

Borough of Grove City 2013 Budget Message

Mayor Riddle, Council Members, and Residents:

I am pleased to present the attached budget proposal for 2013. **The budget is again balanced and does not increase taxation limits.** I want to commend our department heads and staff as they cooperated with the Finance Committee and me to achieve compromise and identify the initiatives that should be a priority for Grove City Borough in 2013 and beyond. This budget spells out our needs, quantifies what we can afford, and sets in motion the initiatives and corrective measures that will keep us on a true course through these continuing difficult economic times.

The total budget for 2013 is \$15,290,086 which is up less than 2% over 2012. The wastewater budget will require a rate increase in order to meet our debt obligations for the Phase II treatment plant rehabilitation project now underway. The minimal increase of approximately \$2 per household per month will allow the Borough to meet our obligations under the bank note obtained through Savings & Trust Bank in 2012. This note was taken out in the principal amount of \$3,300,000 and will be coupled with \$1,200,000 of tap-in fee reserve funds to complete the much needed improvements at the treatment plant.

Bids for the construction of an addition to the E. Pine Street Police and Fire Station were opened on November 14, 2012. The low bid of \$1,382,800 was within the engineers estimate and he recommends award of a construction contract to Hudson Construction, Inc. of Hermitage, PA. He further recommends acceptance of alternate #3 in the amount of \$34,075 for the addition of a vehicle exhaust gas extraction system in the fire truck bays. The alternate work will reduce energy costs in the future and provide a healthier working environment for our firemen. Construction is expected to be complete in June 2013 with principal payments on the Savings and Trust Bank loan for this project commencing in July 2013, after construction is complete. Total principal and interest payments for the fire station project in 2013 are budgeted at \$70,000. We must keep in mind that this cost will increase to \$138,000 in 2014 when twelve full months of principal and interest payments will be required.

This budget also anticipates that Phase II of the downtown revitalization project will be underway during 2013 with the Borough contributing \$125,000 toward this work. Grow Grove City, Inc. will be matching this contribution with another \$125,000 of private funds as the Borough seeks an additional Transportation Enhancement grant of \$110,000 from the Mercer County Metropolitan Planning Organization. The Boroughs contribution will be pledged from operating reserves, not current year revenues.

Below are some specific proposals addressed in the 2012 spending plan:

General Fund:

- ◆ Again for 2012 the General Fund budget is balanced with NO TAX INCREASE required.
- ◆ Income for airport improvements includes two state/ federal grant sources totaling more than \$600,000 which will fund the replacement of runway lights and the replacement of the aging fuel farm.
- ◆ A payment in lieu of taxes by the Borough electric fund to the general fund of \$1,370,000
- ◆ The Borough made a general obligation borrowing in 2007 for the CDBG commitment toward Phase I of the Downtown Revitalization project. The \$385,000 loan is being repaid by a 25% allocation of CDBG funds through the year 2020. In 2007 the Borough reserved \$30,000 from the \$412,500 allocation made to the Downtown Revitalization project that will be used to fund a portion of the interest expense on the CDBG loan each year. This is reflected in budget line item No. 01-400-475. Additionally this line item reflects the anticipated \$125,000 commitment toward phase II during 2013.
- ◆ The Borough was advised by Highmark Blue Cross / Blue Shield that premiums for our current health insurance provided to employees will increase by 16% in 2013, an impact of \$69,327 to our budget. Management and Council are exploring opportunities for comparable health insurance coverage from other providers or possible plan redesign that could reduce this impact.
- ◆ Included in all funds is the cost to replace the finance and accounting software package with a new cloud based technology provided by Springbrook Software of Portland, OR. Springbrook was chosen after an exhaustive search and interview process. They specialize in helping local government agencies better automate and streamline business processes and will be a tremendous improvement over our current system that was installed in the late 1980's.
- ◆ Replacement of the unmarked 2003 police cruiser with a new unmarked SUV that will provide more versatility for the police department.
- ◆ Debt service payments for July thru December on the fire station addition.
- ◆ Lease purchase of a new one ton single axle 4x4 pickup truck with snowplow and lift gate.
- ◆ Purchase of a new zero turn mower for use in mowing the parks.
- ◆ Another 20% increase in pension costs due to market losses in 2008/2009.

Water Fund:

- ◆ Backflow prevention device testing.
- ◆ Mainline maintenance and replacement on a portion of Garden Ave.
- ◆ Purchase of a flow testing apparatus including reporting software that will provide detailed reports on pressures and available flow at every fire hydrant.
- ◆ Routine maintenance work on well #6.

Electric Fund:

- ◆ Continued investment in system upgrade and conversion to 12,000 volt system. Work will include continued replacement of pole mounted transformers with dual voltage transformers, replacement of overhead and underground conductors, updating of street lights to LED type fixtures and replacing fusing plus lightning arrestors.
- ◆ Tree trimming and removals will continue in areas where the trees are in conflict with overhead power lines.
- ◆ Building lighting system upgrades are planned in the municipal building and Park Street water treatment plant. The Energy Independence and Security Act is an energy policy law passed in 2007 that contains provisions designed to increase energy efficiency. The law provides for important changes in light bulb efficiency. Generally, the law required 25% greater efficiency in light bulbs and has a phase in period from 2012 through 2014. Some argue the bill is a ban on incandescent light bulbs. The bill is not a ban but a requirement for increased efficiency for light bulbs, effectively eliminating many incandescent bulbs manufactured today. Most standard incandescent bulbs currently manufactured cannot meet the new standards.
- ◆ Final payment of \$83,900 due on the 2012 bucket truck purchased in October 2012.
- ◆ Lease purchase of a new utility body pickup truck.
- ◆ Replacement of a defective switch at our electric substation.
- ◆ Expansion of the electric substation and the addition of a new circuit dedicated to the Grove City College campus. This work is being paid for by the College.

Waste Water Fund:

- ◆ Continued rehabilitation of the waste water plant under phase II.
- ◆ Replacement of a section of sanitary sewer under Terrace Ave playground.
- ◆ Purchase of a new 4x4 dump truck with stainless steel dump bed and central hydraulic system.

Should you have any questions about the 2013 spending plan, please do not hesitate to see me.

Sincerely,

Vance E. Oakes

Borough Manager

**BOROUGH OF GROVE CITY
2013 BUDGET
SUMMARY**

	2012	2013
REVENUE		
GENERAL FUND	4,326,603	4,232,226
WATER FUND	1,155,595	1,082,268
ELECTRIC FUND	6,931,921	7,272,395
WASTEWATER TREATMENT FUND	2,288,860	2,356,596
COMMUNITY DEVELOPMENT	141,000	188,000
HIGHWAY AID FUND	166,000	158,601
TOTAL	15,009,979	15,290,086

EXPENDITURE

GENERAL FUND

GENERAL GOVERNMENT	46,380	168,150
ADMINISTRATION	30,053	32,446
FINANCIAL ADMINISTRATION	34,254	48,618
TAX COLLECTION	50,637	50,637
LEGAL SERVICES	13,250	12,250
CLERK/SECRETARY	11,919	12,389
MUNICIPAL BUILDING	29,943	34,670
POLICE DEPARTMENT	1,179,969	1,195,558
FIRE DEPARTMENT	200,863	191,200
ZONING/CODE ENFORCEMENT	52,795	43,737
BOROUGH GARAGE	31,120	35,050
WASTE DISPOSAL	373,900	347,400
HIGHWAYS	709,162	611,797
AIRPORT	789,650	639,750
SWIMMING POOL	17,600	17,950
PARK MAINTENANCE/RECREATION	226,905	217,073
COMMUNITY LIBRARY	31,650	28,250
NON-GOVERNMENTAL/UNCLASSIFIED	490,953	539,701
REFUNDS	5,600	5,600
TOTAL	4,326,603	4,232,226

WATER FUND	2012	2013
ADMINISTRATION	91,509	106,312
DISTRIBUTION	233,358	224,004
PURIFICATION	747,719	674,528
UNCLASSIFIED	83,009	77,424
TOTAL	1,155,595	1,082,268
ELECTRIC FUND		
ADMINISTRATION	320,127	330,442
DISTRIBUTION	5,242,794	5,463,595
UNCLASSIFIED	1,369,000	1,478,358
TOTAL	6,931,921	7,272,395
WASTEWATER TREATMENT		
ADMINISTRATION	142,946	158,286
COLLECTION	352,558	391,609
TREATMENT	903,641	897,330
UNCLASSIFIED	889,715	909,371
TOTAL	2,288,860	2,356,596
COMMUNITY DEVELOPMENT		
CDBG ACTIVITIES	141,000	188,000
TOTAL	141,000	188,000
STATE LIQUID FUELS FUND		
PAVING/SALT	166,000	158,601
TOTAL	166,000	158,601
GRAND TOTAL	15,009,979	15,290,086