

RAPHO TOWNSHIP 2023 BUDGET NARRATIVE

GENERAL FUND

Income

In 2023, the Township will begin its eleventh year with a real estate tax rate. When the Board first set the rate in 2012 to cover the costs of providing emergency services in the township, 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. The township desires to continue to invest in our road infrastructure and the ever-rising cost of maintaining high quality roads. In 2022, the real estate tax provided about \$265,000 less than the township spent on emergency service protection. If the real estate tax remained 1.5 mills, that difference would increase to \$404,578 in 2023. Since 2021, the costs of the planned 2023 public works paving and reclamations projects have increased \$370,470 or 53%. Due to the rapidly increasing costs of public works road projects, the township is not able to cover the Police, Fire and EMS costs exceeding the revenue generated by the real estate tax with the EIT and still meet the expectations for township road maintenance and improvements in 2023.

The total taxable assessed valuation in Rapho Township for 2023 is \$1,219,356,700. Rapho Township is raising the property tax from 1.5 mills to 1.75 mills in 2023. This will generate an additional \$326,287 in income in 2023 for a total raised from the property tax of \$2,080,527. We also intend to draw down from our reserves with this budget, in the amount of \$248,939.

The total revenue expected to be generated by the real estate tax at this rate is estimated to be \$2,080,527.37. Real estate transfer tax is expected to generate \$348,000 in 2023. Revenue from Local Services Tax has been slightly increasing. The Lancaster County Tax Collection Bureau (LCTCB) collects the LST, including interest and late fees, on our behalf. An estimate of \$186,000 has been included in this budget.

Rapho Township's Earned Income Tax revenue has been unpredictable over the last 8 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. 2022 is expected to come in at \$1,775,782 based upon January to October numbers. We have set our anticipated EIT income for 2023 at \$2,053,193 based on LCTCB projections of 12.3% growth for 2023 over our 2022 Budget numbers.

The total tax revenue budgeted in the General Fund is \$4,688,440.

Local District Judge fines in 2023 are expected to generate \$18,000, and state police fines are unchanged at \$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 on January 1, 2022, to \$80/ton. On January 1, 2023, they are expected to increase 18% to \$95 per ton. Recycling tipping fees are expected to increase 15% to \$75.00/ton. We continue to strive to fully fund the trash program with user fees, therefore, we have estimated that total revenue expected from trash-related fees in 2023 is \$671,013. On July 1, 2022, we began option year 1 of our Penn Waste contract. In order to cover our increased costs, due primarily to CPI and Diesel fuel costs, we increased our annual fees from \$260.00 to \$285.00. We anticipate another similar increase, should we choose to utilize option year 2 of our contract beginning June 30, 2023. We will continue with the \$10 discount allowed with pre-payment for the full year. We believe we are offering a competitive rate for our more than 2,300 customers.

Our total trash revenue includes fees for the yard waste facility key fobs, which we are continuing at \$15 per household in 2023. 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 more than 860 residents will purchase fobs in 2023, plus three commercial trucks. In 2023, 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 \$666,749.

Revenue from building and zoning permit fees is expected to stay flat in 2023. We anticipate four or five commercial buildings in 2023. Residential development in the Rapho Triangle area continues at a steady pace. Single-family homes in Elm Tree Phase 5B and 5C will be under construction in 2023.

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, unchanged from the 2022 budget.

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 \$22,050. 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 a pass-through, with a slight cushion to allow for multiple preps due to inclement weather.

The total General Fund budgeted income is \$5,824,757.70

GENERAL FUND

Expenses

We do not anticipate hiring any additional staff in 2023. 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 \$692,862 in 2023. Our budget for health insurance expenditures will increase by 20% in 2023. However, this is after a 28% decrease in 2022. We will continue our cost-effective HRA program, which accounts for some variable costs based on usage.

The total cost of tax collection in 2023, including the tax collector’s wages, postage and supplies is expected to be \$10,264.

Our consulting and computer services remain budgeted at \$30,000. In 2023, we will be finishing the General Code codification and online publication of all Rapho Township ordinances. We also anticipate beginning an archival document scanning project in 2023. 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 increase in 2023, since our amendment looks likely to be accomplished in 2023 and have set a budget of \$85,000. Rapho Township’s engineer did submit our Task Activity Report (TAR) to DEP in October 2022 for feedback and/or approval. General engineering fees are budgeted at \$30,000. 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 again 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 we budgeted \$41,417.24 for that project in 2022. Penn Township expects to begin that project in 2023.

Minor land disturbance projects are processed by the Code Enforcement Officer, and engineering fees for projects will be paid by the applicants. Major land disturbance projects are processed through the Township engineer, with all engineering fees paid by the applicants.

2023 is the ninth year of the Township’s 10-year police contract with Manheim Borough. The contracted cost is budgeted for \$1,564,118.88, which includes a 4.43 % increase. This increase is within the amount allowed by the contract parameters. The township’s contribution to the Drug Task Force is \$1 per capita or \$12,024.

Our three volunteer fire companies (Mastersonville, Manheim, and Mount Joy) will continue to be funded based upon recommendations by the Fire Advisory Council and decision by the board of Supervisors. For 2023, the council recommended 6.5% increases in Fire Department Mount Joy and Manheim's operating Expenses and Capital Funds and 5% increase in Mastersonville's operating funds and a 10% increase in the Capital Fund. The Board of Supervisors decided to treat all three companies the same and approve a 6.5% increase for all three companies' capital and operating funds.

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 that 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 \$664,871.42.

Rapho Township is served by Northwest EMS and 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 \$49,875 by 2023.

The 2023 budget commits \$49,875 for the Northwest EMS operating budget and \$5,000 for PennState Health/Life Lion.

The total for police, Fire and EMS expenditures spent in 2023 is budgeted at \$2,275,888.

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 by 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 2023 trash expense budget is set at \$666,749 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 2023 general Public Works Department operating budget including wages, benefits, and fuel, is \$599,349.

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 \$52,500 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. Our 2023 budget for highway maintenance and repairs to \$165,000, the same as 2022. Major highway construction projects are budgeted in the Capital Reserve Fund.

In 2015, we began to utilize Township staff and equipment to mow the Rapho Park property. 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. Scheduling and coordination are managed by volunteer Don Wenger. Total general recreation expenses are budgeted at \$91,490.

The Township is continuing contributions to both the Mount Joy (Milanof Schock) and Manheim libraries, \$23,000 and \$18,062, respectively. The 2023 contribution is a 6.28% increase from 2022. 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 are expected to increase 8.5%. Workers' compensation costs have increased somewhat. Our total insurance budget is \$59,510. 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 incurred 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 \$47,669 in 2023, with the estimated state aid covering \$40,939.93 of the MMO and the township share of \$6,929.07. The total pension obligation is paid using state aid plus the Township's contribution. The township is working toward creating a Defined Contribution (DC) Plan for our employees further away from retirement in 2023.

Budgeting large projects in the Capital Reserve Fund requires the transfer of general funds to support those projects. The 2023 transfer is planned to be \$918,500. This increase is needed to pay for road projects and a new John Deere 624 loader. Road Projects have increased in cost almost 40% since 2021. 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. 2023 is the sixth 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 2023 General Fund expenses, including the debt service payment and capital transfers, are \$6,073,697. These expenses will result in the Township drawing down from our reserves by \$248,939. 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.

STATE FUND

Income

The 2023 estimated Liquid Fuels allocation for the Township is \$493,202.58 This is a 1.1% increase from the \$487,451 we received in 2022. The allocation is based on fuel sold and road mileage, which now totals over ninety-six miles. 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 \$526,628.

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. A few salt purchases used for non-road surfaces are paid using general funds.

Contracted road construction projects will be completed using State funds, including Horn Road Overlay and Mastersonville Road Overlay (Horn to Shumaker)

The total State Fund budgeted expenses are \$493,000. We will be carrying a net balance forward of around \$33,682.

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.

To cover all planned capital projects, a General Fund transfer of \$918,500 to the capital reserve fund will be required. The Capital Reserve Fund is not anticipated to have a balance forward due to all the 2022 Construction projects being completed.

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 through 2027 has been adopted along with the 2023 budget.

In 2023, in addition to the two previously mentioned projects using all state funds, Rapho Township anticipates the following capital Fund projects: Oak Tree Road overlay, Mill Road Stormwater, Mastersonville Road (Colebrook to Shumaker) Overlay, Rife Run Overlay. Additionally, Rapho Township will purchase a new John Deere 624 Loader to replace the Township's 1997 John Deere 644 Loader. The cost of the new loader after trade in of the 644 loader is \$208,500.

The total expenses in the capital fund budget are \$918,500.
