

Northampton Township

Civic Center



2021 BUDGET

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Executive Budget Summary

November 7, 2020

TO: The Northampton Township Board of Supervisors

Introduction

The Administration is pleased to submit the proposed 2021 Budget for your consideration. The budget document consists of three sections:

Letter of Transmittal

The Letter of Transmittal is an overview of the budget generally referred to as the Budget Message. It provides a narrative review of significant trends and factors affecting the proposed budget, highlights areas of importance in the financial section, and includes a summary of program and service delivery, proposed infrastructure improvements, cash position, and revenue and expense projections.

Operating, Capital, and Trust Funds Budgets

The proposed 2021 Budget includes 20 Funds detailing the projected revenues and proposed expenditures for the coming year in line item format. A three-year history of actual (audited) revenues and expenditures and year-end estimates for the current year provides trends for future budget projections, and fund balances show cash position. A summary of the General Fund by revenue and expense category provides a snapshot of the Township's largest operating budget, and a Summary of Operating, Capital, and Trust Funds provides a broader financial picture of Township operations.

Supporting Data/Budget Schedules

The Supporting Data or Budget Schedules offer additional detail for specific line items in each Fund. An alphabetical index provides easy reference where supporting data is available. This information helps understand the cost of Township services and provides meaning to the budget projections.

The Administration analyzes trends in revenues and expenditures from prior years for individual line items and evaluates programs, services, and current economic conditions when developing the proposed Budget.

The Impact of Covid-19

There is no doubt that Covid-19 has negatively impacted the operations of the Township government since the shutdown in mid-March 2020. Our staff took very decisive action to lock down Township facilities on March 16 and quickly transitioned to remote operations. At that time, not all departments or employees had remote capabilities, but within two weeks, each department was equipped to work remotely. Our intent at this early stage in the pandemic was to implement a quick response to establish remote capabilities, and most importantly, to protect our employees from exposure to each other and the public.

Almost immediately, the Township's emergency management team secured sources to acquire personal protective equipment (PPE) such as masks and gowns, hand sanitizer, wipes, face shields, and surface disinfectants, particularly for our emergency service providers. The team subsequently purchased disinfecting units to sanitize police, fire, and EMS vehicles and facilities and began to stockpile PPE, hand sanitizer, and disinfecting solutions.

While our police, fire, and emergency medical services continued 24/7 operations despite the pandemic, the Township administration building, public works buildings, parks and recreation facilities, library, and senior center were closed until a plan could be developed to safely re-open these operations. A Medical Director was soon hired on a consulting basis to advise on safety practices, protective protocols, quarantine requirements, and disinfecting programs.

The Public Works Department resumed operations after the first two weeks of the shutdown, once the Township could provide appropriate PPE and develop guidance to department employees on safely returning to work. The new Medical Director met with Department personnel and provided recommendations on how department employees could work safely together. The department operated with a staggered shift for a brief time and returned to full operation within a month.

Other departments spent time during the first month of the shutdown developing work safety protocols, fine-tuning remote operations, and developing longer-term plans to safely re-open their facilities to the public. The Parks and Recreation Department and Library began to offer virtual services and employees soon returned to the Administration Building, Recreation Center, and Library, working both in-person and remotely on staggered shifts. The Planning and Zoning Department developed a system for processing permit applications and resumed full operation once the Governor authorized building construction to resume.

The Senior Citizen Center remains closed; however, the Center offers virtual programs and conducts health and safety checks for its members. Center operations will resume in-person at the direction of the Bucks County Area Agency on Aging.

The Country Club remained closed until the Governor allowed golf operations to resume. Initially, only one person was permitted in a golf cart, walking was prohibited, and tee times were scheduled every 15 minutes to separate golf groups from one another. Banquet operations were suspended and the Grille Room was only open on a limited basis as other public restaurants were permitted to open with restrictions.

All departments continue to follow the Center for Disease Control (CDC) and Pennsylvania Health Department guidance for social distancing, wearing masks, and sanitizing hard surfaces.

The parks and recreation department, library, and country club offer limited in-person services under local and state health department guidance and regulation. Parks and Recreation held a limited summer camp and offered virtual programs or limited in-person events.

The financial impacts of Covid-19 are apparent in the revenue shortfalls expected in real estate transfer taxes, earned income taxes, permit fees, recreation program fees, and banquet services when compared to budget. The full effects are yet to be determined; however, the estimated shortfall and revenue loss is estimated to exceed \$1.5 Million. Additionally, the state allocation of liquid fuels funds will be at least \$100,000 less in 2021 because of the reduction in fuel consumption by motorists. These funds are used for the road paving program. Whether or not the Township continues to see a reduction in these revenue sources depends on the length of a recovery from the pandemic. Although Covid-19 has negatively impacted Township services, all departments are operational and employees are anxious to return our facilities and programs to pre-pandemic levels. We expect this to occur later in 2021.

The Budget Format

The Budget is prepared in a line item format using the Pennsylvania Chart of Accounts for local governments published by the State Department of Community and Economic Development (DCED). This format provides uniformity of account numbers and titles across departments and Funds. This uniformity improves accuracy in budget projections.

The proposed budget separates operating and capital appropriations. There are separate operating funds for general government functions, fire and rescue services, refuse collection, library services, senior center operations, parks, and recreation services, country club operations, debt service, and state highway aid allocations. Detailing these services in separate funds shows the cost for each of these government functions.

Capital appropriations for general purposes such as facility maintenance (roof replacements, HVAC equipment, furniture, etc.), storm drainage and road improvement projects, fleet acquisitions, and IT equipment are budgeted in the Capital Reserve Fund. Inter-fund transfers from the General Fund and other revenue dedicated for capital projects such as grants and loans, provide funding for budgeted capital purchases or improvements.

Capital appropriations for parks and recreation system improvements are budgeted in the Recreation Capital Fund. Funding for these appropriations is from a variety of sources including inter-fund transfers, grants, and impact fees.

Capital appropriations for fire and rescue equipment, road equipment, senior center, country club, and library services are included in separate funds and limited to those specific government functions. Appropriating infrastructure improvements in special-purpose capital funds eliminates fluctuations in operating appropriations from year to year caused by one-time capital expenses.

In the General Fund, the *Result from Operations* (page 14) represents the difference between annual revenues and expenditures before inter-fund transfers for capital appropriations, or appropriations to other operating budgets.

Real Estate Taxes

There is no proposed tax increase in the 2021 Budget and the total Township real estate tax levy will remain at 18.51 mills. For a property assessed at the median value of \$35,480, the total annual real estate tax bill will be \$657 or \$55 per month for all Township services. The tax millage is allocated to the Operating Funds as follows:

Administration, Police, Zoning & Public Works Services	6.025 mills
Fire and Emergency Medical Services	3.500 Mills
Library Services	1.728 mills
Parks and Recreation Services	1.628 mills
Road Maintenance Services	0.500 mills
Public Works Equipment	0.570 mills
Debt Service	4.560 mills
	<hr/>
	18.511 mills

Township taxes are approximately ten percent (10%) of the total real estate tax bill and support all local government services. A tax increase is likely in 2022 to support police and fire services. Another increase is likely in 2024 to fund debt payments for the new fire stations.

Township Services

Service Levels

Despite the negative impacts of Covid-19 on Township operations, appropriations in the proposed 2021 Budget will continue the level of service expected by residents. The appropriations maintain accustomed levels of police, fire, and rescue services, the maintenance of public roads and rights-of-way, recreation services and programs, park maintenance, refuse and recycling collections, and the operation of the Free Library, Senior Center, and Country Club. Appropriations also include debt payments on outstanding bonds, funding for infrastructure improvements, and capital equipment purchases. There are no proposed reductions in Township services.

Police Services

The cost of police services increases with annual contract obligations and related employee benefits. The estimated cost of police services in 2021 is \$9.55 Million, or 53% of the General Fund budget.

The Department has 44 full-time officers and 10 civilian employees and is accredited by the Pennsylvania Association of Chiefs of Police. It is one of 110 departments from over 1,200 in the Commonwealth to receive this designation. Accreditation requires the Department to standardized policies, procedures, and training to enhance its professionalism and reduce potential liabilities.

The Department practices the philosophy of community policing designed to build ties between the department and members of the community and develop a partnership with citizens to identify and solve problems. Common methods of community-policing include:

- Encouraging the community to help prevent crime by providing advice, talking to students, and encouraging neighbors to look out for one another.
- Increased use of foot or bicycle patrols.
- Increased officer accountability to the communities they serve
- Clear communication between the police and the community about their objectives and strategies.
- Partnerships with other organizations such as government agencies, community members, nonprofit service providers, private businesses, and the media.

The Township Police Department has followed a community policing philosophy for years and continues to refine its services to meet the specific needs of Township residents. Some of the Department's Community Oriented Policing Services include:

- A Quality of Life Unit that arbitrates neighbor disputes, monitors traffic patterns and promotes communication through an active Facebook page.
- A School Resource Officer, assigned to Council Rock South High School, responsible for the safety and crime prevention in the school. The officer helps train and educate school staff members and students, develops safety plans, and serves as a liaison between the school and outside agencies, in addition to enforcing laws.
- Business checks and bike patrols

The Department has operated from its new headquarters at 111 Township Road for the past year. It is a state-of-the-art facility designed for future growth and includes the latest technologies used by police professionals.

Fire Services

The fire service has seen a steady decline in volunteers willing to commit to the mandatory 180-hours of initial training and continued weekly drills. The decline in volunteer firefighters is well documented in a report from the Pa Senate known as Senate Resolution 6 (SR6). The report identifies a 90% reduction in the number of volunteer emergency service personnel and acknowledges that a transition to paid responders is inevitable. This is a national problem that the Township began to address in 2008 with the hiring of 4 paid firefighters to supplement daytime service. The Township received a \$500,000 grant to start the paid program, and its implementation resulted in a 50% reduction in response time.

Recognizing the need to expand its paid program, the Township applied for and received an \$890,000 grant in 2019 to supplement the existing paid staff and expand full-time services. The grant allowed the Township to hire 5 additional paid firefighters, establish paid leadership positions, and implement 12-hour shifts. The current fire service in the Township is a model “combination” Fire Department, with a mix of volunteers and paid staff, operating under a single command structure. Full-time employees provide fire protection services from 6:00 AM to 6:00 PM seven days each week.

To further address the reduction in volunteerism and supplement paid staff, the Township implemented an on-call program in 2019 that compensates volunteers who agree to be in an “on-call” status during evening hours from 9:00 PM to 5:00 AM each day. The cost of this program is approximately \$100,000 and it has proved invaluable by insuring that sufficient personnel is available to respond to fire calls when paid staff are not working. The Department receives approximately 50 calls each month.

The Volunteer Fire Company operates from three stations strategically located in different areas of the Township to provide the most effective response to emergency calls. It has served the Township for 115 years with minimal funding from taxpayers.

With the transition to a combination fire department, the Township also recognized a need to replace Station #3 in Richboro, and Station #73 in Holland. These buildings were constructed in the 1960s and have outlived their useful purpose. They have inadequate facilities, including a lack of sleeping facilities and locker rooms, for career and volunteer staff. The Township expects to complete architectural plans and bid documents by August 2021 and complete the construction of both buildings by April 2023. The estimated cost of these projects is \$25 Million that will be funded by a bond issue scheduled for Board consideration in December.

Emergency Medical Services

For the past twenty years, the Township has levied a tax for emergency medical services that provided \$70,000 annually for emergency medical services to the Tri-Hampton Rescue Squad. During that time the Squad has grown into a professionally managed organization with sound financial oversight and paid staff. Like the transformation in the volunteer fire service, the Rescue Squad hired full-time paramedics and emergency medical technicians many years ago due to a lack of volunteers. Eventually, the paid staff unionized, and contractual obligations resulted in increased cost for operations.

Tri-Hampton leadership approached the Township in 2019 seeking additional financial support, acknowledging that the organization had difficulty retaining paid staff because it did not have the resources to be competitive with similar organizations in the region. In 2020, the Township increased the tax levy to the maximum one-half mill limit. The tax provides \$290,000 to support emergency medical services in the community.

The additional funding allowed Tri-Hampton to hire, retain, and equip qualified personnel, stabilize their financial position, and continue their current service level. Upper Southampton Township and Lower Southampton Township also increased funding to the organization.

Despite the difficulties with staff retention early on, the Rescue Squad maintained a 99% in-service time, and a response time of approximately six minutes. Tri-Hampton serves the entire Northampton community.

Road Maintenance/Paving

The provision of a good transportation system is a basic government service dating back to the days of William Penn, and due to the size of its geographic area, the Township has perhaps the largest system in the County with over 180 linear miles of Township-owned roads.

Our Township Public Works Department is responsible for maintaining the road system and rights-of-way and is one of the only Townships in the region to pave its roads. This in-house paving program is less costly when compared to contracted paving services. The department also contracts to micro surface some streets as part of its road maintenance program. This process involves the application of tar, concrete, and stone material designed to extend the life of roads in good condition by sealing the road surface to minimize future cracking and the formation of potholes.

The Township road maintenance program is funded by the Commonwealth's Liquid Fuels allocation of approximately \$1.4 Million, and appropriations from the Township General Fund and Road Maintenance Fund. The Commonwealth allocation will be \$100,000 less in 2021 due to a reduction in gasoline purchases this year but this reduction will not impact our road maintenance program; however, the program will be impacted if the reduction carries

With a 180-mile road system, the Township's goal is to pave and/or micro surface approximately ten road miles each year. This assumes an average twenty-year life expectancy for paved surfaces, although many residential streets have a longer lifespan due to lower traffic volume, and adequate drainage systems.

The Public Works Department develops its road maintenance program using a new technology called RoadBotics that analyzes road surface conditions every ten feet and assigns ratings from one to five for each road segment. The program has proved to be an invaluable tool in developing the annual road maintenance program and allows the Department to focus attention on the roads in the worst condition.

In the last five years, the Township has resurfaced or micro surfaced an average of 7 to 8 miles of its system, including the 12.2-mile resurfacing project paid through a bond issue. The Township achieved its goal of paving or micro-surfacing ten miles of the system in 2020 and will again achieve that goal in 2021. The total appropriation for paving and the micro-surfacing is \$1,350,000 that includes \$250,000 from the Road Maintenance Fund and \$1.1 Million from the Liquid Fuels Fund.

Trash and Recycling Disposal

The Township is a member of the Southwest Bucks County Solid Waste Advisory Committee (SWBSWAC), which is a partnership with Upper and Lower Southampton Townships to jointly contract trash and recyclable material collection and disposal.

There are four contracts for our solid waste management program: J.P. Mascaro & Sons, Inc. provides collection services for \$2.64 Million, Waste Management of Pennsylvania provides yard waste disposal for \$130,000, and recycling material disposal for \$350,000. Regular trash disposal services are provided by Wheelabrator, Inc. for \$800,000. The collection contract with J.P. Mascaro, the Waste Management contract for yard waste disposal, and the Wheelabrator contract for trash disposal expire in December 2022.

The Township had a twenty-year contract with Waste Management to dispose of its recycled materials. There was no cost to the Township for this service during the contract period and, before the implementation of single-stream recycling, the Township would receive payment for those materials based on prevailing market rates. There is now a cost to dispose of recycled materials.

J.P. Mascaro & Sons had serious problems with collections this year due to the impact of Covid-19 on its workforce, and these problems are still evident by delayed or missed collections. The Township is working with the company to address resident concerns, and while collections have improved since April, the Company is not operating at full capacity. Further delays are expected as Covid-19 cases increase.

A survey of refuse and recycling fees charged by municipalities that contract for this service demonstrates that our residents pay the lowest refuse and recycling fee in the area for years.

The current rate of \$299 per year per household will remain the same for 2021.

The Operating Budgets

The Township has eleven Operating Budgets that account for police and fire protection services, emergency medical services, planning and zoning, finance, administration, refuse collection and recycling, library services, the senior center, parks and recreation services, country club operations, road and facility maintenance, and debt service.

Total 2021 appropriations for government services in the Operating Budgets is proposed at \$37.61 Million, an increase of \$773,000 (2.1%) over the prior year. The proposed appropriations for government services are as follows:

Administration/Finance	\$1.49 Million	3.9%
Police Services	\$9.55 Million	25.5%
Fire and Rescue Services	\$3.12 Million	8.3%
Streets and Highways	\$6.40 Million	17.1%
Code Enforcement/Zoning	\$1.06 Million	2.8%
Trash Collection/Recycling	\$4.42 Million	11.8%
Debt Service	\$2.86 Million	7.6%
Parks and Recreation	\$2.30 Million	6.1%
Library and Senior Center	\$1.62 Million	4.3%
Country Club	\$4.23 Million	11.1%
Interfund Transfer to Capital	\$0.56 Million	1.5%

\$37.61 Million

Capital Appropriations for Infrastructure & Equipment

Appropriations for capital expenditures are outlined in seven Capital Improvement Funds in the Township budget. These include appropriations for improvements to the Township's road system, public buildings, storm sewers, bridges, traffic signals, park facilities, and Country Club facilities.

Road Improvement Projects

Funding for road improvement projects in design or anticipated future construction include:

- The extension of Township Road and construction of a roundabout at Second Street Pike and Bustleton Pike.
- Streetscape improvements and widening on Buck Road in Holland, including a new bridge over Mill Creek, and re-alignment of the Old Bristol Road and Buck Road intersection with new left-turn lanes. Installation of a left turn lane on Holland Road at East Holland Road. The project is scheduled for bidding and construction in 2021.
- Left turn installation on Holland Road at East Holland Road
- Sidewalk installation on both sides of Second Street Pike between Tanyard Road and Crossroads Plaza Drive over Iron Works Creek. The project design is complete and a PennDOT permit will be issued after the acquisition of temporary construction easements. The construction cost and construction inspection fees will be funded by PennDOT.
- Sidewalk installations in Richboro to connect missing sections and improve existing sections that are in poor condition to improve walkability in the downtown.
- Paving and/or micro-surfacing 10 miles of the road system

Engineering design for the Township Road Extension/Roundabout project is complete and a PennDOT Highway Occupancy Permit (HOP) will be issued when the Township acquires needed additional right-of-way. The total cost for engineering design was \$480,000, and the Township received a \$350,000 grant from the PA Department of Community and Economic Development (DCED) and a contribution of \$75,000 from Addisville Commons toward this cost. The Township share was \$55,000. The construction cost is estimated at \$3.5 Million and the Township recently applied for a DCED construction grant. The construction timeline depends on funding availability and right-of-way acquisition.

PennDOT is completing the final engineering design for the Buck Road improvement project with construction anticipated to start in 2022. The Township completed preliminary engineering design at \$460,000 and was successful in placing the project on the State Transportation Improvement Plan (TIP). This provided funding for final design and construction by PennDOT. The estimated construction cost is \$9 Million. PennDOT has confirmed that two traffic lanes will be open at all times during the construction period.

Design for a left turn lane on Holland Road at East Holland Road is complete, and additional right-of-way or temporary construction easements have been acquired. The project was part of the public improvements related to the Holland Middle School expansion. The School District contributed \$20,000 toward the \$100,000 estimated project cost. The Township is responsible for the balance of the project costs and expects to bid on this project next year.

Engineering design for the sidewalk installation project on Second Street Pike between Tanyard Road and Crossroads Plaza Drive over Iron Works Creek was recently completed by the Township for \$190,000, and a PennDOT grant of \$900,000 will fund construction. This portion of the sidewalk system is costly to construct because the sidewalk must cross Iron Works Creek. Two temporary construction easements must be acquired before the project can be publicly bid. The Township expects construction to begin in 2021.

Engineering design for the Richboro sidewalk project is complete and the Township is acquiring the necessary easements to obtain a PennDOT HOP. The total design cost is \$180,000, and the Township received a \$500,000 grant for construction. The design cost represents the required matching contribution for the grant program. The Township will bid on this project in 2021, assuming all required easements are secured.

The Township Road Extension/Roundabout project, the Buck Road Improvement Project, and Sidewalk Projects will improve pedestrian safety, make the villages of Richboro and Holland more walkable, and connect the downtown areas with adjacent residential developments. These improvements are part of the Township's on-going economic development initiative and contemplated in the Holland and Richboro Master Plans.

Public Building Improvements

Capital appropriations for facility improvements include:

- Replacing two doors on the Public Works garage
- Replacing the walkway entrance and installing security doors at the Township Administration Building.
- Upgrading the electrical system, refacing the cupola, and installing new carpeting in the Library community room.

The estimated cost for these projects is \$276,000, with \$175,000 funded by grants. The Administration Building entrance and Library improvements must be completed in 2021 to satisfy grant requirements. All other capital improvements to public buildings are deferred.

Parks and Recreation System Improvements

Capital appropriations for recreation facility improvements are deferred except for the construction of an all-inclusive playground at Municipal Park. This project is funded by a \$270,000 grant from the PA Department of Conservation and Natural Resources (DCNR), a \$50,000 grant from the Department of Community and Economic Development, and a donation of \$320,000 from the Miracle League of Northampton Township. The estimated cost for the project is \$600,000.

The Township also has a grant award from DCNR of \$237,000 to construct a trailhead on New Road connecting with Municipal Park. This project requires re-design to reduce the cost of construction.

Equipment Acquisitions

Capital appropriations for small equipment include computer systems and software, ballistic vests, body cameras, and Tasers. There is also funding to replace a dump truck, loader, salt spreaders, and snowplows, and acquire a small excavator for drainage projects. The Public Work equipment is funded by the Road Machinery tax.

The Capital Reserve Fund also includes lease-purchase payments on vehicles and equipment acquired between 2015 and 2020. These lease-purchase contracts have three, five, and seven-year terms depending on the life expectancy of the equipment. Rather than finance equipment through state contract vendors, the Township secures local bank financing at very low-interest rates, usually less than 2%. Loan payments to replace emergency communications radios for the police and fire departments are also included. This is a 7-year loan financed through Bucks County at 1.5%.

The total appropriation for equipment acquisition is \$513,000. Appropriations for existing loan payments is \$369,000. All other capital appropriations are deferred.

The Township's ten (10) year capital improvement plan serves as a guide when budgeting for capital needs. The Plan is updated annually through a series of meetings between Department Directors and the Finance Department. The plan is included under Schedule J of the budget document and specifically outlines proposed capital appropriations in the 2021 Budget.

Fund Financials

The proposed Township Budget for all funds is \$43.36 Million, which includes \$37.6 Million for operations, \$3.8 Million for capital and infrastructure improvements, and \$1.9 Million for employee pensions.

The General Fund is the largest Operating Fund in the Township budget. Appropriations include funding for police protection, planning, zoning, and code enforcement, administration and finance, legal and engineering services, information technology, tax collection costs, public works services, facility and fleet maintenance, insurance, and employee benefits. There are also appropriations to support the work of appointed boards and commissions.

In addition to the cost of general government services described above, the General Fund supports the operation of the James E. Kinney Senior Center and capital appropriations through a transfer to the Capital Reserve Fund.

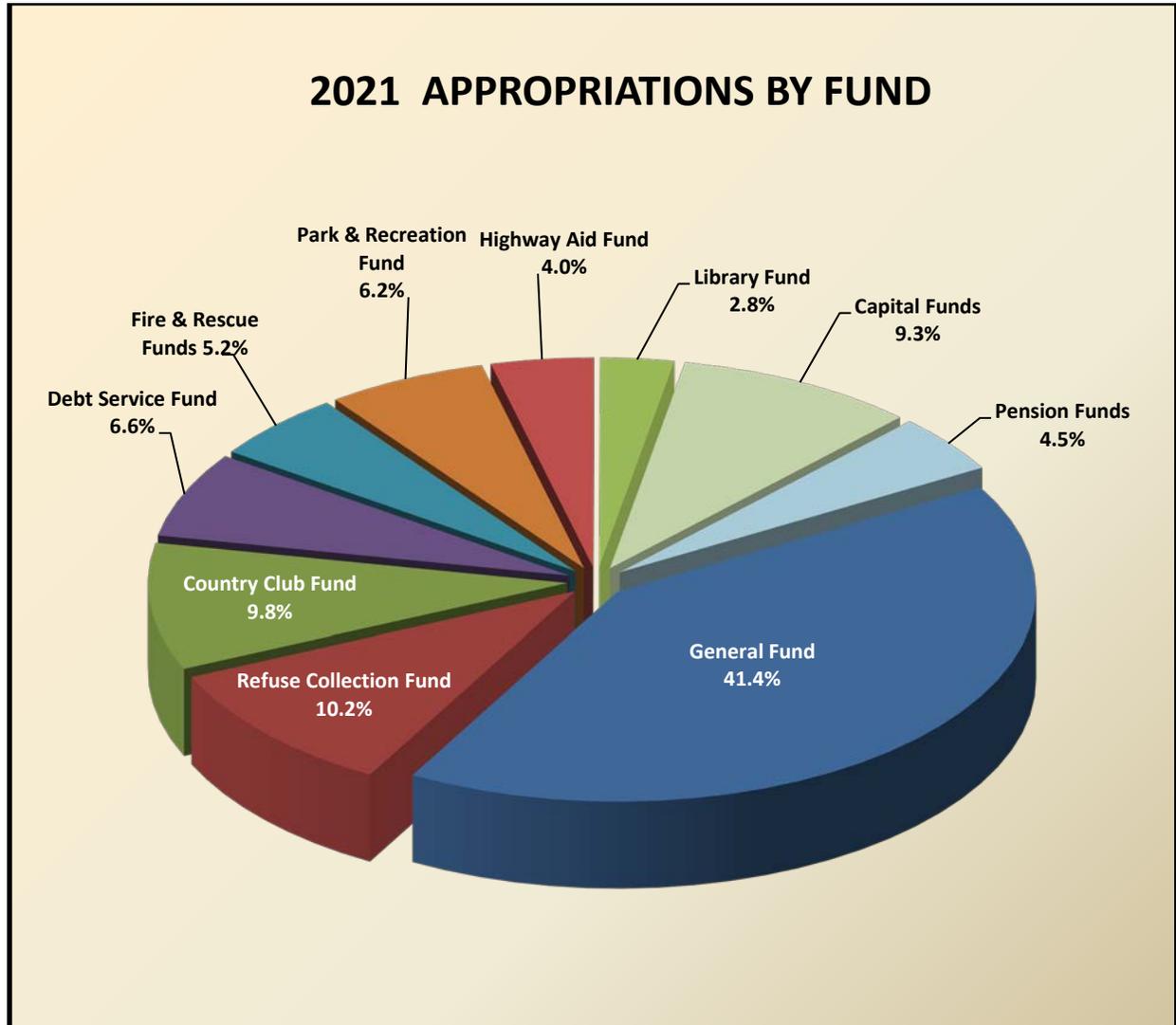
The Fire Tax Fund, Rescue Squad Fund, Parks and Recreation Fund, Library Fund, Road Equipment Fund, and Debt Service Fund are supported by special tax levies restricted to those specific purposes.

The Refuse Fund and Country Club Fund are fee-based operations and considered Enterprise Funds that operate independently from the tax-supported funds.

The General Fund, Library Fund, Refuse Fund, Senior Center Fund, and Park and Recreation Fund account for all personnel, fringe benefit, insurance, utilities, maintenance, and operational costs. The Capital Funds support infrastructure improvements and equipment replacements. The Trust Funds account for employee pension costs.

The Capital Reserve Fund, Recreation Capital Fund, Fire and Road Equipment Capital Funds, Library and Senior Center Capital Funds, and the Country Club Capital Fund support all equipment acquisitions and infrastructure improvements.

The following chart shows the proposed 2021 appropriations of \$42.26 Million by Fund and the percentage of each operating, capital, and pension fund to the total budget:



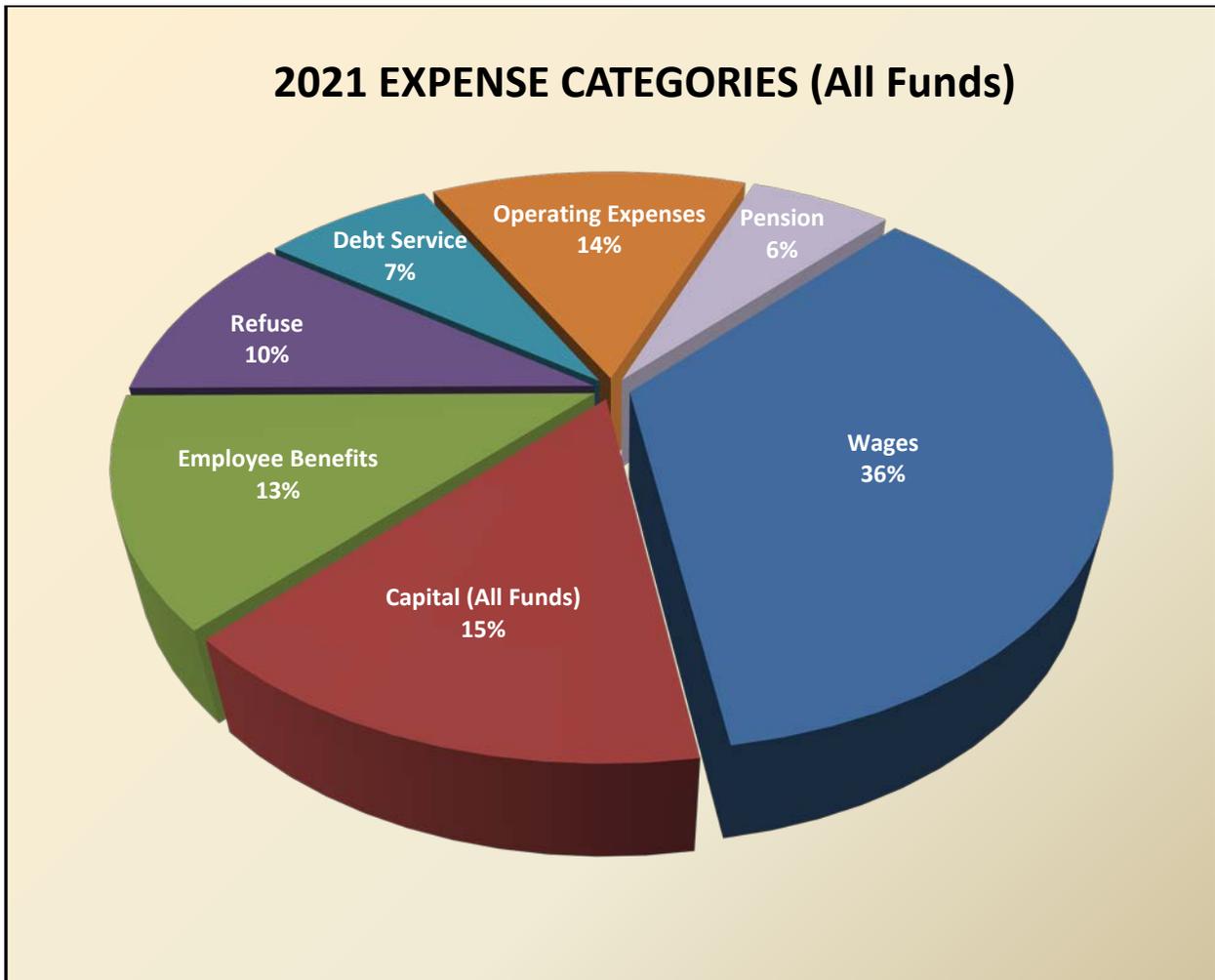
Another way to analyze budget appropriations is by type of expense, which offers a different perspective on how the Township spends financial resources in providing government services.

For example, it is interesting to note that the total cost for personnel, including employee wages and benefits, is the largest single expense in the Township budget, representing 49% of total appropriations. Refuse collection and waste disposal services accounts for 10%, debt service represents 7%, and pension costs are 6% of the total budget.

Insurance, utilities, professional services, repairs and maintenance, contracted services, and the cost of goods sold account for 14% of the total budget.

Appropriations for capital improvements, infrastructure maintenance, including road resurfacing, and equipment acquisition or replacement represent 9.3% of the total budget.

The following chart shows total appropriations for all Funds by expense type:



The Long Term View

The impact of Covid-19 on Township operations has been felt across the entire organization. Despite all of the limitations imposed on Township employees by pandemic restrictions, the Township responded quickly to the shutdown, protecting its workers and providing the resources to safely re-open government services. Our employees also responded with enthusiasm and fresh ideas to the challenges of working in a new environment.

Although the nature of our operations has changed, the Administration has remained focused on our long-term goals that include the economic revitalization of our commercial districts, the continued improvement to Township infrastructure, business development at the Country Club, and minimizing tax increases.

Redevelopment of our town centers as walkable communities will make goods and services more readily available to township residents. The potential for higher density residential components adjacent to the commercial areas will also improve the business climate. This translates to increased assessed values and additional real estate tax revenue without increasing the tax rate.

Planning tools such as the Richboro and Holland Master Plans are the blueprints for future growth and development in these areas.

The revitalization initiative involves infrastructure improvements to enhance the appearance, safety, and walkability of the villages. These improvements include road projects such as the proposed extension of Township Road and roundabout construction, the Buck Road streetscape project, sidewalk improvement projects, and traffic signal upgrades. The roadway, sidewalk, and signal projects will improve traffic flow, reduce congestion, improve pedestrian safety, and create more attractive downtown areas that promote and encourage shopping, dining, and entertainment. Many of these improvements can be funded with state and federal grants; however, the timing and method of funding for these improvements are complex.

The Board should be particularly proud that it was successful in having two projects included on the State Transportation Plan which means access to federal transportation funds. The Township's initial investment in preliminary engineering for the Buck Road Streetscape and Bridge Replacement Project will return \$9 Million to the community. Our \$25,000 investment in concept plans for the Jacksonville and Almshouse Road intersection will return another \$1.5 Million.

Infrastructure improvements also include public buildings and property. The need to replace two of the Township's three fire stations as it transitions to a full-time paid fire department is critical to public safety. The construction of these new facilities is estimated at \$25 Million

The cost to develop and fund a 24/7 paid fire department will increase significantly. The current cost for fire protection services is approximately \$2 Million. This cost could easily reach \$6 Million as the Fire Department adds new employees and state grant funds are exhausted. The Board and community must recognize that these costs will increase significantly in the near term and additional funding will be necessary as early as 2022.

Although the cost for public safety will stress future Township budgets, the Township has developed a sustainable funding source to maintain its road system, and recent improvements to the park system will serve future generations well.

The many capital improvement projects currently underway or in the planning phase required local investment, and the Board of Supervisors committed financial resources to complete concept plans and preliminary engineering design to secure grants for these projects. This effort has led to millions of dollars in grants from the state and federal governments to fund all or a portion of the infrastructure improvements noted above.

Acquisition of the Northampton Valley Country Club in 2018, preserved 125 acres of additional open space adjacent to its active recreation facilities and Tyler State Park. This large area of active recreation and green space enhances the quality of life for residents in the community. The Township understood that investment in the property was necessary and undertook several capital projects in the past two years to improve the property and facilities. Many of these improvements were funded with proceeds from Club operations, and have been recognized by patrons of the facility.

Although the pandemic had a significant negative effect on Country Club operations and finances, there are many positive changes to the business model implemented by Club management that will prove beneficial in future years. There are significant opportunities for revenue growth in future years.

In the past ten years, The Board of Supervisors recognized the need to maintain and improve the Township's infrastructure, and 15% to 20% of the total Township budget was dedicated to capital appropriations, following a 10-year capital plan to identify future needs. Capital appropriations are no more than 10% of the total budget in 2021; however, this is a temporary situation that will improve as the Township returns to full operation without restrictions.

The Township government will require periodic tax increases to fund basic services, particularly emergency services. Police costs remain the single largest appropriation in the budget, and as the Township transitions to a full-time Fire Department, the cost of those services will require additional financial resources. A 24/7 fire department operation can average 70% of the cost of police services and will be the second-largest appropriation at full complement.

Community Services, including Parks and Recreation, Library, and Senior Center continue to provide outstanding facilities and programs with minimal need for additional funding, and the Country Club will be self-supporting with no reliance on tax dollars once the facility is permitted to re-open at full capacity.

Balancing the needs of a municipal organization while minimizing tax increases is always a goal but also a significant challenge. Township employees always seek ways to reduce costs and spend resources efficiently. They are professional, courteous, and responsive public servants. Departments coordinate and cooperate in programs and services. Morale is high and there is a clear recognition that our single mission is to serve the public. Township employees remain our greatest asset.

The Administration believes Township residents are pleased with our services and understand the Township provides efficient and responsive public services, allocating its financial resources for their health, safety, and welfare. This is our primary mission. Maintaining accustomed service levels enhances the quality of life our residents currently enjoy.

The proposed 2021 Budget continues accustomed services, funds infrastructure improvements consistent with our economic development initiative, and provides the necessary resources to achieve the goals and priorities established by the Board of Supervisors. It represents, in dollar terms, an accurate estimate of the Township's commitment to delivering quality municipal services to the community.

The Administration is pleased to present the proposed 2021 Budget for your consideration.

Respectfully submitted,

Robert M. Pellegrino
Township Manager