



Board of Supervisors / Ways & Means Committee

425 Wells Road
Doylestown, PA 18901
<http://doylestownpa.org/>

Budget Work Session

~ Notes ~

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215-348-9915

Tuesday, April 18, 2023

5:00 PM

Public Meeting Room

In Attendance:

Board of Supervisors: Chairman Barbara N. Lyons, Vice-Chairman Jennifer Herring, Ryan Manion, Dan Wood and Nancy Santacecilia.

Finance Committee: Chairman Brenda Bray, Joseph Volk, Eric Cornwell

Others in attendance included: Township Manager Stephanie Mason, Assistant Township Manager Stacy Crandell, Finance Director Ken Wallace, Director of Operations Dave Tomko, Chief Dean Logan, and Township Budget Analyst Ed Ebenbach.

Ms. Lyons welcomed everyone and called the meeting to order.

Mr. Wallace explained that the Township operations financial results for 2022 were good. The Township's Earned Income Tax (EIT) and Building Permits receipts both were strong and had a significant increase. The real estate transfer tax held steady in 2022.

The general fund saw about \$1 million net positive variance due to several items including the EIT and Building Permits increases as well as a one-time fee for the refinancing of the bond as well as a one-time reimbursement to the Township for the project expenses from the Pebble Ridge/Woodridge Sewer Project incurred since 2016.

Mr. Ebenbach explained that while the gross variance is \$1.9 million, it is really \$1million for the reasons that are shown below:

- A \$417,000 positive variance was anticipated in the Fall Forecast. The resulting benefits have already been applied to the 5-year Plan.
- A Capital positive variance of \$400K is due mainly to programs and spending that have been moved to later years such as vehicles that were ordered but due to supply issues have not been delivered to the Township, MS4 Project, funds not used in 2022 Road Program which will be utilized for 2023 Road Program, and Chapman Road Bridge Replacement program.
- The Remaining positive variances is where the approximately \$1million in net variance in the fund balances comes from:
 - EIT Revenue- \$671,000
 - Building Permit Revenue- \$243,000
 - One-time reimbursement of past Pebble Ridge /Woodridge Sewer Project costs- \$220,000
 - One-time benefit from refinancing of Admin Building Bond- \$88,000
 - Unspent Salary and Overtime due to delayed hiring of replacement staff and light snow/ice overtime- \$93,000

Mr. Ebenbach spoke about two areas to focus on for future forecasting - EIT and Building Permit Revenue. He explained that he and Mr. Wallace reached out to Keystone who collects the EIT for the Township to ask about the higher percentages for the EIT revenue. Typically, over the past few years, the average increase has been about 2.25%. In 2021, the EIT growth rate was 10.51% and in 2022, it was 9.73%. The explanations given from Keystone was more people returning to work, low

unemployment rates, and salary increases. Mr. Ebenbach went into detail about his typical analysis of EIT. He stated that he and Mr. Wallace believe that 2023 will remain higher than history and will forecast it at a 3.5% increase to 2022, but then revert to the more typical 2.25 for future years.

Mr. Ebenbach went over the analysis regarding the increase of building permits that have come into the Township. He showed that the review of historical data validates the forecasting approach to forecasting the base business in bulk, and then layering revenue from 2 or 3 large projects on top.

Mr. Ebenbach highlighted following six alternative uses for the \$1 million 2022 Net Results that the Board can think about as the Township goes through the budget process:

- Build up Reserves and establish a rainy-day fund.
- Postpone the use of borrowed funds for future Capital expenses.
- Use for unfunded portion of the 2024 MS4 mitigation project.
- Reduce planned General Fund tax increase of 1.1mills projected in 2025.
- Increase planned 2024 MMO pension payment.
- Increase Township funds contribution to PRCC Projects/reduce borrowing amount.

Ms. Mason explained the next steps and the 2023 Budget Process. The next budget workshop meeting will be held on June 20th at 5:00pm.

Mr. Wallace gave a preview of a proposed budget process he is considering which would consist of 3-year operations forecast instead of 5. However, Mr. Wallace explained that the Capital Plan would still work as a 5-year plan. In addition, he explained that he would like the Township to develop a new Fund Balance standard for the fifth year to replace the current one.

Adjourned at 6:02pm.

Respectfully Submitted,

Stephanie J. Mason, Township Secretary