



PROPOSED 2022 BOROUGH BUDGET STATEMENT

TO: Jenkintown Borough Council
FROM: George Locke, Borough Manager
RE: Proposed 2022 Borough Budget
DATE: December 9, 2021

The Proposed 2022 Budget Statement begins by recalling the decisive actions that Council took last year for 2021 as the COVID crisis was unfolding. The stated goal of not increasing Real Estate Taxes due to the ongoing crisis was achieved through utilizing innovative financial methods during the 2021 Budget planning as well as taking unprecedented necessary steps. The Borough was able to loan the General Fund revenue from the [18] Street Tax Fund. Additionally, tax millage was diverted from three other Funds ([04] Fire Equipment Fund .35 mils, [05] Library Fund .1 mil and [20] Debt Fund .22 mils to the General Fund to replace the tax revenues that had been lost as business activity in the borough declined. In addition to the movement of millage, furloughing of one police officer, one non-uniformed police employee, and one borough administrative employee, as well as spending the anticipated 2021 year-end balance in the General Fund to near zero and advising every Department of the Borough to keep expenditures to a minimum assisted in achieving the goal of not increasing Real Estate Taxes.

Planning for the 2022 Budget began in late July of this year and was undertaken by a team of Professionals with a strong sense of responsibility and commitment. Comparison and elimination exercises on proposed projects, expenses and careful estimation of possible revenues had taken place. As the largest fund and containing the lion share of operations, the [01] General Fund could not be balanced with the current dedicated millage allocated.

There are seven Funds in the Borough Budget that receive Real Estate Tax through millage. In this Proposed 2022 Budget it is proposed to return previously diverted to the General Fund millage at the following rate: .1 mil - [05] Library Fund, and .16 mil - [20] Debt Fund. The current plan is to return the remaining .02 mil to the [20] Debt Fund and .35 mil to the [04] Fire Equipment Fund in 2023.

The largest portion of the Borough Budget [01] General Fund revenues are generated from Real Estate Taxes paid by Residential and Commercial Property Owners. Montgomery County Real Estate Assessment of Jenkintown Borough overall is down \$690,050 from 2020. There remains one unresolved re-assessment case before the courts from 2021, on a large Commercial property, it will be a multi-year retroactive payment if an assessment reduction is ordered and could possibly be a six-figure payment for the Borough.

The next largest portion of the Borough Budget [01] General Fund revenues are generated from the Act 511 Taxes, which are mostly paid by Businesses, Employers and Commercial Property Owners. Those revenues had been decimated by the COVID-19 worldwide pandemic that struck in 2020 and the Borough has been negatively affected further in this category by several large businesses moving from the Borough,

most recently Glanzmann Subaru. While the 2021 Act 511 Total will be approximately \$22K more than the 2020 Act 511 Total, it will still include Glanzmann Subaru tax (shared 50/50 w/JSD) which will no longer be submitted in 2022. 2021 Act 511 Total is \$330,945 less than the 2019 Total and \$518,068 less than the 2018 Total.

BPT taxes are estimated and paid the year in advance and for that reason there is caution that some businesses could file for a refund on overpaid taxes during this tax cycle. The Borough protected itself the best it could by allowing a lesser initial rate to be paid (80%) and extending the deadline to reduce the chance of the over payment occurring.

It should be noted that an approximate projected ending deficit in the [01] General Fund of \$54K in 2021 will be satisfied by a borrowing from [18] Street Tax Fund. The funds will be on the budget line, transferred within the budget and be part of the annual audit. There will be a few large invoices typically paid in December that will be paid in January 2022, this includes the JPD 'Contract Option' annual sell back of unused sick time (approximately \$82K. PBA notified in writing).

In addition to the loss of tax revenue, non-discretionary expenses have increased, the legal settlement the Borough entered with Wells Fargo Financial to return a portion of the tax money they had improperly paid to the Borough over many years began in 2021, creating a new expense in the amount \$92,400 annually for five years, expiring in 2025. This amount is equal to .34 mils of General Fund millage and this portion of an increase could be re-evaluated as this debt expires.

During the 2021 Budget process Borough Council and the JPBA worked to reduce expenses and lessen the necessity for both of the proposed two Police Officer furloughs in that Budget. Borough Council and the JPBA Bargaining unit agreed to a memorandum of understanding that included concessions for 2021 that reduced expenses and eliminated one furlough. The M.O.U. concessions had a significant one-time savings but did not quite garner all of the savings hoped for and will not be repeated in 2022. Some of those reductions included; reduction in the Chiefs salary, Furloughing the PD Civilian Clerk and Double time Holiday pay and Longevity for the PD Employees. As they have throughout, Borough Council remains committed to all contractual commitments to the JPBA, including a 4.25% in 2022, and a healthcare package which covers 99% of all health care costs, including all deductibles. The Borough also remains committed to full funding of pensions for both uniformed and non-uniformed Borough employees.

The Borough was fortunate to be allocated \$462,637.92 through the American Rescue Plan Act of 2021 and that is shown as revenue in the [01] General Fund in two equal parts in June of 2021, and again in June 2022. These Federal funds can be used for specific purposes and were vital in assisting to close our Budget shortfall, they will need to be accounted for and reported beginning in April 2022. Please note that the ARPA funds will not be available in the 2023 Budget {\$231.318.96}.

Proposed 2022 Budget - [01] General Fund – projected budget deficit of approx. \$223K is overcome by Tax millage increase of 1.5 mill (generating \$421K) and furlough of 1 PD Officer (generating \$90K net) recommended due to obtainable goals and sustainable nature of remedy factors; millage increase to cover rising expenses, eliminating fund balance deficit, creating contingency for expected incoming expenses, returning fund balance to acceptable government accounting standards and creating more sustainable future expenses. This will leave the 2022 General Fund with a projected Fund balance of \$183,753, and a reduced expense of approximately \$125K heading in to 2023.

A 1.5 mill increase (17.5%) on average property assessed at \$150K = \$225.

[09] Solid Waste Fund –This Fund does not receive Real Estate millage. The expenses should be covered by the revenue (fees charged). Currently the [09] Solid Waste fund has a \$7,500 deficit, due to the fund balance depleted over the length of contract. This was the result of both the expenses incrementally being increased and revenue remaining the same as well the accumulation of delinquent accounts. The Borough has performed a comprehensive review of all delinquent accounts and initiated a computerized collection program to capture those delinquent funds which will assist to stabilize the Fund while easing the burden to account holders in good standing. The current contract has been in place for five years and the annual fee is/has been \$212. The Contract with Republic Services our curbside waste and recycling collector will expire in March 2022 and needs to be placed for Public Bid. Research is showing that a 30% increase in cost for services can be expected with the new contract. To confirm, contracts awarded recently are showing a 30% increase in cost (labor/fuel costs).

As a result of the information provided above the solid waste annual fee will need to be set at \$275 for the 2022 Budget. This is expected to be a three-year contract with an optional two-year period, if this fee amount can/needs to be adjusted it will be reviewed during the 2023 Budget cycle.

All other Budget Funds that are assigned Real Estate Tax millage are in a positive fund balance that fall within recommended Government accounting guidelines and will not need further attention this budget cycle.

In this light, I'd like to present to Borough Council the Proposed 2022 Borough Budget, totaling \$9.1 million dollars

The 2022 Borough Budget represents a funding plan of action for some of the following highlighted Operations and Projects that are important to maintaining the operation of the Borough, some of them are listed below:

Public Safety through the beloved Jenkintown Police Department and two historic fire companies comprising the Jenkintown Fire Department.

Economic Development partnerships with Montgomery County Planning Commission, Implementation of the 2035 Comprehensive Plan, Re-writing Subdivision Land Development Ordinance, Zoning, Land Use, Commercial Land Use, Commercial Re-Development, Residential Land Use, Land Development Projects.

Parks and Open Space Cedar Street Park completion and Town Square rehabilitation, Tree trimming, Gazebo work, Shade Tree Commission.

Public Funded Projects Continue Pursuing Federal, State and County Funds for Necessary Projects. Borough Hall roof, Sanitary sewer mains, Public Parks, ADA ramps, Paving projects, Traffic studies,

Infrastructure management of Public Utility Construction, Road Paving Project, Concrete Curb and Sidewalk Compliance Program, ADA Curb Ramp Program, Signage, Traffic Calming and Safety Measures.

Stormwater Public Works storm water project, SWO compliance certification of Land Development projects.

Sustainability Environmental Advisory Committee, recycling improvement efforts, collection vehicles, collection bins, hired reporting consultant, EV stations.

2021 - MAJOR ACCOMPLISHMENTS

- **Grant Funding** – The Borough Administration through the Administration and Finance Committee, identified grant funding sources for necessary Revitalization, Capital Project/Infrastructure projects within the Borough. The Borough administered over a half a million dollars in grant funding and applied for additional three hundred thousand in grant funding for projects in 2021. Additionally, the Borough filed a joint municipal grant application with Abington Township to improve pedestrian safety, upgrade traffic control lights and mitigate flooding at the intersection of Washington lane and Greenwood Avenue. That joint Municipal grant was awarded in the amount of one (1) million dollars.
- **Sanitary Sewer Projects** – The replacement of the sanitary conveyance system carrying Borough sewer through Cheltenham Township and on to the Philadelphia wastewater treatment plant began in late 2017. The Borough’s portion of the repair is approximately one and a half (1.5) million dollars. In preparation for this project Jenkintown Borough commissioned a sewer rate study and set the sewer rate so that the cost of financing this project would be accounted for. The additional funds realized by these actions appear to be adequate to have covered the projected initial construction costs. In 2017, the first payment of \$210,000 was made for construction costs associated with this project. The Borough will be bidding this borrowing to obtain the lowest possible interest rate and costs. The importance of the installation of this conveyance cannot be overstated. The Borough has been under strict regulatory control by the PaDEP as it applies to sanitary sewer flow and connections. Installation of this conveyance system and continued repairs of Borough owned sewer mains will reduce and eventually eliminate the strict controls imposed by the PaDEP.
- **Parking** – Continued cultivating cooperative parking share agreements with property owners to provide nighttime parking for Borough businesses. Modernization of parking meters and upgrades to kiosk pay stations.
- **CLEARGOV** – Implemented financial reporting software “CLEARGOV” that allows for public access and review of all Borough funding revenues / expenditures. Jenkintown Borough was the first Municipality in Pennsylvania to provide this software, placing the Borough in the forefront of Municipal financial transparency.
- **Information Technology** – Continued to improve electronic communications and social media platforms including the new Borough website and Facebook page. IT improvements included providing ‘live real time feed” of all Borough Council meetings on the Borough website and IT security upgrades.
- **Municipal Planning** – The Borough Planning Commission undertook a re-writing of the Borough Sub-Division and Land Development Ordinance. (SALDO).

- **Highway Safety** – Continued Borough wide street sign replacement program with high reflectivity signage. Implemented replacement and installation of traffic safety striping with upgraded thermo-plastic material. Studied traffic safety on several streets. Gained approval of “Safety Plan for York Road RT 611” by PennDOT that Borough can now seek financing to implement.
- **Revitalization** – Maintained cooperative efforts with developers and property owners to populate the commercial districts and to assist to revitalize the business district. Worked on several incoming developments.
- **School Zone Safety** – Completed Phase one of project for installation of the School Zone Safety signals on Walnut Street to Hillside Avenue. Phase one was design and PennDOT approval. Second and Third phase to include funding and construction.
- **Borough Code Update** – Reviewed and revised Borough Code Chapter 156 Streets & Sidewalks bringing the Code current with improved construction means and methods as well as current Borough standards. Reviewed and revised several Chapters of Borough Code including fire safety.

2022 - GOALS

- **Community Planning** – Continue to foster our productive partnership with the Montgomery County Planning Commission. Work to adopt, enact and begin implementing “Jenkintown 2035” Jenkintown Borough Comprehensive Plan, update the Revitalization Plan.
- **Grant Funding** – Work to identify, obtain and apply for grant opportunities that meet the Borough’s specific needs. Creative grant writing will be employed to identify funding sources that either, do not require matching funds mor will allow funds from non-traditional sources.
- **Highway Safety** – Seek funding to implement newly approved “Safety Plan for York Road RT 611” by PennDOT. Continue to monitor traffic on secondary roads. Implement traffic calming when warranted.
- **Cedar Street/Moretti Parklet** – Coordinate with the Parklet Sub-Committee, DCNR, DCRPC and MCPC to complete the open space project on Cedar Street. Once complete the focus will shift to maintenance programs and closure of the grant funding.
- **Sanitary Sewer Projects** – The replacement of the sanitary conveyance system carrying Borough sewer through Cheltenham Township and on to the Philadelphia waste water treatment plant began in late 2017. The Borough’s portion of the repair is approximately one and a half (1.5) million dollars. In preparation for this project Jenkintown Borough commissioned a sewer rate study and set the sewer rate so that the cost of financing this project would be accounted for. The additional funds realized by these actions appear to be adequate to have covered the projected initial construction costs. The Final phase is under consideration by the new owners of this system Aqua Pennsylvania, and a final cost estimate is forthcoming. A new sewer rate study was commissioned by Council in 2021 and will be completed in 2022 to ensure the proper fee schedule is continued to be set to sustain the sanitary sewer system and operations. The importance of the completion of this conveyance cannot be overstated. The Borough has been under strict regulatory control by the PaDEP as it applies to sanitary sewer flow and connections. Installation

of this conveyance system and continued repairs of Borough owned sewer mains will reduce and eventually eliminate the strict controls imposed by the PaDEP.

- **Joint Municipal Partnerships** – Continue to negotiate and foster cooperative projects with neighboring municipalities in order to continue stormwater, sewer, paving and traffic/street lighting projects at a cost savings to the Borough tax payers. Washington Lane and Greenwood Avenue intersection safety and flooding improvement work with Abington Township.
- **Infrastructure Upgrades** – Complete the stormwater effect evaluation and prioritize future stormwater projects. The 2022 Cedar Street DCED Flooding project. The 2022 Borough paving project and storm water inlet replacements / repairs.
- **Street Sign Replacement** – Continue the Borough wide street sign replacement program with high reflectivity signage.
- **JSD** – Remain committed to fostering our partnership with the school community and to coordinating efforts when and where possible. Assigned Councilor to the JSD coordination meetings.
- **Commercial Growth** – Continue efforts to welcome businesses into the borough and to administer Council’s policy of consciously balancing a business friendly atmosphere while insuring the required codes and laws are followed.
- **Capital Plan** – Establish a formal plan for repair and replacement of Borough owned assets.
- **Community Well-Being** – Continue administering Council’s policies in order to ensure that Jenkintown Borough continues to be an inclusive, safe, family-friendly desirable community to live. Re-appointments and renewed efforts of volunteer committees such as the Human Relation Committee. Environmental Advisory Committee and the Shade Tree Committee.

2022 total assessed valuation, provided by Montgomery County is \$286,483,789. The tax millage is allocated as follows, based on a 98% collection rate:

General Fund	7.240 mills	\$1,992,007
Street Light Fund	0.202 mills	\$55,578
Fire Protection	0.600 mills	\$165,083
Fire Apparatus	0.100 mills	\$27,514
Library	0.826 mills	\$227,265
Street Tax	0.265 mills	\$72,912
<u>Debt Service</u>	<u>0.820 mills</u>	<u>\$225,614</u>
Total Real Estate Tax millage	10.053 mills	\$2,765,973