

December 20, 2017

TO: Board of Supervisors
FROM: Terry Fedorchak, Township Manager
RE: 2018 Budget Highlights

Our 2018 Preliminary Budget was approved by the BOS at their November 21st special meeting.

Since then, the 2018 Preliminary Budget, in its entirety, has been posted on the Township's website (www.lmt.org) and has been available for public inspection at the Township Building.

General Fund.

2017

This has proved to be another strong year for General Fund revenues across all categories, led by the Deed Transfer Tax. This will be the third year in a row this Tax will finish around \$1.6 million, a very good sign for the local housing market.

We anticipate year end 2017 Revenues to match Expenses and forecast we will carry over a very healthy \$2.5 million fund balance into 2018.

2018

I am recommending we add **one (1.0) mill** to the General Fund to bring the total to **12.60** mills. The additional personnel we added this year along with proposed upgrading of the township's entire computer network will require the additional millage, or risk cutting severely into our fund balance. We have recommended various Building fee increases for 2018, which the BOS has approved. The additional revenue expected is already reflected in the 2018 budget figures.

Park and Recreation Fund.

We are recommending a **.35 millage** increase for the Park and Recreation Fund. We have added \$150,000 for engineering design and project management for the Oxford Valley Road Bikepath project. We submitted a grant application under the PennDOT Transportation Alternatives Program to complete the bikepath/trail system along Oxford Valley Road in front of the new Community Center. Construction is estimated at around \$750,000, and that entire amount will be covered by the grant. The Township is responsible for just design and project management. We should get word sometime mid-2018 if we are successful.

In 2018 we also added additional operational and maintenance expenses for the new Community Center and Dog Park, We expect the CC to open in January and the Dog Park in early spring of 2018. With the additional .35 mills, revenues will match expenses going forward.

Pool.

2017 was another excellent year for our Pool and we expect the same for 2018. Our new Park and Rec Director is in the process of evaluating significant structural issues with our Olympic pool, dealing with a section of wall and the decking. Although it is anticipated to be an expensive fix, have set aside funds in the Pool Capital Reserve to cover the expected costs.

Road Machinery Tax.

This is a Special Purpose Tax under the Second-Class Township Code and, as the name suggests, it is earmarked for Street Department equipment. Every year we struggle with finding enough funds to cover replacing our street equipment on schedule. I am recommending The Board levy a **.15 mill** Road Machinery tax to begin to fund large purchases, such as a new street sweeper, which is expected to cost nearly \$300,000. This will bring in around \$75,000 per year.

SUMMARY.

I am recommending a **1.50 mill** property tax increase total for **2018**. This translates to a **\$62.87** increase per household.

This will bring our total millage to **19.01**, across all funds. In 2018, the average Lower Makefield household will pay **\$796.71** in property taxes.

Lower Makefield is one of the very few Bucks County communities that does not levy a Wage Tax.