

**TOWNSHIP OF LOWER MERION**

**BUDGET WORKSHOP**

**Wednesday, September 4, 2024  
6:00 PM (Approximately)**

AGENDA

**1. 2025 PROPOSED BUDGET OVERVIEW AND PRESENTATIONS**

Staff will present information regarding the 2025 Proposed Budget requests.



## **AGENDA ITEM INFORMATION**

### ITEM: 2025 PROPOSED BUDGET OVERVIEW AND PRESENTATIONS

Staff will present information regarding the 2025 Proposed Budget requests.

#### **ATTACHMENTS:**

Description	Type
□ 2025 Budget Workshop Information	Backup Material

# Township of Lower Merion

## Budget Workshop Agenda September 4, 2024

Function	Issue/Department	Time		
Introduction	Executive Summary & Introduction	6:00 p.m.	-	6:15 p.m.
General Government	Finance & Debt Service	6:15 p.m.	-	6:25 p.m.
General Government	General Government Departments A. BOC, Manager's Office, Public Information, Human Resources B. Parking, Information Technology	6:25 p.m.	-	7:00 p.m.
Public Safety	Fire	7:00 p.m.	-	7:15 p.m.
Public Safety	Police	7:15 p.m.	-	7:40 p.m.
Building & Planning	Building & Planning	7:40 p.m.	-	8:00 p.m.
Libraries & Recreation	Libraries	8:00 p.m.	-	8:20 p.m.
Libraries & Recreation	Parks & Recreation	8:20 p.m.	-	8:40 p.m.
Public Works	Fleet	8:40 p.m.	-	8:55 p.m.
Public Works	Refuse	8:55 p.m.	-	9:05 p.m.
Public Works	Highway	9:05 p.m.	-	9:15 p.m.
Public Works	All Other Public Works Divisions	9:15 p.m.	-	9:30 p.m.
Conclusion	Board Policy Direction - Next Steps	9:30 p.m.	-	9:55 p.m.

## 2025 BUDGET AND 2025 - 2030 CAPITAL IMPROVEMENT PLAN (CIP) CALENDAR

Event	Date	Topics
New CIP Requests	April 26, 2024	Departmental CIP Requests Due to Public Works Department
Budget Process Begins	June 5, 2024	Departmental Budget Instructions Distributed
Special Finance Committee CIP Workshop	June 26, 2024	Discuss CIP Projects for 2025-2030
Budget Requests, Budget Goals, and Performance Measures	July 12, 2024	Budget Requests, Budget Goals and Performance Measures Due to Finance Department
Budget Meetings by Staff	July 15, 2024- August 2, 2024	Review of Departmental Budget Requests
General Fund Financial Forecast Update	July 31, 2024	Presentation of Semi-Annual General Fund Financial Forecast and Preliminary 2025 Budget
Budget Requests from Non-Profit Organizations	August 1, 2024	Budget Requests Due from Non-Profit Organizations
Budget Requests from Volunteer Fire Companies	August 12, 2024	Budget Requests Due from Volunteer Fire Companies
Budget Workshop	September 4, 2024	Departmental Budget Presentations to BOC
Departmental Accomplishments	September 13, 2024	Departmental 2024 Accomplishments Due to Finance Department
Budget Meeting with Federation of Civic Associations	TBD	Discuss Township Budget

## 2025 BUDGET AND 2025 – 2030 CAPITAL IMPROVEMENT PLAN (CIP) CALENDAR

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Event	Date	Topics
Distribution of 2025 - 2030 Proposed CIP	November 8, 2024	Distribution of 2025 - 2030 Proposed CIP to Board and Public
Distribution of 2025 Proposed Budget	November 8, 2024	Distribution of 2025 Proposed Budget to Board and Public
2025 Proposed Budget Presentation	November 13, 2024	Public Presentation of the 2025 Proposed Budget at Finance Committee Meeting
First Budget Public Hearing	November 20, 2024	Public Discussion of the 2025 Proposed Budget and CIP (2025 - 2030)
Second Budget Public Hearing	December 4, 2024	Public Discussion of the 2025 Proposed Budget and CIP (2025 - 2030)
Adoption of 2025 Budget and Approval of 2025 - 2030 CIP	December 18, 2024	Adoption of 2025 Budget and Approval of CIP (2025 - 2030)

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**TOWNSHIP OF LOWER MERION**

*Office of the Township Manager*

**MEMORANDUM**

**TO:** President and Members of the Board of Commissioners

**FROM:** Ernie B. McNeely, Township Manager

**SUBJECT:** 2025 Budget Workshop - September 4, 2024

**DATE:** August 30, 2024

The Township’s finances continue to be in a strong position as we enter the 2025 budget season. The Township’s General Fund ended 2023 with a fund balance of nearly \$30 million. This is well above the policy target and allowed the Board to confidently appropriate \$4.6 million of reserves to balance the 2024 budget. But while the 2023 General Fund story was that of record revenues, the current 2024 General Fund projection is more subdued with revenues and expenditures each expected to end the year within 1 percent of budget.

The Budget Workshop is the first step in the budget process intended to provide the Board of Commissioners with an initial look at departmental budget requests and the opportunity to provide policy guidance to assist Township staff in preparing the Proposed 2025 Budget. As we discuss annually, the development of an annual budget is a team effort. The budget is the transformation of the goals and objectives for the community into a plan for the upcoming year. It is the Board of Commissioners that establishes the budgetary goals and objectives for the community, while the Township staff provides input to aid the Board in that process and helps implement the budgetary plan for the Township.

The Township’s budget process began in June when departments submitted proposed budgets to the Finance Department. A series of department meetings were held throughout July and August with the Finance Department and Township Manager’s Office where each department and division budget were reviewed and refined.

The 2025 Budget numbers are still preliminary and will be further revised before the formal Proposed 2025 Budget submission in November. The Township does not have its renewal for health insurance yet, nor does it have final renewal information for other insurances (liability, workers’ compensation, etc.). Equipment Fund rental rates for 2025 that are charged to various departments are still in draft form, although they are expected to again rise substantially.

These items will have an impact on the Township’s budget overall. As a reminder, the General Fund (GF) Financial Forecast presented to the Board in July projected a 2024 GF deficit of nearly \$5.0 million. The Board also authorized a \$2.0 million transfer of GF reserves to the Capital Projects Fund. The GF balance is currently forecasted to end 2024 just under \$23 million or approximately 30% of GF expenditures. Township staff will continue to refine these projections as the year progresses.

These projected results would leave the Township in a strong position as it enters next year and can provide a possible path to avoid a tax increase for another year by appropriating fund balance reserves to cover the budgetary deficit, based on the policy preferences of the Board. Longer-term concerns remain regarding revenue growth trailing expenditure growth which could erode the Township's healthy GF fund balance.

The Board of Commissioners has been provided with a Preliminary 2025 Budget Workbook that includes departmental organizational charts, goals, salary pages and budget summaries. The departmental summaries include 2023 Actual, 2024 Budget, 2024 Estimated Actual and 2025 Requested Budget. This year's Budget Workshop will follow a similar format as used last year. Presentations will be organized by functional area and will focus on 2025 objectives and any significant changes requested in the budget for the coming year. The presentations will also be designed to target policy questions and issues where Board direction is necessary to develop a Proposed 2025 Budget that is aligned with the Board's priorities. The Board has recently discussed its priorities and departments have been asked to reflect those where applicable in their budgets and presentations. Not every department will make a full presentation to the Board at the Budget Workshop since some departments have very limited changes to operations planned; however, the Board will retain the ability to ask questions of any department.

### **2025 Budget Policy Issues and Questions**

The following are policy questions or issues that the Board is asked to consider most of which will be addressed in the scope of the departmental presentations. If the Board is not prepared to provide policy direction to staff at the Budget Workshop and requires more time or information to provide policy guidance, we plan to discuss these topics again at future Finance Committee meetings.

### **Staffing Policy Direction**

The labor environment has improved only slightly from the difficulties faced over the last few years. Departments continue to work around position vacancies because of staff turnover, in particular uniformed Police staff. To provide a sense of the turnover witnessed in the last few years: approximately one in every four full-time employees started working for the Township in 2020 or later.

As part of the Budget Workshop, the Board will review proposed staffing changes in several departments which are summarized below. A summary sheet of the position requests immediately follows this letter in your Workshop packet. Position request justifications and supporting documents are found at the end of the applicable department's section within your packet.

- a) Township Manager's Office: The Township Manager (TMO) has submitted a request to replace the Sustainability Intern position with a full-time Sustainability Coordinator position. In addition to the elimination of the intern position, the TMO has also suggested the elimination of the vacant Administrative Secretary 1 position to help offset the costs of adding a full-time Sustainability Coordinator.

- b) Human Resources: The Director of Human Resources has submitted a request to add one (1) full-time Administrative Clerk position.
- c) Police: The Police Superintendent has submitted a request to add two (2) full-time Social Worker / Co-Responder positions.
- d) Building & Planning: The Director of Building and Planning has submitted two requests: One request is for a position upgrade, moving the Community Development Technician position from a 37.5 hour work-week to a 40 hour work-week. The department's second request is for a new, part-time Administrative Clerk 1 position.
- e) Public Works Refuse: The Director of Public Works has submitted a request to upgrade the part-time Administrative Clerk 1 position in the Refuse division into a full-time position.
- f) Libraries: The Director of Libraries has submitted two requests for additional part-time hours. One request is for an additional part-time Library Assistant at the Penn Wynne Library, and a smaller request for 2 additional part-time Library Assistant hours per week at the Belmont Hills Library.
- g) Parks & Recreation: The Director of Parks & Recreation has submitted three requests related to part-time positions. First is added part-time hours for the Recreation Facilities Park Steward positions, effectively turning these seasonal jobs into year-round part-time positions. The second request is for seven (7) additional part-time Playground Coordinator/Counselor positions. The third request is for additional swimming pool staffing head counts for improved coverage. With the exception of the Park Steward positions, the department has the ability to recoup costs under its program fees which are established annually to recover costs.

### **Capital Budget Financing**

The Township last borrowed for capital budget financing in 2022 as the availability of American Rescue Plan (ARP) Act funds has provided for several priority projects. We anticipate that the balance of unencumbered ARP funds will be obligated (awarded) by the end of this year as required by U.S. Department of Treasury rules. The township's year-end principal debt outstanding has declined from \$95.6 million in 2022 to \$78.1 million in 2024.

The Township will need to enter the capital market in the first quarter of 2025 to fund non-ARP projects in the new year. The ultimate size of the new money borrowing will depend on the scale of non-ARP projects funded in the 2025-2030 CIP. The Board also authorized a reimbursement resolution on July 31st to float financing from General Fund reserves to the Capital Projects Fund not to exceed \$5 million, providing greater flexibility as to when the Township ultimately borrows new money. Current CIP cash flow estimates suggest a financing need of at least \$18 million, plus any interfund borrowing to be reimbursed for year-end 2024 capital expenses.



## **Pensions**

The Township's pension plans continue to hold actuarially strong positions with funding ratios of 98.1% (Police Plan) and 108.6% (Non-Uniform Plan). A \$419,800 contribution to the Township pension plans was budgeted in 2024 to satisfy the plans' actuarially determined obligations (net of state aid). The final actual pension costs for the current year will be determined in October after the Township receives its pension state aid allocation. Projected pension costs for 2025 will be calculated through the development of the Township's Minimum Municipal Obligation (MMO) for both pension plans which will be submitted to the Board by the end of September. The funding of pensions for both the current year and next year will be discussed in further detail at an October Finance Committee meeting.

## **Volunteer Fire Company & Narberth Ambulance Funding**

Since 2017, the Board of Commissioners has approved annual increases to the operating allocations of the six volunteer fire companies of either 2% or 3%. The six fire companies have submitted 2024 budgets and were instructed to use a 3% increase in the Township contribution as a placeholder. Each one percent increase to the fire companies operating allocation totals \$3,794 to one fire company or \$22,765 to the Township overall. The annual financial review of the fire companies should be completed soon which will aid the Board is setting fire company allocations.

Narberth Ambulance was provided \$55,000 by the Township in 2024 through the Fire Department budget. Narberth Ambulance has also received nearly \$363,000 funded by ARP funds toward the purchase of a new ambulance. For 2025, Narberth Ambulance has requested a contribution of \$100,000 from the Township to support its ongoing operations, equipment and capital needs.

## **Non-Profit Budget Requests**

There have been 14 requests submitted by non-profits for Township funding in 2025. This year's requests total \$164,000 compared to 14 non-profits funded at \$136,500 in the 2024. The policy on General Fund Contribution to Outside Agencies, adopted in November 2014, set a maximum annual total of all contributions at \$120,000 (although the Board of Commissioners does have flexibility to adjust that amount as it did in the 2024 Budget). Additionally, this maximum policy limit was set when Narberth Ambulance was a part of this allocation. The Board of Commissioners will need to determine the recipient agencies and funding levels for next year. A list of the requests has been provided in your packet. The Finance Committee will schedule a meeting to review and discuss the 2025 requests to make a recommendation to the Board of Commissioners as part of the 2025 Proposed Budget.

## **Township Property Tax Rate & Service Levels**

The Township has been able to sustain, and in certain areas expand, Township services without raising property taxes for thirteen years. In the scope of the departmental presentations, you will be briefed on various budgetary changes and requests. Please remember that the new position requests outlined earlier are not yet included in the departmental budgets and would be an additional cost to their respective departmental budgets.

While the Township is operating from a position of strength financially, there are some concerns about the ability of revenue to keep pace with the growth in personnel costs. As a result, we expect another deficit budget for the General Fund in 2025. The Township should be able to adopt a 2025 without a tax increase if that is the preference of the Board.

### **Conclusion**

I hope the Budget Workshop continues to be helpful for the Board of Commissioners as we craft a 2025 Budget. I know it may not be possible to provide policy guidance on every topic, and some may well need further discussion over the next several months. Not every issue will need to be resolved at the Budget Workshop, but the more clarity in terms of policy guidance the Board can provide will help Township staff deliver a Proposed Budget in November that better matches the Board of Commissioners' priorities for the Township.

Department	Type of Request	Position	Added Salary/Wages	Fringe	Total Personnel Cost	Fund(s)	Notes
11: Township Manager's Office	Added Position (FT)	Sustainability Coordinator	63,287	25,000	88,287	10 General Fund	Other Costs: trainings \$1,500 anticipated
11: Township Manager's Office	Position Removal	Sustainability Intern	-16,000	-3,200	-19,200	10 General Fund	
11: Township Manager's Office	Position Removal	Administrative Secretary 1	-61,370	-24,548	-85,918	10 General Fund	
18: Human Resources	Added Position (FT)	Administrative Clerk 1	66,756	26,702	93,458	10 General Fund	
30: Police	Added Position (FT)	Social Worker / Co-Responder	74,000	29,600	103,600	10 General Fund	Other Costs: Supplies, uniforms, and trainings \$5,000 anticipated
30: Police	Added Position (FT)	Social Worker / Co-Responder	74,000	29,600	103,600	10 General Fund	Other Costs: Supplies, uniforms, and trainings \$5,000 anticipated
40: Building & Planning	Position Adjustment	Community Development Technician	6,346	1,269	7,615	21 CDBG Fund	Adjustment from 37.5 hour work week to 40 hour work week
40: Building & Planning	Added Position (PT)	Administrative Clerk 1	31,718	6,344	38,062	10 General Fund	
51/59: Public Works Refuse Div.	Part-Time → Full Time	Administrative Clerk 1	36,063	19,729	55,792	55 Solid Waste	
60: Libraries	Added Position (PT)	Library Assistant 1	28,155	5,631	33,786	10 General Fund	Penn Wynne Library: +1 PT Library Asstant requested (20hrs/week) Belmont Hills Library: +2 PT Library Assistant hours requested
60: Libraries	Additional PT Hours	Library Assistant 1	2,815	563	3,378	10 General Fund	
61: Parks & Recreation	\$1.50/hr incurease, \$15/hr minimum	Part-time and season positions	43,381	4,338	47,719	10 General Fund	Estimated cost to implement \$1.50/hr wage increase to bring all PT staff to \$15/hr min Same PT staffing, added hours (seasonal to year-round) Recreation Programs cost recovery can offset added costs Swimming Pool cost recovery can offset added costs
61: Parks & Recreation	Position Adjustment	Recreation Facilities Park Steward	22,344	2,234	24,578	10 General Fund	
61: Parks & Recreation	Added PT Staffing	Playground Coordinator/Counselor	15,750	1,575	17,325	10 General Fund	
61: Parks & Recreation	Added PT Staffing	Swimming Pool staff (multiple)	37,724	3,772	41,496	10 General Fund	

**Fund Subtotals**

Added Salary/Wages	Fringe	Total Personnel Cost	Fund(s)
382,559	107,612	490,171	10 General Fund
6,346	1,269	7,615	21 CDBG Fund
36,063	19,729	55,792	55 Solid Waste

See documents for each request within the respective department's workshop files

## TOWNSHIP FUNDING REQUESTS - 2025

2025 Township General Fund Contributions to Not-for Profit Organizations						
No.	Organization	2022 Actual	2023 Actual	2024 Actual	2025 Request	2025 Request vs. 2024 Actual
1	Eldernet	\$ 20,000	\$ 21,500	\$ 24,000	\$ 24,000	\$ -
2	Lower Merion Conservancy	15,000	15,000	20,000	20,000	-
3	Positive Aging in Lower Merion (PALM)	16,500	18,000	20,000	23,500	3,500
4	Neighbors Helping Neighbors	-	10,000	15,000	25,000	10,000
5	New Horizons Senior Center	12,000	13,000	14,000	16,000	2,000
6	Ardmore Initiative	10,000	10,000	10,000	20,000	10,000
7	Bala Avenue of the Arts	-	-	10,000	11,000	1,000
8	Next Level Sports	8,000	8,000	8,000	8,010	10
9	Riverbend Environmental Center	5,000	5,000	5,000	5,000	-
10	Main Line Meals on Wheels	-	-	5,000	5,000	-
11	Montgomery County Emergency Services	1,500	1,500	1,500	1,500	-
12	Victim Services of Montgomery County	1,000	1,500	1,500	1,500	-
13	Visiting Nurses Association	1,000	1,000	1,500	1,500	-
14	Lower Merion Community Watch	3,000	1,500	1,000	2,000	1,000
15	Families CCAN	-	-	-	OPEN	OPEN
<b>Grand Total</b>		<b>\$ 93,000</b>	<b>\$ 106,000</b>	<b>\$ 136,500</b>	<b>\$ 164,010</b>	<b>\$ 27,510</b> <b>20.2%</b>

Contribution to Narberth Ambulance moved to the Fire Department Budget beginning in 2019.

<b>Narberth Ambulance</b>	50,000	52,000	55,000	100,000	45,000	<b>81.8%</b>
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