

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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November 8, 2016

Chalfont Borough Council,

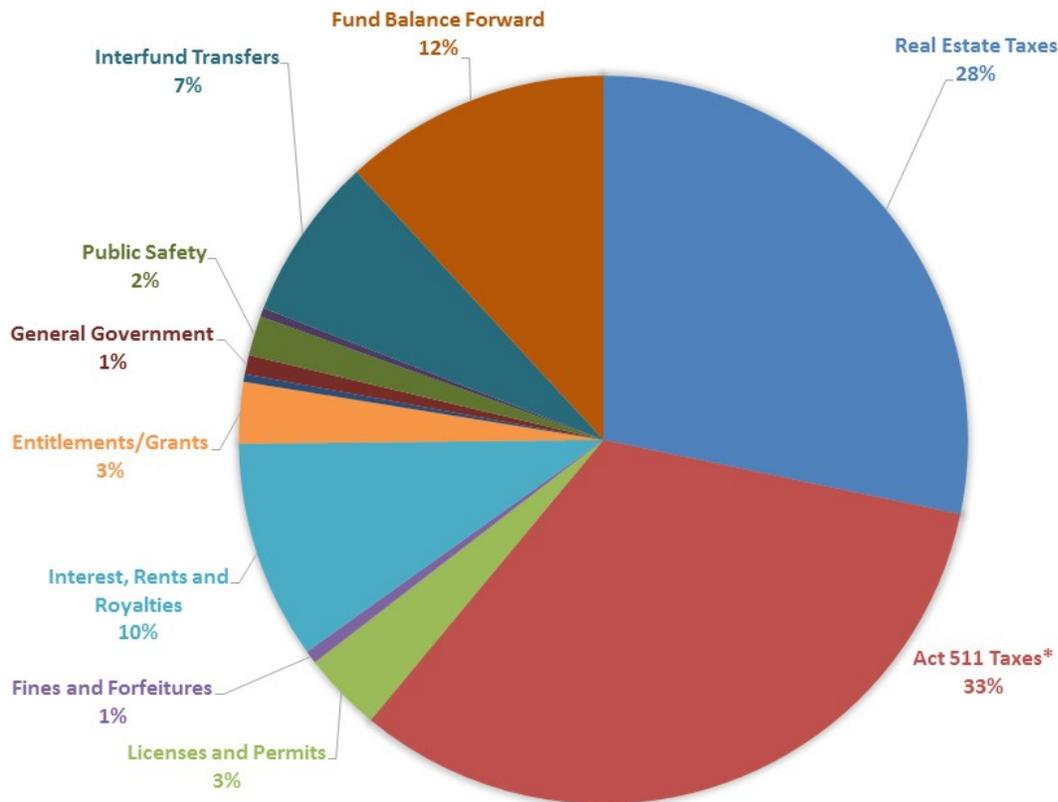
The 2017 Chalfont Borough Preliminary Budget is respectfully submitted to the Council and citizens of Chalfont Borough. As presented, the Budget maintains the current tax rate of 15.25 mils.

The forecasted beginning fund balance for 2017 totals \$782,999. A total of \$3,384,525 in revenues is anticipated with \$3,892,258 proposed in expenditures over all six funds, leaving a fund balance of \$275,266. The breakdown of revenues and expenditures is listed below:

Fund	Forecasted Beginning Fund Balance	Revenues	Expenditures	Year End Fund Balance
General	\$309,488	\$2,304,468	\$2,613,956	\$0
Capital Improvement	41,302	70,100	53,535	57,867
Recreation	180,932	25,200	24,300	181,832
Liquid Fuels	74,895	118,737	145,467	48,165
Water Fund Reserve 2	176,382	1,200	190,000	(12,418)
Grants	0	865,000	865,000	0
Total	\$782,999	\$3,384,705	\$3,892,258	\$275,446

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 33% and Real Estate Taxes at 28%. Fund Balance Forward is the third largest, making up 12% of the Borough's Annual Revenue. See the following chart for more information.



Real Estate Tax

The 2017 Budget proposes a General Real Estate Tax of 15.25 mils. This levy equates to an average annual tax of **\$475.76 (assuming a 2% discount)** for a taxpayer with a property assessed at \$31,243, the median assessed housing value in Chalfont Borough.

In 2016, that same property owner paid **\$723.78** in Real Estate Taxes to Bucks County and **\$3,874.86** 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 91% of Chalfont taxpayers did in 2016. The breakdown of Real Estate Taxes can be seen on this actual 2016 Chalfont Borough Tax Bill.

This resident's property is assessed above the average in Chalfont. For the discount period in 2016, 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.

2016 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]			IF PAID BY 4/30/2016	IF PAID BY 6/30/2016	IF PAID AFTER 6/30/2016
If paying after December 15th: Only official bank checks or certified checks will be accepted.			\$ 1528.57	\$ 1559.76	\$ 1715.74

PAY THIS AMOUNT ⇨

Liens Will Be Filed After: 12/31/2016

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

Important payment information on back

Earned Income Tax

The Chalfont Borough Earned Income Tax rate is one half of 1%. This revenue source is expected to generate \$720,000 in 2017 and is approximately \$15,000 more than we budgeted in 2016 which represents a 2.13% increase.

According to the 2010 Census, the median annual household income in Chalfont Borough was \$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 2017 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 2017 at \$90,000. This revenue line is stable over our 2016 budgeted amount. We saw a large increase in this line item between 2015 and 2016 of 20%.

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 2017 is estimated at \$46,000. Keystone Collections has advised the Borough to estimate a \$46,000 return for 2017. There is a slight increase to this line item over the 2016 budget of 2.27%. 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 2017 Budget's General Fund Balance Forward for 2017 is estimated at \$309,488. 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) recommends for best practice on unrestricted general fund balances that for 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 2017 Budget is approximately \$436,531.

As of the 2015 Financial Audit, Chalfont Borough had \$743,030 in reserves. Our December 31, 2016 Estimated Reserve Balance is \$933,492; in 2017 we will withdrawal \$309,488 leaving our fund balance percentage at an estimated, healthy \$624,004 or 23.8%. The \$309,488 is being used to balance the 2017 General Fund and a large paving project is being funded within that allocation. It is the intention of the Finance Committee to maintain a healthy balance of spending and projects vs saving and planning. That is what is being presented in this budget.

Zoning/Subdivision/Land Development Fees and Building Permits

The Borough is anticipating several development projects to get underway in 2017:

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. A zoning text amendment is currently being considered by Council to allow for 53 townhome units, with two small commercial sites on the plan as well.

Chalfont School: The Moser Group plan was given conditional approval in July of 2016 for a development consisting of 18 townhomes and 4 apartments at the Old Chalfont School Site located on N. Main Street.

Hellberg: Preliminary Final Land Development approval is being considered tonight 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. The same developer is also proposing a second phase of plans for the Estes and Hopkins properties, which will be expected to go through the land development process in 2017.

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. Full construction of these properties will continue into 2017.

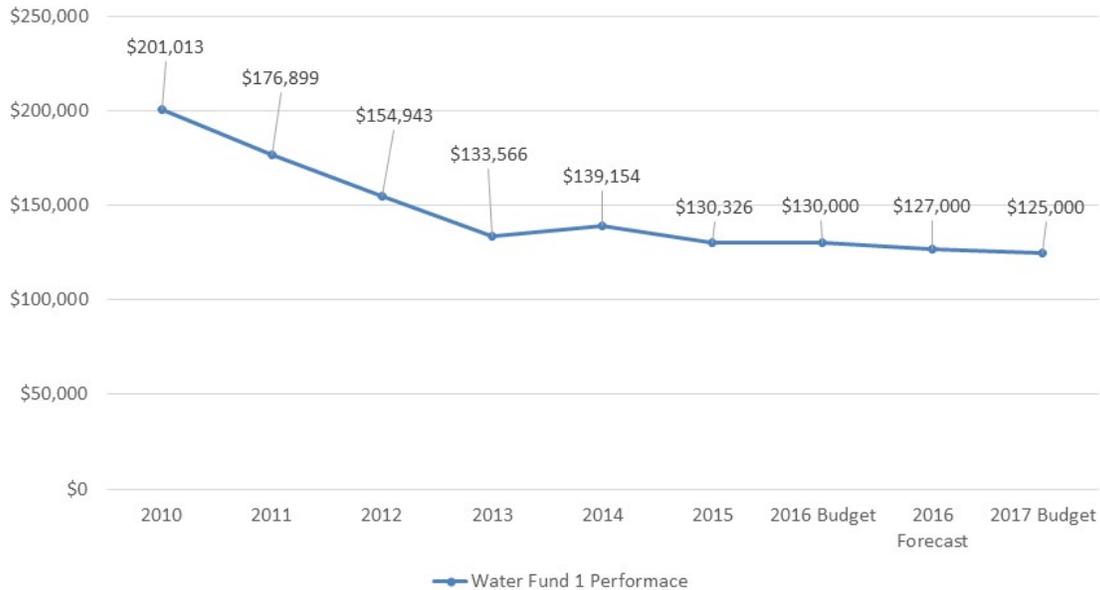
In 2015 Council authorized the creation of the Blighted Property Review Committee. This committee has worked with property owners to resolve blight in town. Although this committee has little budget impact, it should be noted in this message, as it was one of our main initiatives over the past two years. 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 \$4,358,822.52. 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. Unfortunately, the downward trend continued in 2016. As a bit of history, in 2007 we were buying bonds at over 5% interest, now those numbers are closer to 2.5-3%.

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



Pension

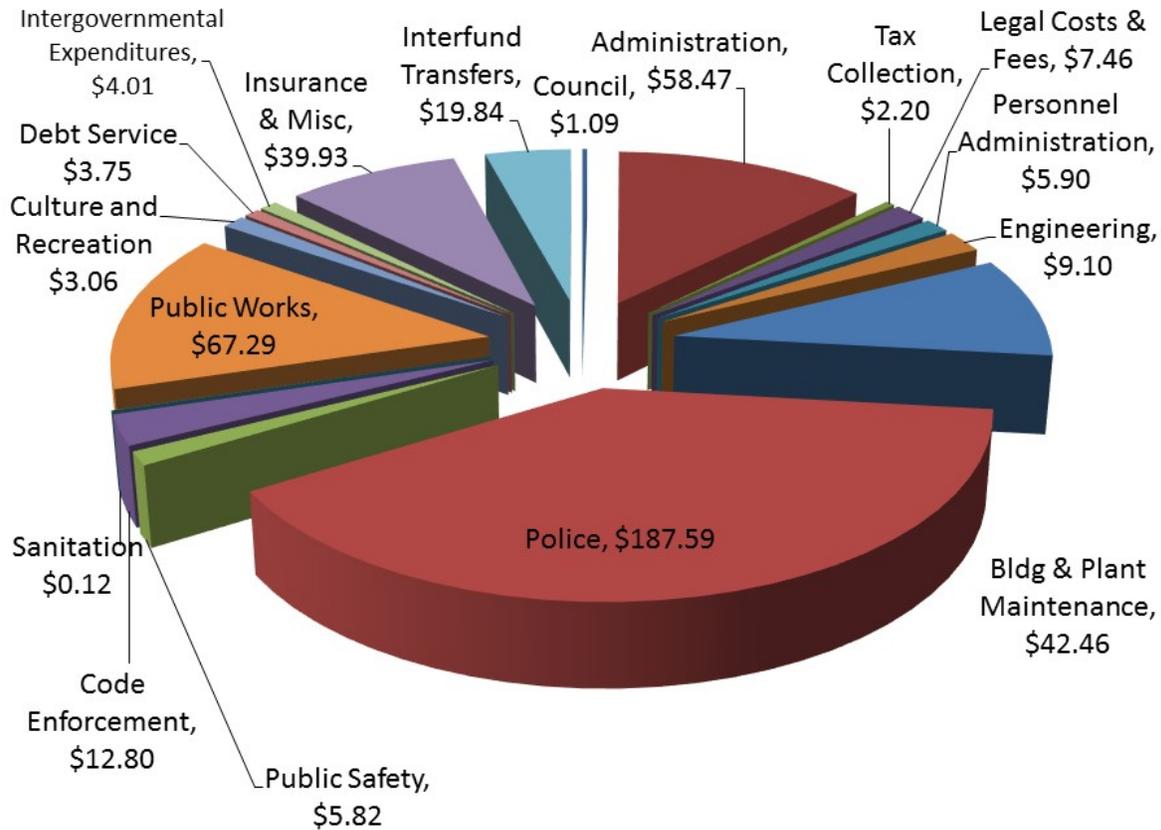
The Minimum Municipal Obligation for our Non-Uniform Pension in 2017 is budgeted for \$39,000. This payment is offset on the Non-Uniform side by \$30,622 by state pension funds.

Chalfont Borough no longer has a police department, as we regionalized with Central Bucks Regional Police Department (CBRPD) in 2016. The Uniform Pension contributions are state funds are handled within the CBRPD annual Budget.

General Fund Expenditures

The largest expenditure categories in the General Fund are CBPRD, 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 **\$475.76** will be spent.

General Fund Expenditures – Average Tax Payer Breakdown



General Fund Expenditure Highlights

Personnel

In 2017, Chalfont Borough will employ 7 full-time and no part-time employees. Notable changes include the reduction of our staff by 7 full time police employees and 1 part time police employee.

Chalfont Borough Council voted in the fall of 2015 to join Central Bucks Regional Police Department and the new department began March 23, 2016.

Non-uniform wage increases are planned at 3% with some employees receiving additional merit based increases.

Insurance Costs

Health and Dental Care Insurance is purchased through Delaware Valley Health Trust (DVHT), a municipal insurance pool. In 2017, our health insurance costs will increase by 7.7 % 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 \$15,034 in the DVHT rate stabilization fund. We are opting to use \$12,000 in 2017.

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 2017 rate will increase will be 5.2% or \$943 from the previous year. .

DVIT provides Workers' Compensation Insurance and the rate will be increasing approximately 14.6% or \$4,901 over last year's premium. \$4,500 was due to increased premium to the Volunteer Fire Company Workers Comp coverage.

Since the Borough belongs to all three Delaware Valley Trusts, we receive a multi-trust discount on the Health (3%), Liability (5.0%), and Worker's Compensation Insurance (3.0%) rates. These discounts help to significantly reduce our insurance premium costs.

Public Safety

Our police budget line items have been condensed into one line item; our payment to the Central Bucks Regional Police Department of \$1,030,675 and this line item includes Chalfont portion of the police pension.

In 2015 Chalfont Borough began investigating Police regionalization, which we had reviewed in previous years. 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. The regional department began operating in March of 2016. The new department will be building a police headquarters in 2018. This capital cost will be shared between all of the partner municipalities equally (in thirds). Our operations costs are shared based on a formula outlined in the intergovernmental agreement. Chalfont Borough's 2017 contribution will be 20.53% of the police budget. This formula is based on a three-year average of calls for service and crimes, the 2010 census population and road mileage.

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.

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. In 2015 the Borough submitted a RACP application for \$1 million dollars. Last month, we were awarded that grant. A portion of the grant will be utilized to fund the installation of 58 parking spots at 101 N. Main Street, 17 of which will be leased to SEPTA. We are in the process of getting approval for a project scope change that will include renovations to the historic building at 101 N. Main Street into a commercial use. These two project components will be a great step in the direction of revitalization in our Borough Core.

Public Works

The Public Works Department is headed into 2017 fully staffed with three employees.

2017 is an "on" year for major road improvement projects in the Borough. We plan to mill and overlay Taft and Pennsylvania Avenues. We will be utilizing money from our State Liquid Fuels account to fund this project. Residents will be notified this fall of this pending project, as they will be required to replace any damaged curb. The residents will be 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

Two new vehicles will be added to our vehicle inventory in the proposed 2017 Budget. We will be replacing the 1995 Ford F800 Truck, and funding that replacement with our Liquid Fuels fund in the amount of \$32,748 per year. We will spread the cost over five years with a loan to finance the purchase.

We also plan to purchase an Avant 760i. This multifaceted machine will allow us to clear snow on sidewalks and trails. It will also replace our 2001 John Deere mower. In 2016 we had planned to replace that mower, but have cancelled that purchase as the Avant will substitute for that item. The Avant 760i will be paid for with our Capital Improvement Fund, and is also a five-year loan at a cost of \$22,048 per year.

In 2017 \$70,000 is being transferred to the Capital Improvement/Equipment Fund. This allocation funds all of our capital expenditures for 2017. In addition to the purchase of the Avant, this funding source will also be paying for the loan on the 2016 Ford F150 and funding \$22,000 of storm water repairs. 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. Scheduled for replacement in 2017.
- 2011 Ford Ranger (small 4 wheel drive pickup) – for daily general purposes.
- 2011 Ford F550 Truck – salts and plows; hauls the trailers for mowing in the summer time. Used every day.
- 2015 Ford F550- Truck – salts and plows; hauls the trailers for mowing in the summer time. Used every day.
- 2016 Ford F150 – Public Works Director’s daily vehicle.
- 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.

- 2001 John Deere Model 1445 mower – will be sold in 2017 once we purchase the Avant 760i.
- 2007 John Deere Model 997 mower – mow parks.

Culture and Recreation

Chalfont Borough plans to continue with our 5k event and Chalfont Night next year. In 2015 we began hosting our Chalfont Night event at Unami Middle School, which ended up being a perfect venue. The event in 2017 is planned at the same location. This event is held on the same day as our very successful Chalfont 5K race, Saturday, June 3, 2017.

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 \$90,000 of Liquid Fuels funding to fund the road resurfacing of Taft Avenue and Pennsylvania Avenue.

The Borough is permitted to use Liquid Fuels money for traffic signal maintenance, and we have brought that amount back to \$4,000, last year we did extra work handling deferred maintenance.

The Borough is also three quarters of the way through the 10-year Meadowbrook Culvert loan. The cost from Liquid Fuels for 2017 will be \$18,719. This loan will end in June 2018 with a final payment of \$15,225.

The 1995 F800 Dump truck replacement loan payment will be paid from the liquid fuels account in the amount of \$32,748 in 2017 and that loan will be a five year loan.

Capital Improvement/Equipment Fund

A transfer of \$70,000 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 2017 include:

- Vehicle replacements, payments and new purchases covered above
- Storm Sewer Repairs and replacements

By utilizing loans to purchase equipment we are able to smooth those costs over 5 years.

Recreation Fund

With the 5K Race proceeds, we anticipate having a balance of approximately \$181,932 in the Recreation Fund by the end of 2017. In 2016 we received the \$173,883 Recreation Payment from the Petrucci Development at N. Main Street and Park Avenue. This significantly bolstered our account balance. In 2016 we completed several projects utilizing recreation funds. They include Tree Maintenance of our trails and parks, and Trail rehabilitation in Krupp Park.

In 2017 we plan to utilize the recreation fund to fund the installation of new and upgraded park equipment (trash cans), pave the driveway to Twin Streams Park and replace the roof on the Gazebo at Chestnut Street Park.

Future use of this fund will be for matches for grants that we will apply for to improve parks and trails, as well as funding future maintenance.

Grants Fund

Due to the size of the funds and reporting requirements, grants are accounted for in our Grants Fund.

- Federal Safe Routes to School Grant – sidewalk and crosswalk installation on Butler Avenue. This project is being completed in 2016.
- Neshaminy Greenway Trail – the Borough was awarded \$188,768 from the DVRPC for the engineering of the Neshaminy Greenway Trail. The grant has a 20% match was split between the four municipalities listed below, Chalfont's share was \$11,798. This engineering funding was utilized to complete the Blue Jay Trail along the Unami Property in 2015 and engineering the final trail connection to the 202 Parkway Trail. New Britain Township has been awarded construction funding through the TAP program to fund the final connection of this section of trail. Chalfont Borough has agreed to match \$10,000 of engineering funds in 2016 to help complete that project. There is still an engineering funding gap for this project. New Britain Township Plans to apply for grants to cover that gap.

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 2016 Chalfont Borough accepted a \$1 million-dollar Redevelopment Assistance Capital Program (RACP) Grant to fund the creation of a municipal parking lot at 101 N. Main Street and restore the historic building to a commercial use. In 2017 you will see expenditures of \$865,000 from the grants fund as we complete this project. You will also

see a revenue influx of \$675,000 in RACP funding, as well as matching funds in the amount of \$190,000 from our Water Fund 2 Account.

Water Fund Reserve #2

This fund receives 10% of the interest earned from the Water Fund and is only to be utilized for Capital Projects. In 2017 we have budgeted to utilize \$190,000 fund to match our RACP grant project funding of the parking lot and building adaptive reuse at 101 N. Main Street. If we utilize that full amount the fund balance will be brought to \$82 at the end of 2017.

Conclusion

The Borough will continue to spend conservatively, consciously, and carefully through 2017 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 2017 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