

**RAPHO TOWNSHIP  
2022 BUDGET NARRATIVE**

**GENERAL FUND**

**Income**

In 2022, the Township will begin our tenth year with a real estate tax rate. When the Board first set the rate in 2012, the millage was 1.75. In 2017, the countywide reassessment increased our assessment by 29.45%. In order to maintain a flat income and not raise taxes, we reset our 2018 tax rate to 1.37 mills. The 2020 budget included an increase from 1.37 to 1.5 mills. Each year we have found ourselves adapting to significantly increasing emergency services costs, cutting back on road projects, and drawing down from our reserves. The Township continues to maintain a more than adequate fund balance, so occasionally a deficit budget serves the purpose of spending down that balance. However, this is not a long-term way to sustain our increasing financial needs. In 2022, the real estate tax is expected to provide about \$265,000 less than the township will spend on police and fire protection.

The total taxable assessed valuation in Rapho Township for 2022 is \$1,199,480,400 Rapho Township is pleased to announce we will not have a tax increase this year. We also intend to draw down from our reserves with this budget, in the amount of \$78,190.92

The total revenue expected to be generated by the real estate tax at this rate is estimated to be \$1,754,240. Real estate transfer tax is expected to generate \$348,000 in 2022. Revenue from Local Services Tax has been steady for the past 7 years. The Lancaster County Tax Collection Bureau (LCTCB) collects the LST, including interest and late fees, on our behalf. An estimate of \$157,500 has been included in this budget.

Rapho Township's Earned Income Tax revenue has been rather unpredictable over the last 7 years. According to LCTCB data, Rapho Township's gross EIT increased 9.61% from 2014 through the end of 2016. This was by far the highest growth rate of any municipality in Lancaster County. In 2017, the Township became one of the few municipalities in the County which did not have any growth in Earned Income Tax. Our 5 year average growth from 2016 to 2021 is 2.6%. This is pulled down by 2017 numbers. 2021 is expected to come in at \$1,775,782 based upon January to October numbers. We have set our anticipated EIT income for 2022 at \$1,827,900, based on LCTCB projections of 4.5% growth for 2022.

The total tax revenue budgeted in the General Fund is \$2,333,400.

Local District Judge fines in 2022 are expected to generate \$18,000, and state police fines are reduced to \$4,000.

In 2014, the Township determined that we would begin a contracted trash and recycling program, in response to the requirements of the Municipal Waste, Planning Recycling and Waste Reduction Act (Act 101). Our three-year contract with Penn Waste included two years of optional extensions, which the Township accepted. A new three-year contract was bid in 2019, and the low bidder was again Penn Waste. The collection rate per unit as bid was \$155.64 beginning July 1, 2019, an increase of 20% over our previous collection rate.

In addition, the Lancaster County Solid Waste Management Authority (LCSWMA) began their predicted rate increase for trash and recycling disposal. LCSWMA previously charged nothing for recycling disposal. In July 2019, they began a charge of \$60 per ton. They also reduced the type of materials that may be recycled, most significantly eliminating paper and newsprint from their list of acceptable recyclables. On January 1, 2022 they will increase the recycling tip fee to \$65 per ton.

Trash disposal costs increased almost 22% on January 1, 2021 to \$78/ton. On January 1, 2022 they are expected to increase to \$80 per ton. We continue to seek to fully fund the trash program with user fees, therefore, we have estimated that total revenue expected from trash-related fees in 2022 is \$568,300. Our current trash contract ends June 30, 2022. We have two option years in our contract. The July 1, 2022 rate and whether the vendor opts to renew, will not be known until 2022. We anticipate our annual trash fee holding steady at \$260 for the trash year starting July 1, 2022 to June 30, 2023, continuing with the \$10 discount allowed with payment for the full year. We believe we are offering a competitive rate for our more than 2,200 customers.

Our total trash revenue includes fees for the yard waste facility key fobs, which we are continuing at \$15 per household in 2022. Township-based contractors collecting yard waste from Township properties will continue to be able to purchase fobs for each of their trucks at a commercial rate of \$1,200 per truck. The yard waste facility is extremely popular, and we project 850 residents will purchase fobs in 2022, plus four commercial trucks. Currently, our key fob “years” have run from February 1 to January 31. In order to reduce confusion for our residents, we will make the 2022 renewals expire at the end of the calendar year (11 Months) and expire 12/31/2022. In future years, the fob renewals will be for 12 months and coincide with the calendar year.

Additional funds that support our recycling program have historically been generated through the Department of Environmental Protection’s 904 grants, which are based on tonnage recycled. Our DEP grant revenue is suspended due to the Township’s Act 537 violation.

Total 2022 revenue from our trash and recycling program is expected to be \$589,770.

Revenue from building and zoning permit fees is expected to increase. We have seen a rebound with building and zoning permits. We anticipate two or three commercial buildings in 2022. Residential development in the Rapho Triangle area continues at a steady pace. Single-family homes in Elm Tree Phase 5B and Phase 5C will be under construction in 2022.

Fees for stormwater management permits are included in our budget to cover the costs of plan review and inspection, as required by the Act 167 stormwater ordinance adopted in 2014. The total budgeted revenue for all building, zoning, sewage, stormwater, and driveway permits, plus land development fees, is \$120,805.

Our recreation budget includes rental of the three pavilions, as well as the concession stand, two silos, and baseball/softball and soccer fields. Total fees to be collected from activities at Rapho Park are budgeted at \$19,050. In 2018 the Township assumed responsibility for the oversight of field “preps” at Rapho Park, and payment for all preps scheduled on Rapho and Manheim Borough fields are run through our budget. Teams playing games on the baseball/softball fields must pay the Township for a landscaper to prepare the fields for play. The rate will be set to

ensure that this revenue item is basically a pass-through, with a slight cushion to allow for multiple preps due to inclement weather.

In 2022, Rapho Township will receive its second payment of the American Rescue Funds in the amount of \$643,924.99. These funds cannot be spent for general fund expenses and will be held aside until the board makes a determination to use them for one of the approved uses.

With the American Rescue Funds included, the total General Fund budgeted income is \$5,818,674.68. After setting the American Rescue Funds aside, that leaves \$5,174,749.69.

## **GENERAL FUND**

### **Expenses**

We do not anticipate hiring any additional staff in 2022 apart from replacing our retiring zoning officer and code enforcement official. We do believe that the current labor market conditions mean we must adjust our pay structure to retain the talented staff that run the day-to-day operations of township government and provide service to our residents. Staff regular wages, account for a \$677,807 in our 2022. Our budget for health insurance expenditures will decrease by 28% in 2022 while decreasing our deductible from \$4000 to \$3000. We will continue our cost-effective HRA program, which accounts for some variable costs based on usage.

The total cost of tax collection in 2022, including the tax collector's wages, postage and supplies is expected to be \$13,391.49.

Our consulting and computer services are budgeted at \$30,000 which is double the 2021 budget. In 2022, we will be replacing the township's server and paying for the General Code codification and online publication of all Rapho Township ordinances. We anticipate a continuation in our increased legal fees due to ongoing litigation and have again budgeted \$50,000 for those services.

In 2019, we were issued an order by DEP to amend our Act 537 plan. As a result, we added a new line item to our engineering budget for sewage engineering fees. We expect those fees to continue in 2022, since our amendment has not yet been approved, and have set a budget of \$30,000. General engineering fees are budgeted at \$20,000. Engineering fees specific to the review and inspection of stormwater projects, as well as fees for implementation of our MS4 (Municipal Separate Storm Sewer System) plan are budgeted at \$29,500. Our MS4 permit was issued in 2019, and we have begun implementation of our Pollution Reduction Plan. Rapho Township plans to work cooperatively with Penn Township on a stream bank restoration project on Sun Hill Road and is budgeting \$41,417.24 for that project in 2022.

The Township has been absorbing the cost of providing engineering assistance to property owners who wish to make limited improvements and need help planning minor stormwater management facilities under our Act 167 ordinance. These costs are covered by income from stormwater permit fees. Minor land disturbance projects are processed by the Code Enforcement Officer, and engineering fees for projects will be paid by the applicants if multiple consultations or inspections are needed. Major land disturbance projects are processed through the Township engineer, with all engineering fees paid by the applicants.

2022 is the eighth year of the Township's 10-year police contract with Manheim Borough. The contracted cost is budgeted for \$1,502,281.78, which includes a 3.2% increase. This increase is within the amount allowed by the contract parameters.

Our three volunteer fire companies (Mastersonville, Manheim, and Mount Joy) will continue to be funded based upon recommendations by the Fire Advisory Council. For 2022, the council recommended the allocation percentages remain unchanged and operating funds be increased by 3% and Capital Funds be restored to 2020 levels. Each department receives quarterly payments for their operating budgets. In addition, a capital fund was established in 2012 for each company. Capital funds are held by the Township until a request for their release is made to the Fire Advisory Council and authorized by the Board of Supervisors.

All three fire companies utilize capital funds for projects and large purchases, including apparatus and future building improvements.

Mastersonville Fire Department completed construction of a new building in 2018, and they drew down a portion of the funds they had reserved in their Township capital fund for the project. The Board of Supervisors committed in February 2017 to support the building project loan with an annual capital allotment of \$140,800, of which \$55,000 will go directly toward the Fire Company's debt service on the building.

The total budgeted cost of fire protection, excluding the pass-through foreign fire tax and workers' compensation costs, is \$529,472.

Rapho Township began 2021 served by Northwest EMS and Susquehanna Valley EMS. Susquehanna Valley EMS has become Penn State Health/Life Lion. Northwest EMS has made requests for each of the municipalities they serve to increase their funding to the ambulance company over the next three years. The request for Rapho Township is to increase our operating donation from 2020's \$2,500 to approximately \$49,875 by 2023.

The 2022 budget commits \$15,000 for Northwest EMS operating budget and \$5,000 for PennState Health/Life Lion.

To fulfill the Township's requirement to manage stray dogs, Manheim Borough constructed a temporary dog kennel in 2013. Police officers house lost dogs until they are either claimed by their owner or are transported to the shelter. In 2017 the Lancaster SPCA was closed, and the County renegotiated with the Pennsylvania SPCA, which continues to charge municipalities \$200 per dog. We have estimated charges for four dogs next year. The Police Department has had great success matching lost dogs with their owners using social media. We have had very few owners who have left their dogs at the temporary dog kennel long enough to be fined.

The 2022 trash expense budget is set at \$549,857 for waste collection and disposal, plus \$20,000 for professional services including billing and legal fees. As stated, the income and expenses of the trash program are planned to have limited impact on the General Fund budget. The current rate for trash service will ensure that the program breaks even, with a small amount of income to offset staff time spent in administration.

The 2022 general Public Works Department operating budget including wages and benefits, is \$543,746.

Most line painting and signal maintenance will be paid for using State (Liquid Fuels) funds. Traffic signs and some line painting will be included in the General Fund, with a total of \$45,000 budgeted for those items. In 2019 our staff added a new technological component to our seven-year sign replacement plan by entering data for all traffic signs into our C.S. Datum mapping program. Signs have been assigned a district number, and the program can generate a list of all the signs that need to be purchased in a district for that year.

The Public Works Department in 2013 established separate line items for emergency materials and emergency contracted services, to distinguish those unplanned expenses from funds spent on ordinary maintenance, such as pothole patching, pipe and inlet replacement, weed control, and tree trimming. We have held our budget in 2022 highway maintenance and repairs to \$165,000. Major highway construction projects are budgeted in the Capital Reserve Fund and seal coating is budgeted in the State Fund in 2021.

In 2015, we began to utilize Township staff and equipment to mow at Rapho Park. Staff will continue to mow, collect trash and recyclables, and maintain the restrooms and concession stand. The barn storage structure constructed in 2019 will allow us to store all Township-owned park maintenance vehicles and equipment on the park property. Contractors will be needed to do some of the landscaping and spraying. A tree care program, which started in 2015, will continue. All maintenance associated with the dog park, which was constructed at Rapho Park in 2016, is paid for by Dog Park Mount Joy, a 501(c)(3) non-profit organization.

The 2022 budget does include \$5,000 for maintenance at Mummau Park, which is jointly owned by the Township and Manheim Borough. The cost of the field preps, which are paid for with user fees, is included in this category. These costs will be a pass-through, as all expenses of preps are charged to the teams playing. Scheduling and coordination are handled by volunteer Don Wenger. Total general recreation expenses are budgeted at \$88, 825.

The Township is continuing contributions to both the Mount Joy (Milanof Schock) and Manheim libraries, \$21,640 and \$16,955, respectively. The 2022 contribution is a 3% increase from 2021. Funding for both the Mount Joy and Manheim Historical Societies will continue as in previous years, with donations of \$500 to each organization. This year's budget includes a contribution of \$1,000 to the Chiques Creek Watershed Alliance to support their ongoing public outreach and projects.

General liability, auto insurance, and errors and omissions insurance costs have been consistent over the past several years. Workers' compensation costs have increased somewhat. Our total insurance budget is \$54,195. The Township's responsibilities for fire protection include payment of workers' compensation insurance for the Mastersonville Fire Company. Like most municipalities across the state, the Township was forced to join the State Workers' Insurance Fund, due to legislation that caused private insurance carriers to refuse to cover fire companies. Fortunately, after absorbing the initial 24% increase this change required in 2014, our costs have remained constant at approximately \$15,000.

The minimum municipal obligation (MMO) for the Township’s pension plan is anticipated to be \$42,608 in 2022, with the estimated state aid fully covering the MMO and the township share of zero. The total pension obligation is paid using state aid plus the Township’s contribution.

Budgeting large projects in the Capital Reserve Fund requires the transfer of general funds to support those projects. The 2022 transfer is planned to be \$436,785.64. This increase is needed to pay for projects that had been delayed by the 2020 and 2021 COVID-19 budget reductions. General funds will be moved to the Capital Reserve Fund as needed throughout the year to pay capital expenses.

In 2018, the Township completed renovations to the office, including a reconfigured parking lot, stormwater facilities, and landscaping. We also added a storage building and wash bay onto the Public Works garage. The two building projects were financed in part by a \$1.8 million loan. The loan requires debt service payments totaling approximately \$150,000 each year for 15 years. 2021 is the fourth year of our 15-year payback period. The principal and interest debt service budget totals \$144,686. This is the first bank loan that Rapho Township has ever taken in its history.

The total 2022 General Fund expenses, including the debt service payment and capital transfers, are \$5,251,342.01. These expenses will result in the Township drawing down from our reserves by \$76,592.32. We analyzed the level of reserves we have on hand and determined that it would be wise for us to utilize some of those funds to balance this year’s budget.

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**STATE FUND**

**Income**

The 2022 estimated Liquid Fuels allocation for the Township is \$454,830. This is a .07% increase from the \$451,378 we received in 2021. The allocation is based on fuel sold and road mileage, which now totals over 96 miles, after the dedication of several new street sections in 2017. The increase in alternative energy vehicles is expected to continue to see this revenue source flat or decreasing. The turnback allocation remains the same each year, at \$31,680.

The total State Fund budgeted income is \$486,560.

**STATE FUND**

**Expenses**

Budgeted salt and cinder costs paid from the State Fund are expected to be \$30,000, based on a five-year average. Some salt purchases used for non-road surfaces are paid using general funds.

Contracted road construction projects will be completed using State funds, including Hernley Road and Kulp Road overlay, Hamaker and Kendig Drive overlay and fabric and a portion of the Breneman Road (Hossler to Colebrook) widen and reclamation project.

The total State Fund budgeted expenses are \$447,000. We will be carrying a net balance forward of around \$70,000.

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**CAPITAL RESERVE FUND**

**Income**

The Capital Reserve Fund budget is project-based, allowing large, lengthy projects to be paid for over multiple budget years.

Capital Reserve Fund projects are paid for using general funds, which, once earmarked for capital projects, cannot be redirected to operating expenses. \$200,000 was placed into the capital reserve fund in 2021, for the replacement of the traffic signals at RT 230 and Esbenshade Road. That money will be carried over until 2022 when the project will be completed. In addition to our Capital Reserve Fund, the Township has created 2 sub accounts in 2021 to account for developer money set aside for projects. These 2 new accounts are 1) off-site improvements for the RT 230 and Esbenshade Road strain pole replacement and signal upgrades with a balance of \$54,168.36 and 2) Road Reconstruction for repaving of Esbenshade Road and other repairs with a balance of \$192,005.51.

To cover all planned capital projects, a General Fund transfer of \$436,785.64 will supplement the fund balance forward. The total budgeted Capital Reserve Fund income plus fund balance carried forward is \$917,381.

**CAPITAL RESERVE FUND**

**Expenses**

The Township continues to update our five-year capital project plan, which was initiated in conjunction with the 2013 budget. An updated plan extending to 2026 has been adopted along with the 2022 budget.

In 2022, in addition to the previously mentioned traffic light strain pole replacement and signal upgrades at RT 230 and Esbenshade Road, we plan to design the bridge for Weaver Road, widen and reclaim Breneman Road (Colebrook to Hossler), overlay Hernley Road and Kulp Road, overlay and fabric Hamaker Road and Kendig Drive, widen Oak Tree Road, and Wisgarver Road (Shumaker Rd to N. Colebrook Rd), and replace concrete and median on Esbenshade Road. These projects will utilize \$375,000 in state funds, Capital Budget Expenses are \$436,825.64 in addition to carryover and developer contributions.

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