayton Gardens II development and previously graded for a park by the developer. The construction of this public park will fulfill a need in the southwestern portion of the Township where there has been a lot of new home construction in recent years. The cost of this project is expected to be about \$570,000.

Other significant capital items included in the proposed 2016 budget are the replacement of a police vehicle at a cost of about \$41,000, the joint purchase of a Hot Box for patching with Haycock Township for a cost of about \$28,000 with each paying half, the purchase of a \$15,000 attachment for a Township backhoe that will provide more flexibility and efficiency for various jobs by the Public Works Department, and \$15,000 for the replacement of a radio repeater used by both the Public Works Department and the Police Department. The Hot Box for patching will allow the Township to use hot mix for road patching earlier in the spring and later in the fall and

will result in permanent pothole patches rather than temporary cold patch repairs that need to be replaced sooner. The police vehicle that will be taken out of service will be utilized by the Public Works Department. The former police vehicle that the Public Works Department has been using will likely be sold.

Although the capital projects will cause the Township's combined fund balance to decrease, the balance is still expected to be higher than \$3.7 million at the end of 2016. The Board of Supervisors previously established a policy of seeking to maintain a combined fund balance of between \$2.5 and \$3 million. We will still be above that goal. Also, in 2017 it is expected that the combined fund balance will again increase, which should allow for the consideration of other delayed capital projects such as the construction of another park and/or the replacement of the Township's municipal building.

One other thing to consider would be to replace one of our two part time police officer positions with another full time police officer. The part time positions were created in 2014 to enable the Police Department to provide coverage 24/7. One thing that was observed in 2015 was that overtime in the Police Department was higher than anticipated due to turn over among the part time officers. We have found that most part time officers would like to get a full time police job. One part time officer left to take a full time position in another department and by the time his replacement completed his in house training, one of the full time officers left to take a position in another municipality. A part time officer was promoted to full time status, which resulted in the need to hire another part time officer, who is now in training. These events have resulted in the unanticipated need for overtime to cover shifts. Although full time officers are more expensive than part time officers in terms of salary and benefits, the savings in overtime costs could offset some of the added expense and provide more hours that the Department could use for investigative activities. It is expected that promoting a part time officer would increase the Police Budget by about \$31,000 in 2016, but by the fifth year the cost would be about \$130,000 higher. This would affect both the General Fund Budget and the Police Fund Budget, since the General Fund would need to transfer additional funds to the Police Fund to cover the difference. Alternate budget sheets showing the changes may be found at the ends of the General Fund and Police Fund sections of this document.