

# CHALFONT BOROUGH

## **ELECTED OFFICIALS**

Mayor: Marilyn J. Becker  
Council:  
President: John R. Engel  
Vice President: John L. Abbott  
Tracey Bowen  
Jeffrey Coddington  
Marilyn Jacobson  
Michael Kelly  
Michael Horvat



## **APPOINTED OFFICIALS**

Manager/Treasurer:  
Sandra Brookley Zadell  
Secretary:  
Amy Keller

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Chalfont, PA 18914  
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[www.chalfontborough.com](http://www.chalfontborough.com)

December 7, 2015

## **Chalfont Borough Council,**

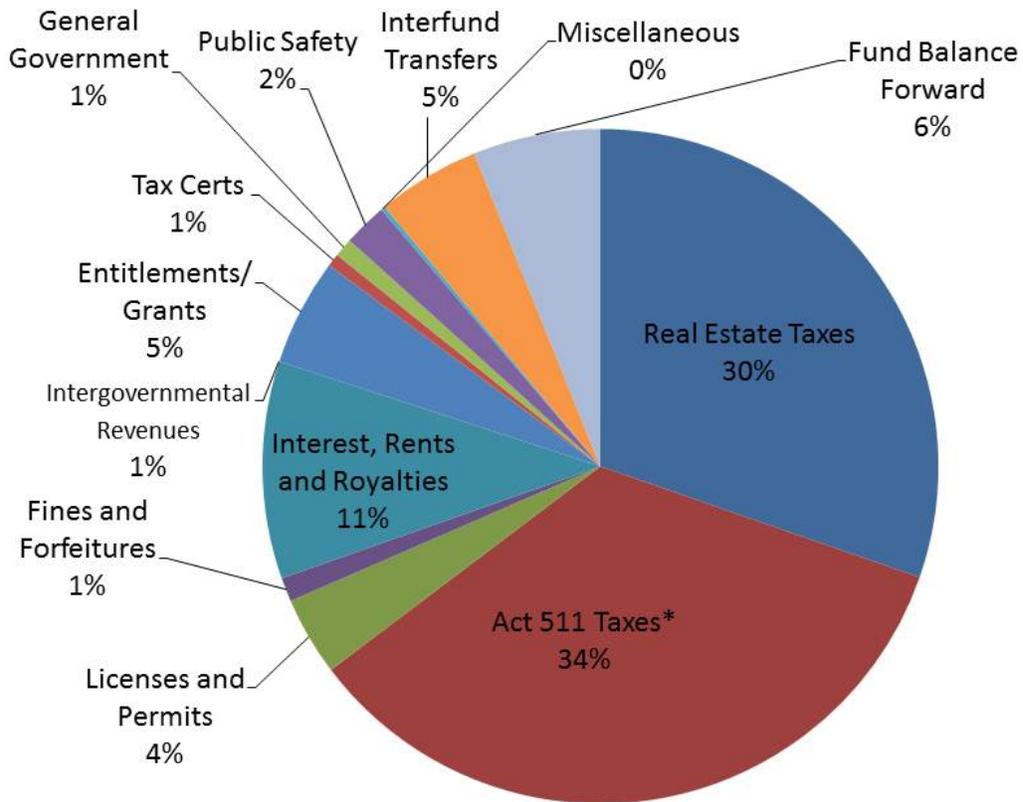
The 2016 Chalfont Borough Preliminary Budget is respectfully submitted to the Council and citizens of Chalfont Borough. As presented, the Budget maintains the current tax rate of 15.25 mills.

The forecasted beginning fund balance for 2016 totals \$368,014. A total of \$2,955,943 in revenues is anticipated with \$3,210,442 proposed in expenditures over all six funds, leaving a fund balance of \$113,515. The breakdown of revenues and expenditures is listed below:

<b>Fund</b>	<b>Forecasted Beginning Fund Balance</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Year End Fund Balance</b>
General	\$148,457	\$2,287,748	\$2,436,205	\$0
Capital Improvement	15,642	63,557	63,457	15,742
Recreation	2,582	25,020	22,598	5,004
Liquid Fuels	38,694	112,100	113,714	37,080
Water Fund Reserve 2	162,639	13,050	120,000	55,689
Grants	0	454,468	454,468	0
<b>Total</b>	<b>\$368,014</b>	<b>\$2,955,943</b>	<b>\$3,210,442</b>	<b>\$113,515</b>

## **General Fund Revenues**

The largest two revenue sources in the General Fund are the Act 511 Taxes (Real Estate Transfer, Earned Income, and Local Service Tax) at 34% and Real Estate Taxes at 30%. Interest, Rents, and Royalties is the third largest, making up 11% of the Borough's Annual Revenue. See the following chart for more information.



**General Fund Revenues**

**Real Estate Tax**

The 2016 Budget proposes a General Real Estate Tax of 15.25 mils. This levy equates to an average annual tax of **\$466.93 (assuming a 2% discount)** for a taxpayer with a property assessed at \$31,243, the median assessed housing value in Chalfont Borough.

In 2015, that same property owner paid **\$710.34** in Real Estate Taxes to Bucks County and **\$3,792.08** to the Central Bucks School District.

The real estate tax amount in the 2016 Budget accounts for the majority of the residents taking advantage of the 2% discount period, which over 88% of Chalfont taxpayers did in 2015. The breakdown of Real Estate Taxes can be seen on this actual 2015 Chalfont Borough Tax Bill.

2015 COUNTY & MUNICIPAL REAL ESTATE TAX BILL  
 Chalfont Borough – Bucks County  
 Parcel Number: [REDACTED]

**TAX COLLECTOR COPY**

Tax Bill No: [REDACTED]

Tax Description	Assessment	Rate	Discount (-\$31.19)	Face	Penalty (+\$155.98)
County R/E Tax	38800	23.2000	\$ 882.16	\$ 900.16	\$ 990.18
Borough R/E Tax		15.25	\$ 579.87	\$ 591.70	\$ 650.87
Fire Tax		1.25	\$ 47.53	\$ 48.50	\$ 53.35
Ambulance Tax		0.50	\$ 19.01	\$ 19.40	\$ 21.34

Payment requested from: [REDACTED]  
 CHALFONT, PA 18914-2820

If paying after December 15th: Only official bank checks or certified checks will be accepted.

**PAY THIS AMOUNT** ⇨ \$ 1528.57

IF PAID BY 4/30/2015	IF PAID BY 6/30/2015	IF PAID AFTER 6/30/2015
\$ 1528.57	\$ 1559.76	\$ 1715.74

Liens Will Be Filed After: 12/31/2015

Payable to: Chalfont Borough  
 40 N Main St, Chalfont, PA 18914

*Important payment information on back*

This resident's property is assessed above the average in Chalfont. For the discount period in 2015, they paid \$882.16 (58%) in County Taxes, \$579.87 (38%) in Borough Taxes, and an additional \$66.54 (4%) for Local Fire and Ambulance Taxes.

**Earned Income Tax**

The Chalfont Borough Earned Income Tax rate is one half of 1%. This revenue source is expected to generate \$705,000 in 2016 and is approximately \$14,000 more than we budgeted in 2015 which represents a 2.03% increase.

According to the 2010 Census, the median annual household income in Chalfont Borough is \$91,019, which translates into an average annual earned income tax payment of \$455 (estimated). This is a substantial increase from the 2000 Census, where the median annual household income in Chalfont Borough was \$63,491, which translated into an average annual earned income tax payment of \$317.

This and other U.S. Census data for Chalfont Borough will be included in the Supporting Documents section of the 2016 Budget Packet.

**Other Taxes**

Real Estate Transfer Tax

The Real Estate Transfer Tax (RETT) is levied at one half of 1% of the value of all real estate that is transferred within Chalfont Borough. Revenue is budgeted for 2016 at \$90,000. This line item is experiencing a 20% increase over the 2015 budget.

Local Services Tax (Formerly the Emergency and Municipal Services Tax)

Act 205 of 2007 changed the name of the Emergency and Municipal Services Tax (EMST) to the Local Services Tax. This tax is levied on all individuals that work within a municipality.

Anticipated revenue in 2016 is estimated at \$42,000. Keystone Collections has advised the Borough to estimate a \$42,000 return for 2016. There is no increase to this line item over the 2015 budget. It is important to note that the Borough only retains half of that money. Per a Council vote in 2009, Chalfont Borough provides 25% of the LST to the Chalfont Fire Company and 25% of the LST to the Chal-Brit EMS. This is in line with the guidelines established for the LST to support public safety services in the community.

### **Fund Balance**

The 2016 Budget's General Fund Balance Forward for 2015 is estimated at \$148,457. It is the intent of the Council to utilize the previous year's fund balance to assist in balancing the budget, which enables us to maintain the current tax rate and encourages fiscal transparency.

The Fund Balance Forward is withdrawn from our unrestricted reserve fund, which is also used in the event of emergencies. The Government Finance Officers Association (GFOA) best practice on unrestricted general fund balances to recommend that general purpose governments maintain at a minimum an unrestricted general fund balance of no less than 2 months of regular general fund operating expenditures. This amounts to 16.7% of regular general fund operating expenditures, which for the 2016 Budget is approximately \$411,810.

Chalfont Borough will still maintain a healthy unrestricted reserve fund balance. As of the 2014 Financial Audit, Chalfont Borough had \$727,827 in reserves. Our 2015 Estimated Fund Balance will be \$578,827; in 2015 we will withdrawal \$149,000 leaving our fund balance percentage at an estimated, healthy 17.66%.

It should be noted that in 2017 we estimate we will only be able to utilize approximately \$18,500 in reserve fund forward to help balance our budget. We are going to need to plan for a potential \$131,000 revenue reduction in our 2017's budget. That may change depending on any potential surplus in 2016.

### **Intergovernmental Revenues**

State law requires the home municipality to provide worker's compensation coverage for its volunteer fire and ambulance squads. Since Chalfont Volunteer Fire Company is in the Borough, we provide this coverage, and New Britain Township and New Britain Borough pay us a share according to a population calculation. The municipal co pay will now be shown as an offset to the workers comp expense line item.

### **Zoning/Subdivision/Land Development Fees and Building Permits**

The Borough is anticipating several development projects to get underway in 2016:

Butler-Bristol Gateway: Conditional Land development approval for this project was issued in May of 2014. Sketch plans submitted to date have included a Giant gas station, Univest Bank, and commercial flex space. We hope to see movement on this development in 2016.

Chalfont School: The Moser Group plan was given conditional approval in September of 2014. Their plan was to create 25 apartment dwelling units within the existing school building as well as several new townhouse units, all located within walking distance to the Chalfont Train Station. In September 2015 the Zoning Hearing Board issued a decision allowing for a change to the proposed development, and the applicant brought a sketch plan to the Planning Commission in August 2015 for a development consisting of 18 townhomes and 4 apartments.

Hellberg: Sketch Plans have been submitted for this property and the Lenape Valley Swim Club property for a new development of small lot single family homes. A conditional use was granted in July 2015 for approval for a B12 Planned Village Development on these properties. We expect to see full land development plans for these properties in 2016.

Brighten Place/St. James Church: Conditional Preliminary/Final Plan approval was granted in May of 2015 for a high density residential use at the Brighten Place site with a restaurant use at the St. James Church. Demolition began in 2015 and we expect full construction in 2016.

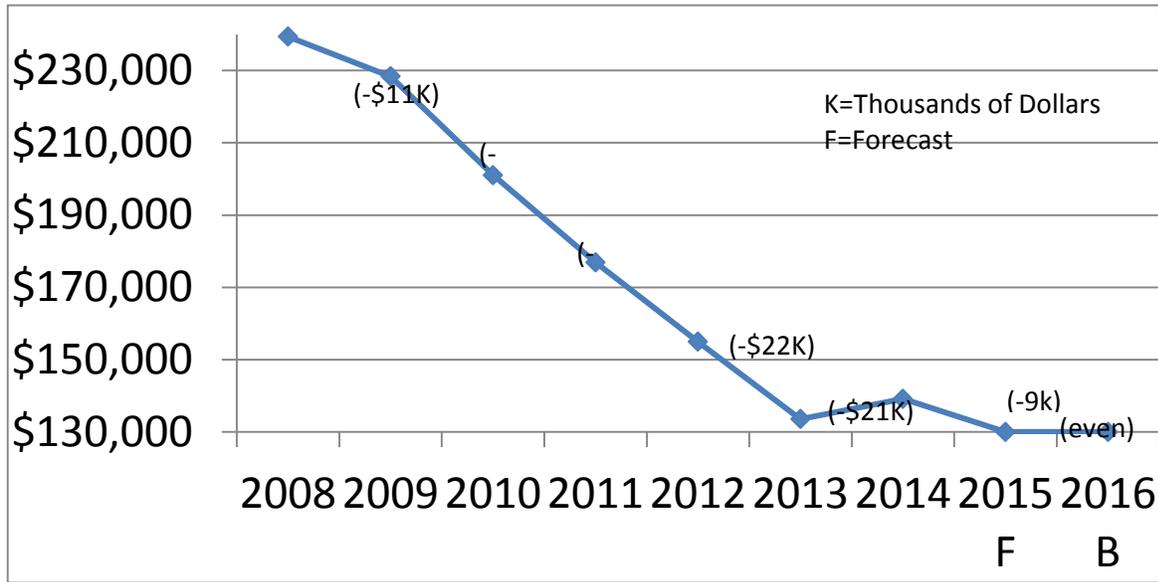
In 2015 Council authorized the creation of the Blighted Property Review Committee. This committee has worked with property owners to resolve blight in town. Although this committee has little budget impact, it should be noted in this message, as it was one of our main initiatives this year. It resulted in the cleanup of the Car Wash property and demolition at Butler and Bristol Roads, as well as improvements at other smaller properties in town.

## **Investments**

### Water Fund

The Water Fund total is currently \$4,289,093. This fund is invested in government backed bonds per Federal Government Regulations and Borough Ordinance #343. The Borough is fortunate to have an investment advisor who continues to locate comparatively high investment returns, however the Borough is at the mercy of the economy, and these returns steadily decreased from 2008 until 2013. 2014 was the first year that we projected positive movement in the Water Fund and we expected similar movement in 2015, but revenues fell short of expectations. In 2016 we are budgeting to match our actual earnings in 2015, as we don't expect a big rebound at this time. We have been consistently seeing bonds between 3% and 4% again, whereas in the past few years those numbers were unheard of in the marketplace. As a bit of history, in 2007 we were buying bonds at over 5% interest.

**Water Fund Interest (Before 10% Transfer to WF 2)**



Pension

The Minimum Municipal Obligation for 2016 is budgeted at \$123,434 for the police and non-uniformed plans. This obligation is offset by \$82,000 (estimate) in revenue from the Commonwealth, making the Borough’s out-of-pocket expenses for both plans total \$41,434.

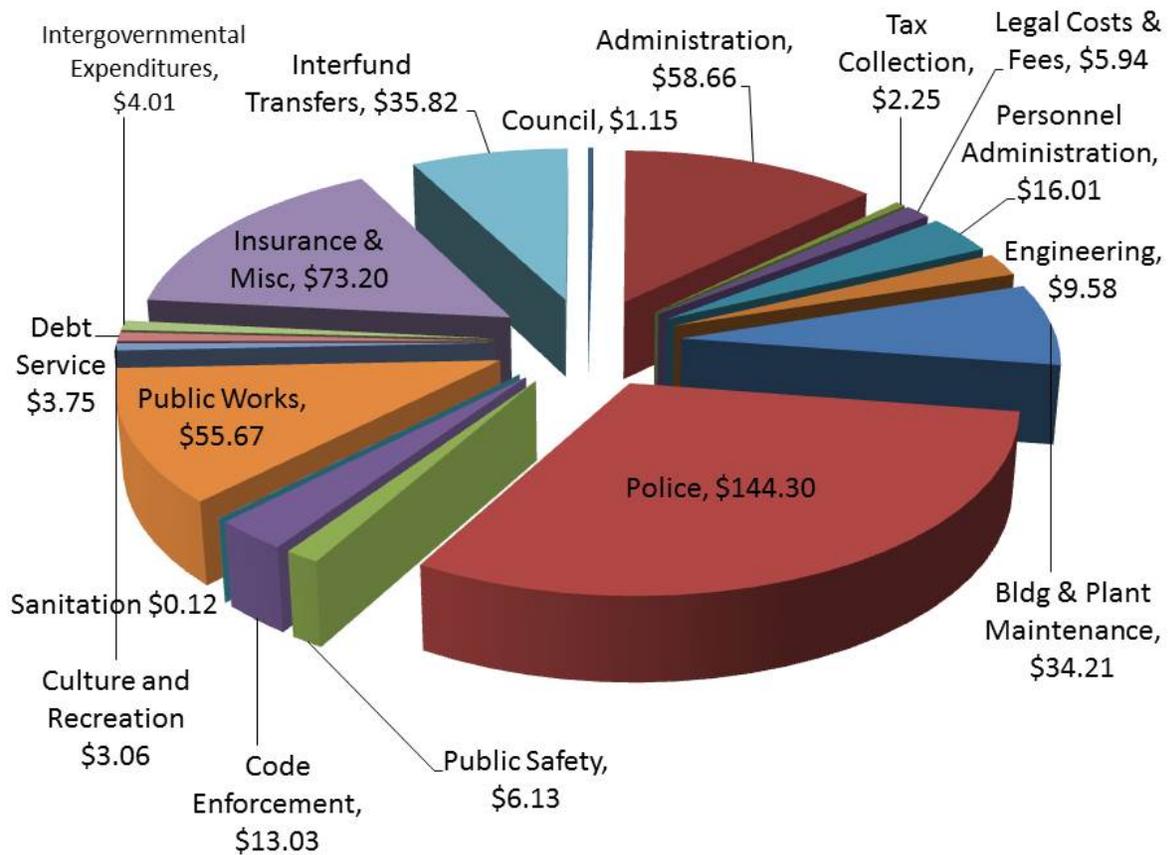
As of our January 1, 2015 Valuation report, the Borough’s Police Pension Plan is 83% funded. This is an increase over our previous valuation at 79%. This change was the result of some changes to actuarial assumptions Council recommended during this valuation. They chose to reduce our assumed interest rate from 7.25% to 6.375%.

Our pension status does not warrant any concern or additional action necessary on the part of the Borough. The Borough has a young department and time to meet our full funding obligation. Per the 2015-2019 Police Collective Bargaining Agreement, the police officers contribute 5% of their salaries to the Pension Plan.

**General Fund Expenditures**

The largest expenditure categories in the General Fund are Police, Insurance, Administration, and Public Works. Instead of simply showing the percentage breakdown of the General Fund, the following chart shows exactly how the average property owner’s local tax dollars of \$466.93 will be spent.

## General Fund Expenditures – Average Tax Payer Breakdown



### General Fund Expenditure Highlights

#### Personnel

In 2016, Chalfont Borough will employ 14 full-time and 1 part-time employee. Notable changes included the retirement of the Borough Secretary and the hiring of a New Borough Secretary to replace her.

Chalfont Borough Council voted in the fall of 2015 to join Central Bucks Regional Police Department beginning January 1, 2016. At this time a contract is being negotiated with the Police Benevolent Associations of Central Bucks Regional Police Department and Chalfont Borough. As these negotiations are ongoing, and we aren't yet sure of the outcome, we have to budget assuming there will be a Chalfont Borough Police Department next year. We hope to get more clarity in this issue over the next few months.

Non-uniform wages are budgeted for 3.25% increases on average.

#### Insurance Costs

Health and Dental Care Insurance is purchased through Delaware Valley Health Trust (DVHT), a municipal insurance pool. In 2016, our health insurance costs will increase by 5.16 % which is a very modest increase compared to commercial plans.

In the past several years, Chalfont Borough has opted to utilize our Rate Stabilization Fund. This rate stabilization fund allows DVHT member municipalities to offset rate increases. Chalfont Borough currently has \$21,328 in the DVHT rate stabilization fund. We are opting to use \$21,000 in 2016.

The Standard Insurance Company is the provider of the Short Term Disability, Long Term Disability, Life Insurance and Accidental Death and Dismemberment (AD&D) Insurance which is also brokered through the Delaware Valley Insurance Trust (DVIT) with no premium rate change.

DVIT provides Property & Liability Coverage and the 2016 rate will decrease 2% from the previous year. 2016 Heart and Lung Act premium of \$1,500 will be paid by the Trust. We will need to include an estimated increase of \$1,500 in 2017 for this same item.

DVIT provides Workers' Compensation Insurance and the rate will be increasing approximately 3% over last year's premium. We are pleased that the DVIT board is working hard to help mitigate costs.

Since the Borough belongs to all three Delaware Valley Trusts, we receive a multi-trust discount on the Health (2.50%), Liability (4.0%), and Worker's Compensation Insurance (4.0%) rates.

## **Public Safety**

The police department has a budget that will support its operations for 2016.

In 2014 the Borough engaged the PA Governor's Center for Local Government Services to conduct a Police Peer Management review of the Department's facility, equipment, procedures, and operations. The Mayor, along with the new Chief, the Police Committee, and the ad-hoc Police Facility Committee used that document as a guide and determined a new police facility is needed for Chalfont Borough. The Police Department Facility Ad-hoc Committee recommended building a new police building at the recently purchased site at 101 N. Main Street. Council decided to buy this property in 2014, in order to build a new municipal parking lot and police Facility. The municipal parking lot is necessary for the revitalization of our downtown corridor.

In 2015 we began investigating an alternative plan; regionalizing our Police Department. We found that regionalization can offer better services for our residents, and better safety options for our officers (including a new police building). We conducted a study with DCED in May of 2015 to determine the feasibility of joining the Central Bucks Regional Police Department. We held public meetings, gathered input and in the fall of 2015 Borough Council voted to move forward with Police Regionalization in 2016. Currently we are in negotiations with the Police

Bargaining Associations. Since the negotiations are not complete yet, and the Budget deadline is looming, we have presented this budget which includes a solvent Chalfont Borough Police and Borough Budget for 2016. As negotiations progress, we will know more about how this item will progress.

Additionally, we have applied for a Multi Modal Grant to fund the construction of a new parking facility at 101 N. Main Street and a pedestrian trail.

The Office of Emergency Management is being managed by Mayor Becker with Dan Jenkins of Keystone Municipal Services, as the Borough's Emergency Management Coordinator (EMC). They maintain and update the Borough's Emergency Management Plan and attend trainings throughout the year to keep up to date on Emergency Management best practices. The Borough utilizes the Everbridge program to keep Chalfont Borough residents informed throughout emergencies. A Committee of resident volunteers is being established to help spread information throughout the community during power outage events.

### **General Government**

The Borough Newsletter continues to reach residents on a tri-annual basis, and the Borough website, Facebook Page, Twitter account and Community Sign Board provide timely instruments to get messages out to the community.

In 2014 Council authorized a new consultant to be part of our Professional Staff team, Mason McClellan at TetraTech. We have engaged Mason to help with the Borough's revitalization of the down town core, and his work is specifically targeted at grant acquisition. This work will continue in 2016.

### **Public Works**

The Public Works Department is headed into 2016 fully staffed with three employees.

2016 is an "off" year for major road improvement projects in the Borough. That said we plan on resurfacing and paving Hibiscus Drive due to its extreme deterioration. We will be utilizing money from our State Liquid Fuels account to fund this project. Residents were notified during 2015 of this pending project, as they will be required to replace any damaged curb. The residents were invited to utilize and pay the Borough's contractor or hire their own contractor as long as the work is completed in advance of the road paving.

The past few years, the Department has been busy with sink holes caused by the aging stormwater infrastructure. Chalfont Borough owns and is responsible for maintaining all the stormwater pipes, inlets, and outfalls under the public streets – even on the state highways. The Borough Engineer recently completed a mapping of the stormwater system. In an effort to be proactive, the Department is using that map as well as local knowledge to determine priorities for stormwater pipe replacements. This issue is a large liability for the Borough and a long term funding solution to our aging infrastructure needs to be addressed in the future.

The Public Works Department will continue maintenance of the Borough facilities, parks, and other assets. They will also continue the street sweeping schedule and continue regular stormwater inlet cleaning program pursuant to the NPDES Permit Regulations.

### **Borough Vehicle Inventory**

The 2016 Budget has \$63,457 being transferred into the Capital Improvement/Equipment Fund. This allocation funds all of our capital expenditures for 2016. We plan to replace the 2001 Ford Ranger with a new vehicle in 2016 (\$40,000) as well as replace the 2001 John Deere Model 1445 mower (\$18,400). The following is an inventory of the current Borough-owned vehicles:

#### Public Works:

- 1995 Ford F800 Truck – Main plow and salt truck; gets used primarily for large projects and hauling heavy stone or equipment.
- 2001 Ford Ranger (Small 2 wheel drive pickup) – Used for general purposes daily.
- 2011 Ford F550 Truck – salts and plows; hauls the trailers for mowing in the summer time. Used every day.
- 2006 John Deere Backhoe – winter time must have to load salt into trucks; big part of the street sweeping operation in managing cinders, used in tree pruning and hauling wood, used to lift heavy equipment, replace inlets and pipes. Used weekly.
- 2005 Street Sweeper – Sweep the entire Borough twice a year. One sweeping of the Borough = 4 days. Special street sweeping of center of town, Butler Avenue and North Main = 3 days (6 half days). One sweeping of New Britain Borough = 3 days. Also clean the inlet boxes: average 20 minutes to clean one inlet, as we have many different types (concrete, brick, stone), which range from 3 feet deep to 12 feet deep.
- 2011 Ford Ranger (small 4 wheel drive pickup) – Public Works Director’s daily vehicle. Used every day.
- 2015 Ford F550- Delivered in early 2015 is used to salt and plow; hauls the trailers for mowing in the summer time. Used every day.
- 2001 John Deere Model 1445 mower – mow parks.
- 2007 John Deere Model 997 mower – mow parks.

## Police:

- 2009 Ford Expedition
- 2012 Ford Expedition
- 2013 Ford Explorer (Police Chief's Vehicle)
- 2014 Ford Explorer

## **Culture and Recreation**

Chalfont Borough plans to continue with our 5k event and Chalfont Night next year. In 2015 we hosted our Chalfont Night event at Unami Middle School, which ended up being a perfect venue. The event in 2016 is planned at the same location. This event is held on the same day as our very successful Chalfont 5K race, Saturday, June 4, 2016.

## **Intergovernmental Expenditures**

The Intergovernmental Expenditures include the Local Service Tax share that the Borough contributes to the fire and ambulance companies.

## **Expenditure Highlights from Other Funds**

### Liquid Fuels

The Borough is planning to use \$70,000 of Liquid Fuels funding to fund the road resurfacing at Hibiscus Drive. Also, in cooperation with Aqua PA the Borough will be resurfacing E. Hamilton in the budgeted amount of \$17,500.

The Borough is permitted to use Liquid Fuels money for traffic signal maintenance, and we have increased that amount from our typical \$4,000 to \$10,500 to cover deferred maintenance.

The Borough is also more than halfway through the 10-year Meadowbrook Culvert loan. The cost from Liquid Fuels for 2016 will be \$16,214. This loan will end in June 2018.

### Capital Improvement/Equipment Fund

A transfer of \$63,457 from the General Fund will be used to fund several important capital projects. The Borough has had to defer maintenance over the past 7 years due to budget constraints. Last year our plan was to begin chipping away at that deferred maintenance and equipment replacements, which over time can lead to liabilities. We are attempting to do that this year, but there is still a hefty five year plan that we need to fund in the future. Major expenditures in 2016 include:

- Paving the remaining section of the Public Works parking lot which is a recommendation by our liability insurance carrier
- Police Radio upgrades as required by Bucks County
- Weapons replacement for the Police Department

Upon the recommendation of the Finance Committee we will be leasing the Public Works vehicle we plan to purchase in 2016. This relieves some of the pressure to fully fund vehicle purchases in just one year.

#### Recreation Fund

With the 5K Race proceeds, we anticipate having a balance of approximately \$2,422 in the Recreation Fund by the end of 2016. We significantly utilized the fund in 2015 to complete the trail from Blue Jay Road to Lenape Lane as well as 5K expenses, park and tree maintenance. In 2016 we also plan 5K expenses, park and tree maintenance. This fund will need to be refilled over the next few years by the 5K event and will continue to serve the Borough with future park and trail projects.

#### Grants Fund

Due to the size of the funds and reporting requirements, grants have been moved out of the General Fund and to a Grants Fund.

- Federal Safe Routes to School Grant – sidewalk and crosswalk installation on Butler Avenue. This project is currently under construction and will continue into the spring of 2016.
- CMAQ Grant – CMAQ stands for Congestion Mitigation and Air Quality. This grant project should be completed by year end 2015. The project scope involves adding the signals at Sunset Avenue and Park Avenue to the existing Adaptive Signal Control System on Butler Avenue. Westview Avenue and Lindenfield Parkway signals will be upgraded to Wavetronics technology. This should improve the flow of traffic in the center of town.
- Neshaminy Greenway Trail – the Borough was awarded \$188,768 from the DVRPC for the engineering of the Neshaminy Greenway Trail. The grants has a 20% match was split between the four municipalities listed below, Chalfont's share will be \$11,798. We utilized a \$10,000 PECO's Green Region Grant towards this amount. The remaining \$1,798 will come out of the Recreation Fund.

This trail will run southeast from Chalfont's Blue Jay Park along the Neshaminy Creek through New Britain Township, New Britain Borough, and Doylestown Township. The trail will meet with the Doylestown Township trail at the Sewage Treatment Plant on Upper State Road and ultimately connect to the US 202 Parkway. In 2014 the Borough received \$150,000 of DCED Greenways Program (funded by the Marcellus Shale Legacy Fund) for partial construction of the trail from Blue Jay Park to the existing trail at Lenape Lane/Landing Way. This portion of the path was completed in 2015. In 2014 we

also received \$800,000 worth of construction funding through the TAP program for construction of the trail from Lenape Lane to Doylestown Township. The trail alignment was considered and the necessary easements for the project were not acquired in time for the TAP grant construction timing. Our TAP funding was returned. At this time we are working with Doylestown Township and New Britain Borough and Township to finalize the engineering of a trail that is feasible and easements can be acquired for. There is a future plan to apply for TAP funding, once we can guarantee constructability.

#### Water Fund Reserve #2

This fund receives 10% of the interest earned from the Water Fund. In 2014 Council utilized \$83,000 worth of funding for the purchase of the new Public Works vehicle. In 2015 we had planned a \$141,000 expenditure is expected for the police facility. That expenditure wasn't made as we moved forward with Regionalization plans. We did utilize \$10,000 of funding from this fund to match the Safe Routes to School Project. We plan to budget \$120,000 of these funds for a match for the multi modal grant should we receive it in 2016. If utilized that will result in a \$55,689 balance at the conclusion of 2016.

#### **Conclusion**

The Borough will continue to spend conservatively, consciously, and carefully through 2016 and continue to be aggressive in locating alternative funding sources for projects and services.

I am confident that this budget is a reliable financial plan for 2016 and that we have put Chalfont Borough in a position to continue to offer first-rate services to its residents and businesses.

Respectfully submitted,

Sandra B. Zadell  
Borough Manager