



December 9, 2014

The Honorable Board of Supervisors
Township of West Bradford
1385 Campus Drive
Downingtown, PA 19335

Dear Board of Supervisors,

On behalf of the employees of West Bradford Township I am pleased to submit the proposed 2015 Budget for our community, for consideration at this evening's Board Meeting. This Budget Message sets forth a financial plan for our Township during the next twelve months, and calls to attention those trends, opportunities and challenges we are likely to face in the years to come.

- General Fund

For the 43rd consecutive year our Budget does not include a property tax; as of this date West Bradford Township is one of only seven Chester County municipalities without this tax. If the Township is to continue without a property tax we must maintain our commitment to deliver quality services in the most cost-effective manner possible... to operate smarter, to plan better, and to conserve resources. I believe our Budget incorporates these important objectives.

As to projected receipts, the General Fund is conservative in that it assumes revenues will not exceed that amount projected to be collected in 2014. Earned income taxes are assumed to remain steady – at approximately \$2.4 million – thanks in large measure to the diversity of employment among Township residents.

The Budget assumes the real estate market for the existing stock will remain at its current, modest level in the coming year. The Budget anticipates a slow-down in housing construction as development at Chestnut Ridge, Sawmill Estates and the Tattersall Phase V developments draws to a close. And while new construction may commence at the Bright Glade Estates, Marshallton Walk and Stargazer Village subdivisions, the Budget does not assume this will occur. As such, the Budget reflects an approximate 25% decrease in real estate transfer tax receipts and an approximate 30% decrease in building permit fees.

The Budget reflects little change in engineering fees from that projected to be received in 2014. These fees primarily fund field inspections and plot plan reviews at developments under construction and at existing dwellings. But this revenue is offset by an identical amount of expenses to pay for these services, so any deviation in this area of the Budget will have no impact to the Budget's "bottom line".

Foreign Fire Insurance and Foreign Casualty Insurance receipts are expected to remain flat in the coming year.

Excluding inter-fund transfers, the General Fund Budget represents an 11.1% increase in spending from the previous year... an increase that totals approximately \$429,000. But it should be noted that, historically, the actual year-end transfer well exceeds that budgeted. For example, the 2014 Budget included a \$640,000 transfer, and that projected to be transferred on December 31 is approximately \$1 million. If this trend continues, the level of spending in 2015 will be about 5% percent more than the level of spending in 2015.

The Township's participation in a multi-municipal health care cooperative has helped to control the rising cost of this insurance. In 2015 the average premium increase for fully-insured small group plans is reported to be 25% or more; in 2015 the premium increase for the Township's self-insured plan will be 15%. The increase is attributable to higher than average claims paid during the previous year, and certain fees levied by the Affordable Care Act. Township claims may well ebb in the coming years, but the full impact of the ACA is not known, and the Township must continue to monitor future health care trends in this regard.

In 2012 the Township implemented a truncated inspection schedule during off-peak building months (i.e., winter). This arrangement allows for a more effective use of personnel and resources without impact to the quality of inspection, and with minimal inconvenience to our customers. The truncated inspection schedule will be continued in 2015.

Unfunded mandates continue to challenge the Township's financial position. New stormwater regulations imposed by the US Environmental Protection Agency and the Pennsylvania Department of Environmental Protection may cost our residents more than one million dollars in the coming decade. By mid-2015 the Township expects to learn the extent to which our municipality will be subject to this stormwater mandate.

Lastly, the General Fund Budget continues in its strong support of organizations that help to protect and preserve a higher quality of life in West Bradford Township... including the West Bradford Fire Company, West Bradford Youth Athletics, Downingtown Senior Center, Downingtown Area Recreational Consortium and the Downingtown and Coatesville Area Libraries. Additional assistance is provided to the Downingtown Library, for the construction of its new library, and the West Bradford Fire Company, for the preventative maintenance of its emergency vehicles. We support these important organizations because we know that, by working together today, we can best address the challenges of tomorrow.

- Refuse Fund

The Refuse Program continues to impress... and seemingly always meets, and often exceeds, the high expectations of our residents. Thanks to the efforts of our Public Works team and a continuing campaign to promote recycling, the annual tonnage of single-stream materials collected continues to rise.

In November 2014 the Township executed a processing and marketing agreement for recyclable materials. Under this agreement the Township receives \$7 for each ton of materials it collects and delivers to the recycling facility, an increase from the \$5 per ton the Township had received in recent years. But the agreement's biggest benefit is the assurance our municipality will not pay to dispose of recyclable materials. This means that, for each ton of recyclable materials diverted from the waste stream, the Township saves the tipping fee charged at the landfill. In 2015 the Township will pay a \$63 per ton tipping fee at the landfill.

The Refuse Fund includes a \$0.75 per month increase to the refuse fee; the proposed fee for a single-family property is \$241 per year. The increase is needed to properly maintain the refuse collection vehicles, and to provide for higher personnel and tipping fees.

- Highway Fund

In 2015 the Township will continue implementation of its twenty-year roadway program. This program is designed to maximize the useful life of infrastructure through proactive maintenance efforts and best management practices. Continuation of the roadway program is critical to ensure an extreme financial liability does not burden the next generation of residents. The Public Works Department will prepare a list of roads to be resurfaced in early 2015, and re-evaluate this list at winter's end.

The Commonwealth's estimated Liquid Fuel Funding for 2015 is projected to increase by approximately 6.1%. The increase in funds is attributable to transportation legislation adopted in 2013 that promises to gradually increase our Liquid Fuels allocation by 60% in the coming years. With these additional funds the Township has increased the roadway resurfacing and repair budget by an impressive 30%.

Even with additional state funding, the Township will continue to maximize the value received for each dollar spent on roadway maintenance. To this end the Township will continue participation in a multi-municipal paving cooperative that delivers considerable savings through the joint purchase of materials and services, and the joint use of an in-house labor crew. In addition, the 2015 Budget continues to fund the non-materials portion of the roadway program through the General Fund. The Township assumes that the increased level of state aid still falls short of that needed to meet our roadway maintenance demands, and is committed to providing the supplemental General Fund dollars required to properly maintain this infrastructure.

- Hydrant Fund

The Hydrant Fund will retain the \$25 annual fee currently assessed to each property located within 780 feet of a fire hydrant. The Budget does not assume the installation of additional hydrants in 2015.

- Sewer Fund

As it ages, the Township-owned sanitary sewer system incurs higher maintenance and repair expenses. To minimize these costs the Township has developed a public education program to encourage the proper use of the sewer system, with the goal of maximizing the useful life of the system's approximately 400 grinder pumps, 20 miles of conveyance lines, two pump stations and two wastewater treatment plants.

In 2013 the Township established a capital reserve plan to replace sanitary infrastructure. This plan is modeled after the Township's twenty-year roadway program, in that it aims to ensure an extreme financial liability does not burden the next generation of residents. In order to reserve the required funds, an annual contribution of \$318,000 must be made until, at minimum, 2022. The 2015 Budget utilizes approximately \$122,000 in accrued reserves toward this annual charge, so to soften the rate increase for the coming year.

The Sewer Fund includes a \$13.75 per month increase to the sanitary sewer fee; the proposed fee for a single-family property is \$1,090 per year. This increase is primarily driven by (1) the above-noted capital reserve contribution, and (2) the additional debt service incurred in 2014 when the Township purchased the remaining capacity at the DuPont Wastewater Treatment Plant from the developer that constructed the plant. The sanitary sewer rate will continue to increase if new connections to the system are not made. At present, the system is operating at approximately 60 percent capacity. Rate increases may be expected to stabilize when all planned connections are made.

- Capital Fund

The Township refinanced its bond debt in 2012, for a savings of approximately \$59,000 per year for the next 20 years. A good portion of this debt service is paid through the Capital Fund (with the balance paid through the Sewer Fund). A lower debt service payment will facilitate the building of reserve funds for future unforeseen expenses.

The Capital Fund includes \$1.2 million for the construction of a garage for the Township's refuse collection vehicles. By housing the fleet under roof the Township aims to decrease maintenance costs and increase the useful life of each vehicle. With the cost of each new vehicle approaching \$300,000, working to better protect this equipment will pay substantial dividends in the years to come.

The 2015 Budget likewise includes \$64,500 to prepare a master planning for Township's third community park, located at Lieds Road. The Township will seek grant funding to fund these improvements, which are likely to begin no sooner than 2016. The Capital

Fund also provides for improvements at our existing parks, including upgraded support amenities throughout the parks system.

The Capital Fund likewise provides for the replacement of three computer workstations. This investment will allow the Township to utilize the technologies needed to deliver services in a cost-effective manner.

- Equipment Fund

The Equipment Fund provides for the purchase of a stake-body truck to be utilized by the Refuse Department, and a pick-up truck and small dump truck to be utilized by the Road Department. The purchases replace existing vehicles that have been fully depreciated during their service with the Township, and presently possess no substantive useful life. The Equipment Fund likewise provides \$40,000 for repairs to the sanitary sewer system.

Sincerely,



Tommy Ryan
Township Manager

West Bradford Township will continue to provide service on the basis of what is affordable to our residents today, and what will not become a burden on them in the future. To do this, we make a commitment to consider where we are today and where we must be, and embrace and promote those changes necessary to be ready for tomorrow. The employees of West Bradford Township pledge to explore ways we can improve what we do, so to enable the Board of Supervisors to perform to the best of their ability, to assist our volunteers to provide meaningful service, and to maintain our Community as a leader among communities.