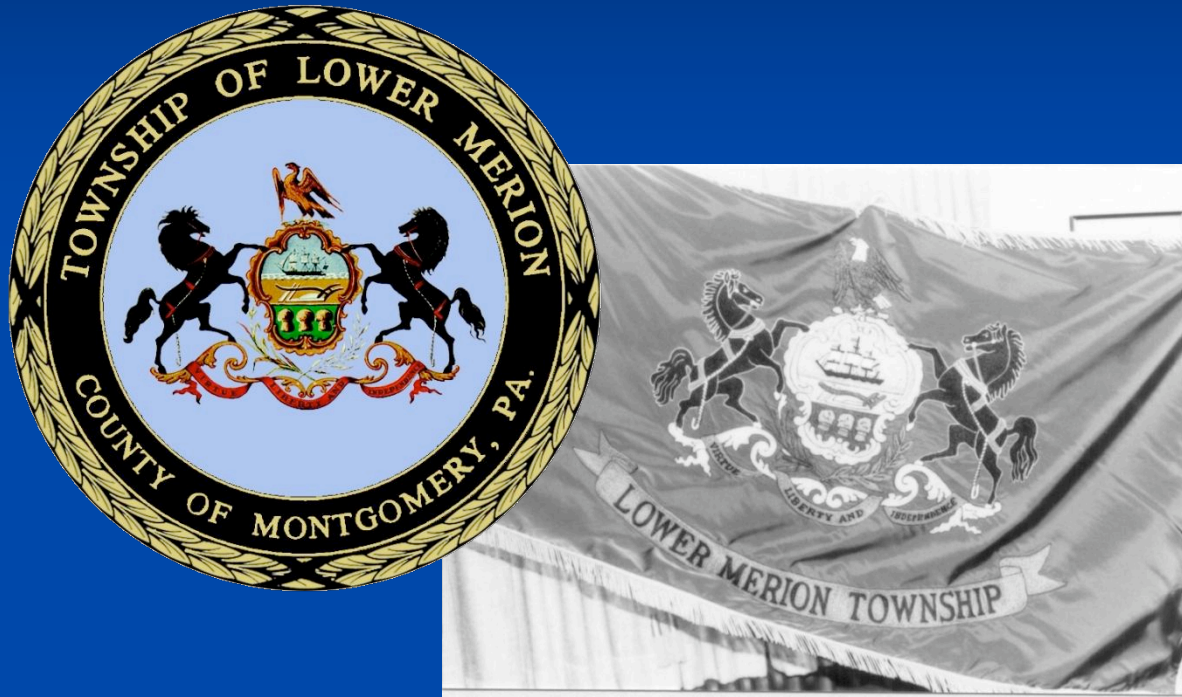


TOWNSHIP OF LOWER MERION



Finance Workshop
January 25, 2012

GF Fund Balance Option 1

- No Township Real Estate Tax (RET) Increase for 2013
 - 2013 GF Forecast (updated Oct 2011) projected a -\$2.3 million deficit
 - ✓ Projected growing GF deficits in 2014 and beyond
 - Approximately an +8% RET millage rate increase (or equivalent budget balancing measures) would be needed to generate +\$2.3 million of net new RET revenue in 2013
 - Depending upon actual 2011 budgetary performance and updated forecasts for 2012-2016, the 2013 Budget needs will likely change

GF Fund Balance Option 2

- Conclude 2013 With GF Undesignated Fund Balance at 18%
 - 2013 GF Forecast projected \$57.5 million of GF Expenditures
 - ✓ 18% GF Fund Balance = \$10.4 million
 - ✓ Without changes GF would have needed \$3.5 M for the 2013 Budget (to maintain 18% fund balance)
 - Without a RET millage rate increase for 2013 and the projected \$2.3 million drawdown on GF Fund Balance:
 - ✓ GF Fund Balance decreases to \$13.7 million or 24% of the 2013 Projected GF Expenditures
 - ✓ \$3.3 million higher than the maximum 18% goal level
 - ✓ Would leave major GF budget gap for 2014 Budget

GF Fund Balance Option 3

- Defeasement (paydown) a Portion of the Township's Outstanding General Obligation Bonds (or Debt)
 - Township outstanding principal bond debt was \$107.4 million at Jan 1, 2012
 - ✓ Approximately \$90.1 M (GF) and \$17.3 M (Sanitary Sewer Fund)
 - ✓ \$59.8 M of outstanding debt eligible for defeasance
 - Through 2011 Township refunded (or refinanced) all eligible debt at historically low interest rates
 - ✓ Township GO Debt typically includes 10 year call date

GF Fund Balance Option 4

- Cash Fund Some Existing/Future Capital Projects
 - 2012 Budget anticipates a \$10 M new money bond issue in early 2013
 - ✓ Structured with 20 year GO bonds and level debt service adds approximately \$700,000 of new annual debt service (2014 - 2033)
 - ✓ Each \$1 M used to cash fund CIP could save \$70,000 annually of debt service payments for 20 years (beginning in 2014 Budget)

GF Fund Balance Option 5

- Provide a Rebate to Township Real Estate Property Owners
 - Motion to rebate RET (on Feb 1, 2012 RET bills) was defeated by Board of Commissioners (Dec 21, 2011)
 - Would need further legal review by Township Solicitor

GF Fund Balance Option 6

- Accelerate Some Capital Improvement Projects (Storm water, Roads, etc)
 - Select certain CIP projects for earlier implementation and/or increased funding levels – which projects?
 - CIP projects a total of \$45.7 M of spending from the Capital Projects Fund over 6-year period (2012 – 2017)
 - ✓ \$12.6 M (2012)
 - ✓ \$9.8 M (2013)
 - ✓ \$7.3 M (2014)
 - ✓ \$6.6 M (2015)
 - ✓ \$3.8 M (2016)
 - ✓ \$5.7 M (2017)

GF Fund Balance Option 7

■ Add Funding to Insurance Trust Fund (ITF)

- The Township insures liability coverage through the Delaware Valley Insurance Trust (since 2003)
 - ✓ Prior to 1997, the Township self-insured liability exposure and utilized the ITF as a source of funding
 - ✓ Utilized the ITF reserve balance over past 14 years to fund:
 - Liability deductibles
 - Legal fees and other uninsured claims
 - ITF annual expenditures in the range of \$0.1 M to \$0.2 M
 - ✓ The ITF is projected to be depleted in 2012
 - GF last contributed funding to ITF in 1996
 - \$0.1 M GF contribution to ITF budgeted in 2012

GF Fund Balance Option 8

- Replace Reduced Community Development Block Grant (CDBG) Funding
 - Since 2002, the Township has experienced decreased CDBG funding to \$0.9 M for the upcoming year in 2012-2013 (from \$1.4 M in 2002)
 - ✓ Program service reductions experienced in the Township's Residential Rehabilitation Program for low to moderate income residents
 - ✓ Public service program funding for Township programs and not-for-profit agencies has been reduced significantly in recent years
 - ✓ Township's GF has absorbed expenditures (previously funded through CDBG) for community service programs (e.g. Ardmore Ave Community Center)

GF Fund Balance Option 9

- Restore Funding Levels to Equipment Fund (EF)
 - In 2010, 2011 and 2012 the Township significantly reduced new funding to the EF (from the GF)
 - ✓ Future vehicle and equipment replacement costs contributed by the GF (reduced by 50% or total of \$1.3 M)
 - ✓ Minor capital equipment expenses were reassigned from GF to EF totaling \$900,000
 - ✓ \$2.2 M less of EF reserves for scheduled replacement of GF vehicles and equipment
 - ✓ EF reserves for GF replacements now at approximately 50% of asset depreciation (estimate) compared to 100% in 2008

GF Fund Balance Option 10

- Establish a New “Other Post Employment Benefits” (OPEB) Fund (e.g. retiree healthcare and life insurance)
 - Township implemented Governmental Accounting Standards Board (GASB) 45 “Accounting and Reporting for OPEB” in FY 2008
 - ✓ Requires financial recording and note disclosure of costs and liabilities relating to OPEB (other than pension benefits)
 - Township has not advance funded its OPEB
 - ✓ At 12/31/10, Township’s Net Accrued Liability = \$4.9 M
 - ✓ Projected total Unfunded Actuarial Accrued Liability = \$27.4 M
 - ✓ Township currently funds retiree OPEB on a “Pay As You Go Basis” – similar to most other governmental and private sector entities

GF Fund Balance Option 11

- Fund a Portion of Improvements to the Manayunk Bridge and Linear Park
 - Goal to open old railroad bridge over the Schuylkill River connecting the Cynwyd Heritage Trail with Manayunk Bridge and City of Philadelphia (in Manayunk)
 - ✓ Philadelphia received \$1.8 M of grant funding (\$1.3 M for construction and \$0.5 M for design and engineering)
 - ✓ Total construction costs estimated in the range of \$2 M to \$2.5 M
 - ✓ Staff is coordinating a matching (50/50) DCNR grant submission (with Phila.) to fund construction costs

GF Fund Balance Option 12

- Hire a Consultant to Rewrite the Township Zoning Code
 - Comprehensive Plan Implementation is anticipated to include numerous amendments to update the Township Zoning Code
 - ✓ With a consultant, implementation could be completed by the end of 2014
 - ✓ Without consultant implementation will be performed by staff as time permits
 - Projected time frame of 3 to 5 years beginning in 2013 with a completion date of 2016 – 2018
 - Cost range for consultant estimated at \$0.2 M

GF Fund Balance Option 13

- Early Implementation of Recommendations of the Parks and Recreation Comp Plan Update
 - Proposed Plan to be released in next 60 days
 - The Comp Plan will include recommendations for various capital improvements to Township parks and open space
 - ✓ Planned improvements to playgrounds (including equipment upgrades) are estimated at over \$1 M
 - ✓ Upgrading park infrastructure and implementing short-term components of the Comp Plan are estimated in the range of \$1 M to \$2 M
 - Improving the grading of ball fields
 - Implementing safety improvements

GF Fund Balance Option 14/15

- Additional Business District Signage and Kiosks
- Township Facility Identification Signage
 - Complete implementation of the Township's Business District Signage is projected for 2013 in the CIP (pushed back due to budget constraints)
 - ✓ Construction of commercial business districts' wayfinding and parking directional signage was completed in 2008/2009 (\$0.5 M)
 - ✓ Approximately 66% of construction cost was funded by Federal and State grants

GF Fund Balance Option 14/15

- Additional Business District Signage and Kiosks
- Township Facility Identification Signage (continued)
 - ✓ Estimated cost of \$0.3 M to complete the project with the addition of Kiosks
 - ✓ CIP includes \$0.2 M in 2013 to complete project (primarily installation of Township facilities identification signs)
 - ✓ Unbudgeted need (approx \$10,000) for an estimated 50 new public parking lot way finding signs in 5 major business districts (Ardmore, Bryn Mawr, Bala, Merion and Penn Wynne)

GF Fund Balance Option 16

- Additional Energy Saving Retrofits in Township Facilities
 - Township received \$0.6 M Energy and Conservation Efficiency Block Grant in 2009
 - ✓ Conducted energy audit of Township facilities in 2010
 - ✓ Began implementation of recommended energy conservation measures in 2010 (completion anticipated in 2012)
 - Improvements include boiler and HVAC upgrades and replacement of overhead lighting and controls at some Township facilities

GF Fund Balance Option 16

- Additional Energy Saving Retrofits in Township Facilities (continued)
 - Other energy efficiently improvements not funded:
 - ✓ Scheduled replacement of existing Township vehicles with hybrid vehicles
 - ✓ Upgrade windows, doors and exterior lighting (Township Administration Building)
 - ✓ Solar powered heating for the Ardmore Avenue pool, Belmont Hills pool and Public Works Keogel Complex

GF Fund Balance Option 17

■ Install New Sidewalks at Various Locations

- In the early 1990's the Township eliminated capital funding for the replacement and construction of new sidewalks/curbs on private property
 - ✓ Township has funded private property sidewalk replacement in designated low to moderate income areas with CDBG funds
 - The BOC did not fund this program in 2011
 - ✓ Township could consider adding capital funding and reinstating the sidewalk replacement program
 - Initial annual funding estimated around \$0.1 M

GF Fund Balance Option 18

■ Fund More Traffic Improvements

- CIP includes a total of \$0.5 M (or \$0.1 M annually) of spending for a Township Wide Traffic Network Evaluation
 - ✓ New CIP project in 2012
 - ✓ Funding to complete a Comprehensive Traffic Study with no funding identified for any possible recommended improvements and project costs
 - ✓ Consider earlier implementation and/or increased funding levels

GF Fund Balance Option 19

- Hire a GIS Technician (Consultant) to Accelerate Implementation of GIS
 - The Township began implementation of Geographical Information System (GIS) system in 2000
 - ✓ Completed initial set-up of base layer mapping system
 - ✓ Added Township layers to GIS (base real estate parcels, roadway and tree inventories, rights-of-way, historical resources, sanitary sewer system, crime mapping)
 - ✓ Consider new funding to assist Departments accelerate implementation
 - Work includes adding additional layers (signage, storm water, traffic signals, street lights) and updating current information

GF Fund Balance Option 20

- Create a Revolving Loan Program (Economic Development, Historic Preservation, Façade Improvements, etc)
 - Township funds these areas through grant programs (County, State and Federal) when available
 - ✓ Consider establishing a one-time funding source to create a Township loan program – self liquidating for further loans as loans get repaid
 - ✓ No current Township grant programs for historic residential properties

GF Fund Balance Option 21

- Purchase a Substantive eBook Collection for the Township Library System
 - Support the purchase of a new substantive eBook collection for the use of Township residents only
 - ✓ Downloadable books (electronic and audio) are currently available only through the Montgomery County Library System

GF Fund Balance Option 22

- Purchase a Networked Financial System for the Lower Merion Library System (LMLS)
 - Implement a new online networked financial system to enable the six libraries, LMLS and the Township to link their budgets and financial reporting
 - ✓ This project has been a high priority item in recent years without any funding source
 - ✓ Township libraries currently maintain separate financial packages (QuickBooks)

GF Fund Balance Option 23

- Hire a Consultant to Conduct a Study of the LMLS (Organization and Structure)
 - Engage an outside consultant to complete a comprehensive study of the Township library system
 - ✓ Evaluate the organization structure and service offering

GF Fund Balance Option 24

- Keystone Historic Preservation Grant Program – Township Match
 - Keystone Historic Preservation Grant, now known as Historic Preservation Project Grants, funding comes from the Commonwealth's Keystone Recreation, Park and Conservation Fund
 - ✓ The Pennsylvania Commonwealth Budget (2011-2012) maintained the Keystone Historic Preservation Grant Program
 - ✓ Grant offering up to \$25,000 maximum and requires 50/50 match from Township (unbudgeted maximum \$25,000 match)
 - ✓ Eligible applicants are limited to non-profit organizations and local governments

GF Fund Balance Option 25

■ Service Delivery Improvements (Organization Wide)

➤ Provide funding to maintain and enhance the Township's service delivery levels

✓ Parks and Recreation

- Hire staffing to maintain routine maintenance of parks, playing fields and open space

✓ Public Works

- Hire staffing to maintain roadway maintenance (pothole repairs, roadside clean-up and vegetation management, inspection and cleaning of storm water system)

GF Fund Balance Option 26

- Create and Fund a Length of Service Awards (LOSA) Program for Volunteer Fire Fighters
 - LOSA is a long-term program aimed at retaining, recruiting and rewarding emergency volunteers
 - ✓ Program is designed to recognize service and reward the volunteer – proposed by LM Volunteer Fire Companies
 - ✓ Designed to provide certain benefits
 - Monthly income benefit at a designated entitlement age and service level (years of service, # of fire runs, etc.)
 - Death Benefit
 - Disability Benefit
 - ✓ Typically offered to volunteer members of an Emergency Service Organization

GF Fund Balance Option 27

- Fill More Township Vacancies
 - Consider hiring some of the vacant staff positions budgeted for 2012 (tentatively planned at this time to remain unfilled)

GF Fund Balance Option 28

- Modify the Township Storm Water Management Policy to Include Study and/or Funding of Private Property Issues
 - CIP includes a total (2012 – 2017) of \$3 M of proposed spending for public improvements to the Township's storm water system
 - ✓ The Township has not funded comprehensive studies nor implementation of storm water improvements on private properties along open water courses

GF Fund Balance Option 29

■ Township's Historical Street Sign Names

- The Federal Highway Administration (FHWA) has mandated in the Manual of Uniform Traffic Control Devices (MUTCD) that all regulatory and directions signs meet new requirements for reflectivity, color and letter size (when replaced)
 - ✓ This is an unfunded Federal mandate imposed on municipalities
 - ✓ Replicating the distinctive historic design of Lower Merion's nearly 100-year-old street name signs while still meeting Federal size and reflectivity standards would cost about \$500 a sign. Total costs (with parts and labor) would exceed \$1.5 M
 - ✓ May consider increased funding for maintenance of existing signage thereby increasing their useful life

GF Fund Balance Option 30

■ Realignment of Non-Contractual Base Wages

- In recent years employee base wage increases have been provided at various levels to the Township's employees/work groups

GF Fund Balance Option 31

- Paperless Board of Commissioners (BOC) Agendas and Information
 - The Township BOC receives weekly packets from staff which include large volumes of hard copy information (agendas, memorandums and other information)
 - ✓ Staff is evaluating tablet technology (iPad, Droid, etc) for use by the BOC (paperless packets) offsite and at their Board table seats
 - ✓ Reduces cost for paper copies and provides BOC with access to supporting documents
 - ✓ One-time purchase of equipment and minimal ongoing maintenance expense

GF Fund Balance Option 32

■ On-line Payments by Citizens for Township Fees

- The Township Treasurer offers on-line and electronic payments for the current real estate tax, solid waste fee and sanitary sewer rental billings

- ✓ Staff has been evaluating on-line payments throughout the organization (primarily for Departmental fees)
 - Requires one-time funding to upgrade Township software systems and purchases
 - Includes recurring transaction fees (some that can be charged back to customers)
 - Recurring transaction fees can represent significant net new costs to the Township's budget

End of Presentation