

**BOROUGH OF MACUNGIE
2016 BUDGET SUMMARY**

The Borough of Macungie Council, Mayor and Water Authority present a budget for 2016 that continues a tradition focused on service to the community.

The 2016 budget of programs and services presented includes a .5 mill real estate tax increase. One mill of tax revenue equates to \$227,734 for the Borough of Macungie. It also includes an increase in water rates. Both of these increases are necessary to continue providing the services to our residents and maintain aging infrastructure.

Property Value	2016 Real Estate Tax Bill	Increase from 2015 Tax Bill
\$100,000	\$350.00	\$50.00
\$150,000	\$525.00	\$75.00
\$200,000	\$700.00	\$100.00
\$225,000	\$787.50	\$112.50

The projected fund balances, which include the beginning cash balances and expenditures for 2016 are as follows:

Fund	2016 Revenues	Beginning Cash Balances	Total 2016 Revenues	2016 Expenditures
General	\$2,385,886	\$300,000	\$2,685,886	\$2,693,458
Water	\$525,952	\$25,000	\$550,952	\$552,292
Sewer	\$587,783	\$120,000	\$707,783	\$703,249
State Liquid Fuels	\$76,351	\$32,685	\$109,036	\$53,709
LTD Capital Reserve	\$1,500	\$626,965	\$628,465	\$572,815

In addition to the above funds, the following fund balances are projected for the end of 2015:

- Contingency Fund balance is \$191,450;
- Debt Service Reserve Fund balance is \$29,552;
- Bond Redemption and Improvement Fund balance is \$119,383;
- Sewer Fund Capital Account balance is \$42,425;
- General Fund Capital Account balance is \$146,462;
- Real Estate Capital Account balance is \$7,855;
- Recreation Fund Account balance is \$17,532;
- Stormwater Management Account balance is \$58,671

General Fund

During 2015 Borough Council monitored the work performance of the public works department to determine if there was a necessity to hire an additional public works employee. Upon reviewing the department's performance, Council decided it was more efficient and cost effective to outsource some of their duties, providing the public works department more time to perform the technical duties. With the consent of the Teamsters Union in 2016 the Borough will be outsourcing 1) janitorial services at Borough Hall and the Macungie Institute, 2) leaf collection and 3) street sweeping services. Borough Council will

continue to monitor the department's job performance in 2016 to review the effects of outsourcing and consider additional ways to cut costs and provide the essential services to the community.

The Borough continues to pursue grant funding for Borough projects and operating expenses to offset taxpayer dollars. Included in the 2016 General Fund budget is \$444,770 in grant funding which includes:

- \$432,000 in TAP funding from the Lehigh Valley Transportation Study to construct curb extensions and crosswalks on Main Street, between Chestnut Street and the railroad crossing, in accordance with the Main Street Streetscape Plan;
- \$2,500 from Air Products for operating expenses at the Macungie Institute;
- \$7,270 from DEP for the Recycling Performance Grant.
- \$3,000 Public Safety Grant for Police Vests

In June 2013 Borough Council obtained a \$1 million loan to construct three (3) capital improvement projects. The first project being the reconstruction of Lumber Street has been completed. The projects remaining to be completed are the reconstruction of Cotton Street and the installation of the traffic signal at Church and Main Streets. Construction of the traffic signal is necessary before Cotton Street can be closed to through traffic for construction. To save approval time and engineering costs on the traffic light the design and construction was incorporated in the Main Street Streetscape project. The Borough received a TAP grant from the Lehigh Valley Transportation Study Committee for construction of the Streetscape. The Borough is anticipating authorization from PennDOT to bid the Main Street Streetscape project and traffic light by June 2016, with the traffic light construction occurring first. The Borough hopes to bid the Streetscape and traffic light construction simultaneously with the Cotton Street construction so once the traffic light construction is complete and the light is operational construction can begin on Cotton Street.

The Southwestern Lehigh County Comprehensive Plan Committee continues working on updating the Plan. Macungie Borough is participating in this project with Emmaus and Alburty Boroughs, Lower Macungie, Upper Milford and Lower Milford Townships. The Lehigh Valley Planning Commission staff are the consultants working with the municipalities to update the plan. A series of charrettes are scheduled for January 2016 with key stakeholders from each municipality. Following the charrettes, a public hearing will be held to present the information gathered to the public. This information will be utilized to move forward in updating the plan. The Borough's cost share for this project is \$12,500, which will be paid to LVPC over the three (3) years of the project.

Over the past two years the Borough has undertaken several major building projects. An emergency backup generator was installed at Borough Hall and the Borough garage for Well #1 in 2015 and the roofs were replaced at Borough Hall and the Macungie Institute because of winter storm damage. Both heating systems at the Borough garage and Borough Hall have been converted to gas for energy efficiency. The 2016 budget includes funds to install a chimney lining at the Macungie Institute to stop the brick and mortar deterioration from the moisture and to repoint the chimney after the lining is installed. Now that a more efficient heating system has been installed at Borough Hall the drafty windows need to be replaced. To fit this project into the budget, it will be done in two (2) phases. The 2016 budget includes funds to replace the windows on the first floor. The second floor window replacement will be included in the 2017 budget. The Police Department has outgrown their accommodations and in need of renovations. An estimate for this work was obtained in 2015 for budget purposes and over the next three years, 1/3 of the renovation costs will be specifically allocated to the General Fund Capital Account for the Police Department renovations project.

The General Fund budget also includes funds to:

- 1) Purchase a new police car;
- 2) Wages to hire a part time public works employee to shovel snow at Borough facilities and sidewalks;
- 3) Repave Hickory Street, from Church to Lea St; Hickory Street, from Poplar to Walnut St; and Miller Street
- 4) Funds to install decorative streetlights on Lehigh Street from the Park entrance to the bridge. Town Beautification is purchasing the streetlights to be installed, which will be installed by the Borough public works department. The electric for the lights will be provided by Macungie Memorial Park.

Sewer Fund

The 2016 Sewer Fund budget maintains the current sewer rates. As a result of Lehigh County Authority's arbitration settlement with the City of Allentown over disputed charges, LCA finalized their 2012, 2013, 2014 final billings which resulted in a \$168,000 billing credit to the Borough of Macungie. This credit carried the Borough through the final two quarters of 2015 and will carry the Borough into the 2nd quarter of 2016 before a Transmission and Treatment payment is due LCA. This significant savings along with the unspent I&I funds budgeted in 2015, approximately \$300,000, are being transferred into the Sewer Capital Fund at the end of 2015 for proposed future sewer infrastructure work. In 2015 the Borough upgraded the sewer line in Race Street, from Main Street to Locust Street, eliminating the I&I and increasing the capacity of the main. To continue the I&I work to meet the EPA Administrative Order, the 2016 sewer budget includes \$200,000 for manhole rehabilitation, CIPPL lining and root control in various mains. The EPA's Administrative Order expired December 31, 2014. On behalf of the signatories, LCA requested a time extension, which EPA granted until December 31, 2017. Prior to that deadline date, the SCARP group will need to provide a plan of exactly what sewer work will be performed, when it will be done, how much it will cost and how we are going to pay for it. The SCARP group will be concentrating on preparing this plan in 2016.

Water Fund

The 2016 Water Fund budget includes an increase in water rates to cover the expenses to maintain the aging infrastructure. In 2016 the Authority will be obtaining a loan to complete several large capital projects which include: 1) Upgrading the Race Street water line to a 6" pipe from Plum to Locust Streets; 2) Repairs to the Hillcrest Water Storage Tank; 3) A new well pump at Well #1; 4) Covering the exposed water main at Mountain Creek and Walnut Street; 5) Removing the broken valve at Mountain Creek and Poplar Street and 6) Purchasing new electronic water meters, which will be installed over a several year time period. All these projects are estimated to cost approximately \$523,000 and are in addition to the projects proposed in the 2016 budget. An estimated loan payment has been included in the 2016 budget. The annual fixed rate will remain the same at \$148.28. However, the new flow rate will increase to \$4.25 per 1,000 gallons. The increase in rates is needed to cover the debt service on the capital projects and maintain the ageing infrastructure.

Liquid Fuels

The 2016 Liquid Fuels budget includes funds to purchase a salt spreader. In 2018 the Borough is scheduled to purchase a new backhoe. Fifty percent of that cost will come from the accumulated vehicle allocation in the Liquid Fuels Funds. The remaining balance will be split between the general, water and sewer funds.

The costs to maintain the aging infrastructure in the Borough make it harder each year to balance the budget funds. All Departments will be challenged to maintain their budgets and perform their job in the most cost efficient way. I will continue looking for ways to further reduce our costs through grants, cooperative purchasing and shared programs.

The 2016 Budget along with the 5-Year Capital Plan will serve as a strategic guide for the Borough in the coming year.

Chris L. Boehm
Borough Manager