

The regular meeting of the **BOARD OF COMMISSIONERS** for June 2020 was held this evening via web-conference, President Daniel B. Norris presiding. Members present were Commissioners Rappoport, Holland, Areman, Pransky, Brockington and Zygmund-Felt.

Staff present via web-conference were Terry Fedorchak, Interim Township Manager; Alyson Elliott, Assistant Township Manager; Charlyn Battle, Director of Human Resources; John Frye, Chief of Police; Michael Fleming, Public Works Coordinator; Brian Hinson, Director of Parks and Recreation; Scott Lynch, Fire Marshal; Christopher Clewell, Public Works Superintendent; Henry Sekawungu, Director of Planning and Zoning; Bruce Rangnow, Director of Fiscal Affairs. Also present via web-conference was Joseph Bagley, Esquire, Township Solicitor.

Before beginning tonight's meeting, Mr. Norris took a few minutes to express the Board's appreciation to staff, EMS and the Police for the extra work that has been required during the COVID-19 pandemic. He also thanked the residents for their understanding and cooperation during this time.

Mr. Norris announced that the Board met in an Executive Session prior to this evening's meeting to discuss personnel matters and matters which if discussed in public would violate a lawful privilege.

1. The meeting was commenced by Mr. Norris at 7:30 pm.
2. Mr. Pransky led the Pledge of Allegiance.
3. Each member having received a copy of the Commissioners' Regular Meeting Minutes dated May 20, 2020 and the Emergency Meeting Minutes of the Board of Commissioners dated June 1, 2020 and June 10, 2020, upon motion of Mr. Brockington, the minutes were unanimously approved by the Board of Commissioners.
4. Each member having received a copy of the Executive Summary Financial Report of the Manager/Secretary for the month of May 2020, upon motion of Mr. Pransky, the report was unanimously approved by the Board of Commissioners.
5. Each member having received a copy of the Accounts Paid Report for the month of May 2020, upon motion of Mr. Norris, the report was unanimously approved by the Board of Commissioners.
6. Consider approval of the recommendations of the Public Works Committee and acceptance of its Regular Meeting Minutes dated June 3, 2020:

Mr. Areman mentioned that was lengthy discussion on the SEPTA/Jenkintown Stream Restoration project and asked if staff has heard from SEPTA since their presentation. Mr. Fedorchak said that they have not reached out to the Township. Mr. Areman requested that staff follow-up with SEPTA. Mr. Fedorchak said staff will reach out to them.

Upon motion of Mr. Zygmund-Felt, the Board of Commissioners unanimously accepted the Public Works Committee Meeting Minutes of June 3, 2020.
6. Consider approval of the recommendations of the Building and Zoning Committee and acceptance of its Regular Meeting Minutes dated June 3, 2020.

Upon motion of Mr. Pransky, the Board of Commissioners unanimously accepted the Building and Zoning Regular Meeting Minutes of June 3, 2020.
7. Consider approval of the recommendations of the Public Safety Committee and acceptance of its Regular Meeting Minutes dated June 10, 2020.

- a. Upon motion of Mr. Brockington, the Board of Commissioners approved the extension of the expiration date of the current Certified Police Candidate List until a new list can be certified following the Police Exam in the fall, which was postponed due to the Coronavirus Pandemic.

Mr. Areman mentioned that on page two of the minutes, fourth full paragraph down where it says “Elicit Bias Training” should be amended to say “Implicit Bias Training”.

Upon motion of Mr. Brockington, the Board of Commissioners unanimously accepted the Public Safety Regular Meeting Minutes dated June 10, 2020, *contingent upon the amendment being made on page two of the minutes.*

8. Consider approval of the recommendations of the Public Affairs Committee and acceptance of its Regular Meeting Minutes dated June 10, 2020.

- a. Authorize Township staff to draft an Ordinance amending Chapter 260, Subdivision and Land Development, of the Cheltenham Township Code of Ordinances to incorporate proposed amendments to §260-103, Purposes; §260-201, Definition of terms; §260-409, Preservation and protection of existing vegetation; and §260-415, Sidewalks and verges; and authorize advertisement of the Board of Commissioner’s intention to consider its adoption at an upcoming regularly-scheduled meeting.

Ms. Rappoport stated that the revised copy should include the 10% replacement threshold that was agreed upon last week.

Mr. Pransky mentioned that there was a statement on the red-lined copy that included the words recommend and require in the same sentence. It should just say recommend, because both words are conflicting. Mr. Bagley said he will change the statement to say recommend only.

*Mr. Lewis Ruberg, on behalf of the Shade Tree Advisory Commission (STAC), expressed the following concerns regarding the changes to the SALDO:*

- STAC was not aware that the threshold changed from 25% to 10%.
- The 3” caliber determination for when trees have to be replaced is too small.
- The plan requirements necessitate that all trees be located on the plan within 200 ft. of the land development plot, which is incredibly onerous on the developer to locate every tree in the area. STAC recommended that the neighboring canopy to the land development plot be located on the plan, not every tree within 200 ft.
- The requirement that any tree be replaced because in the past, we gave allowance for just the dead trees.
- Because of the very strict requirements, STAC feels that developers will be asking the Board for relief often.

Ms. Rappoport clarified that the most recent version of the SALDO represents a number of conversations since STAC submitted their recommendations. She also stated that she thought the concern with the 200 ft. and canopy location was addressed in the most recent version, and will have staff look into this. She also stated that the Board can defer voting on this tonight if need be.

*Ms. Gail Middleton, 123 Waverly Road East, Wyncote, PA, expressed concerns about the Shade Tree Advisory Commission being the last to know about any changes and reiterated Mr. Ruberg’s concerns about the 25% to 10% and the 3” caliber.*

Mr. Areman asked if this draft can be amended. Mr. Bagley suggested that the Board approves half of the motion tonight, which would be to draft the Ordinance and have it reviewed by the Board and STAC before advertising.

Upon motion of Mr. Pransky, the Board of Commissioners unanimously authorized Township staff to draft an Ordinance amending Chapter 260, Subdivision and Land Development, of the Cheltenham Township Code of Ordinances to incorporate proposed amendments to §260-103, Purposes; §260-201, Definition of terms; §260-409, Preservation and protection of existing vegetation; and §260-415, Sidewalks and verges; and authorize advertisement of the Board of Commissioner's intention to consider its adoption at an upcoming regularly-scheduled meeting after the Board and Shade Tree Advisory Commission has had a chance to review and comment on the draft.

Upon motion of Ms. Rappoport, the Board of Commissioners unanimously accepted the Public Affairs Committee Regular Meeting Minutes of June 10, 2020.

9. Consider approval of the recommendations of the Finance Committee and acceptance of its Regular Meeting Minutes dated June 10, 2020.

- a. Upon motion of Mr. Holland, the Board of Commissioners approved **Resolution No. 16-20** authorizing preparation for the Incurrence of Non-Electoral Debt (see attached).

Mr. Holland briefly explained that the Township is preparing for future capital improvement projects. It will be reviewing the capital budget in the next couple of months in light of the current financial situation to make prudent decisions on the capital projects it will undertake.

Upon motion of Mr. Norris, the Board of Commissioners unanimously accepted the Finance Committee Regular Meeting Minutes of June 10, 2020.

10. Old Business:

- a. Veen Leung, PFM Group Consulting, LLC, presented Cheltenham Township's Five-Year Financial Management Plan (see attached).

Mr. Norris said all of the Commissioners understand that the Township faces serious financial hardships, which is why they took on this study. This study took a look at finances and management operations. Public input tonight and in upcoming weeks and months, is always welcome.

Mr. Pransky clarified that the Library Tax is an additional tax and will shift the funding away from the Township's budget. Secondly, the Township will need to educate the public on the benefits of increasing the Earned Income Tax (EIT) and instituting a Library Tax. Mr. Pransky also commented that the only thing he did not see in the presentation was a combination of results and establishing benchmarks.

Mr. Norris said the Township faces revenue shortfalls and how to address them. He said he would like to see tax increases made where they can be distributed more fairly and equitably, such as the EIT, rather than property tax increases. Mr. Norris also thanked Mr. Holland and Mr. Zygmund-Felt for all their help with this study.

Mr. Holland asked about where the impact would be if a Library Tax were implemented. Ms. Leung explained that reducing the Real Estate Tax by the same amount as the Library Tax levy will have a property owner pay the same total tax. Mr. Holland said in his opinion, he wants to see the Township focus on other items that have more of an

impact on the overall budget, either a revenue increase, or expense decrease, rather than shifting expenses.

Mr. Zygmund-Felt said this issue did not arise overnight; this has been 40-50 years in the making in terms of things that haven't been addressed or attended to. The Township has to be focused; this is going to take a great deal of time and energy to remedy. He commended the Board and senior staff for the degree of openness, transparency and candidness that they have had in order to help PFM perform this study. We have spent a lot of time and energy and we want the community to understand the road ahead of us.

Mr. Areman commented that staff Township staff was integral in helping PFM with this report. This report lays out a holistic approach; it's not just one group, such as taxpayers or employees, feeling most if not all of the pain. Everyone is going to have a little bit of pain and hopefully all will reap some of the benefits in the long term. This Board has the will and the ability to pull this all together.

Mr. Brockington asked how the EIT will affect the senior citizens. Ms. Leung said the EIT is based on salaries, commissions and bonuses, so senior citizens who are on a fixed income should not be affected if they do not have a salary.

#### Public Comment

*Tom McHugh, 127 Hewett Road, Wyncote, PA*, asked if the residents will have access to the comprehensive report. Mr. Holland stated that once the report is finalized, a link will be posted to the website for the residents to access. Ms. Rappoport said it is crucial for residents to have access to the full report if they are being asked to accept the significant changes recommended by the report. Mr. McHugh said he does not think shifting the Library Tax to its own account will help the residents. He sees false alarms as more of a nuisance, and would like to see an increase in a nuisance fee to help reduce the number of calls. Lastly, since the streetlights have all been converted to LED, the only thing to reduce the cost of the street lighting is to reduce the number of streetlights, which is not a good move to make.

Ms. Leung said the street light fee is similar to the stormwater fee, in which a fee is levied to offset the existing costs. Mr. Norris clarified that this is a way to share some of the costs with commercial properties or non-profits in the Township and remove some of the burden that is currently now on the shoulders of the property owners.

*Mr. Robert Hyslop, 211 Harrison Avenue, Glenside, PA*, thanked PFM for their comprehensive presentation and found it to be very focused on the long-term. He also inquired about the cost of the study if he is allowed to know. Mr. Norris said as far as the cost of the study, he is always in favor of transparency and asked Ms. Elliott if she could provide the information. Ms. Elliott stated that she believes it was around \$100,000, with 60% covered by a State Grant. Ms. Rappoport clarified that the total cost was \$97,000.

*Ms. Rhonda Isser, Cheltenham Lateral Solutions*, reiterated Mr. Hyslop's comments on the value of the PFM report and commented that the nuisance fees seem like something worth considering. Ms. Isser asked if the video from tonight's meeting could be posted on the Township website by tomorrow. Ms. Elliott said she will have the video up as soon as possible. Ms. Isser also expressed concerns that last week's meeting videos were not posted yet. Ms. Elliott said there was a glitch with last week's videos and they were unable to be posted.

*David Cohen, 7814 Conwell Road, Glenside, PA*, commented as a citizen and thanked the Township and PFM for this report. Mr. Cohen said he would like the Township to consider expanding the number and range of items that apply to fees versus real estate taxes to include other capital expenses, such as roads, trails and Township Building improvements. He also added that the School District operates under different parameters than the Township and hopes that there is opportunity to have conversations between the two to work together on some of these items in the report.

Mr. Norris stated that the Commissioners and School Board have an excellent relationship and typically meet on a monthly basis, but that has been on hold because of COVID-19.

*Mr. Tom McHugh, 127 Hewett Road, Wyncote, PA*, expressed concerns that when the Township went to a complaint-based system for property maintenance issues that the general public does not have a big incentive to file a complaint.

*Mr. Robert Hyslop, 211 Harrison Avenue, Glenside, PA*, expressed concerns that the ballots are sometimes worded suspiciously and would be very careful when crafting the voting ballot if the Township chooses to issue a referendum. It would be a good idea to have public discussion on it. He also mentioned the Economic Development Director and would say with caution that this position must be worth more than the salary and there should be accountability.

*Mr. Tom McHugh, 127 Hewett Road, Wyncote, PA*, said the stormwater fee cannot be levied until 2022 and thinks it is important for homeowners to realize that the people who will be affected most by this fee are businesses with large parking lots and big roof areas. Secondly, the Township should ensure the fees get earmarked for actual stormwater prevention, not absorbed into the General Fund to pay for general Township expenses. Mr. Zygmund-Felt clarified that these fees will strictly be for stormwater prevention. Mr. Pransky reiterated that this is why public education is so important.

11. New Business:
  - a. Upon motion of Mr. Norris, the Board of Commissioners unanimously approved an appointment to the following Citizens' Advisory Committee:

**Traffic Calming Committee**

Brooke Welsh

12. Citizens Forum:

*Rhonda Isser, Cheltenham Lateral Solutions*, asked if the Township can start using Montco Ready Notify as a resource to alert residents of things going on in the Township. Ms. Elliott commented that she thought Ready Notify was for emergencies only, but will look into it. Mr. Hellendall clarified that a decision was made a few years ago to use Ready Notify for emergencies only so as not to make the public immune to the notifications in the event of a true emergency.

There being no further business, Mr. Norris adjourned the meeting at 9:31 p.m.



Terry Fedorchak  
Interim Township Manager

per Ashley Lupino

**TOWNSHIP OF CHELTENHAM  
MONTGOMERY COUNTY, PENNSYLVANIA**

**RESOLUTION NO. 16-20**

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**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF CHELTENHAM TOWNSHIP, MONTGOMERY COUNTY, PENNSYLVANIA TO AUTHORIZE PREPARATION FOR THE INCURRENCE OF NON-ELECTORAL DEBT THROUGH THE ISSUANCE OF TOWNSHIP OF CHELTENHAM GENERAL OBLIGATION BONDS, SERIES OF 2020 FOR THE PURPOSE OF FINANCING (I) PUBLIC FACILITIES UPGRADES; (II) STORMWATER MANAGEMENT IMPROVEMENTS; (III) IMPROVEMENTS TO PARKS AND RECREATIONAL FACILITIES; (IV) REPLACEMENT OF TOWNSHIP VEHICLES; (V) IMPROVEMENTS TO ROADS AND BRIDGES; AND (VI) THE COSTS OF ISSUING THE 2020 BONDS; AUTHORIZING THE APPROPRIATE TOWNSHIP OFFICIALS TO ENTER INTO PREPARATION FOR THE ISSUANCE OF THE 2020 BONDS, AUTHORIZING THE APPROPRIATE TOWNSHIP OFFICIALS IN CONSULTATION WITH THE TOWNSHIP'S PROFESSIONAL ADVISORS TO PREPARE A PLAN OF FINANCE FOR THE 2020 BONDS; AUTHORIZING THE REQUISITE TOWNSHIP OFFICIALS TO PREPARE RELEVANT DOCUMENTS INCLUDING, BUT NOT LIMITED TO, A PRELIMINARY OFFICIAL STATEMENT, A DEBT STATEMENT AND A BORROWING BASE CERTIFICATE, ALL AS REQUIRED BY THE LOCAL GOVERNMENT UNIT DEBT ACT (ACT NO. 52 OF APRIL 28, 1978, AS AMENDED AND REENACTED BY ACT NO. 177 OF 1996, AS FURTHER AMENDED AND SUPPLEMENTED); AUTHORIZING THE APPOINTMENT OF ACACIA FINANCIAL GROUP AS FINANCIAL ADVISOR TO THE TOWNSHIP; AUTHORIZING THE APPOINTMENT OF DILWORTH PAXSON LLP AS BOND COUNSEL TO THE TOWNSHIP; AUTHORIZING THE REQUISITE TOWNSHIP OFFICIALS TO NEGOTIATE WITH PNC CAPITAL MARKETS LLC TO ACT AS UNDERWRITER OF THE 2020 BONDS; AND AUTHORIZING THE RELEVANT TOWNSHIP OFFICIALS TO PREPARE FOR THE ISSUANCE OF THE 2020 BONDS PURSUANT TO A SALE BY INVITATION OR A NEGOTIATED SALE, AS WELL AS ANY LAWFUL METHOD UNDER THE ACT.**

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**WHEREAS**, the Board of Commissioners of Cheltenham Township, Montgomery County, Pennsylvania, (the "Township") desires to consider the incurrence of debt without the assent of the electors and to consider the possibility of issuing its General Obligation Bonds, Series of 2020 (the "2020 Bonds") in evidence of such debt for the purpose of financing (i) public facilities upgrades; (ii) stormwater management improvements; (iii) improvements to parks and recreational facilities; (iv)

replacement of township vehicles; (v) improvements to roads and bridges; and (vi) the costs of issuing the 2020 Bonds (together, the "Project"); and

**WHEREAS**, such incurrence of authorized debt by the Township will not, when aggregated with other non-electoral debt of the Township, result in a violation of the limitations of the Constitution of the Commonwealth of Pennsylvania or the Local Government Unit Debt Act (Act No. 52 of April 28, 1978, as amended and reenacted by Act No. 177 of 1996, as further amended and supplemented) (the "Act"); and

**WHEREAS**, the Board of Commissioners has asked the Township Manager, the Township Director of Finance and the other members of the Township staff to determine the desirability of issuing the 2020 Bonds and to make a determination as to what method lawful under the Act is in the best interest of the Township to sell the 2020 Bonds, be it at private negotiated sale or by invitation as authorized under the Act; and

**WHEREAS**, the Township wishes to employ the services of Acacia Financial Group of Mt. Laurel, New Jersey, to assist the Township, the Board of Commissioners and the Township staff in preparing for the potential issuance and sale of the 2020 Bonds; and

**WHEREAS**, the Township wishes to employ the services of Dilworth Paxson, LLP of Philadelphia, Pennsylvania, to provide bond counsel services to the Township, the Board of Commissioners and the Township staff in preparation for the potential issuance and sale of the 2020 Bonds; and

**WHEREAS**, the Township wishes to enter into negotiations with PNC Capital Markets LLC of Philadelphia, Pennsylvania, to provide underwriting services to the Township, the Board of Commissioners and the Township staff in preparation for the potential sale of the 2020 Bonds; and

**WHEREAS**, the Board of Commissioners has determined that it is in the best interests of the Township to presently evaluate the best approaches and considerations for the issuance of the 2020 Bonds; and

**WHEREAS**, the Township will not incur any debt or undertake the issuance and sale of the 2020 Bonds until the Board of Commissioners authorizes such incurrence by way of an Ordinance in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, 53 Pa. C.S. Chs. 80-82, which Ordinance shall set forth the parameters for the terms of the 2020 Bonds.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Township of Cheltenham, Montgomery County, Pennsylvania, that:

1. The Township Manager, the Finance Director and other appropriate Township staff (together, the "Authorized Township Officers") are hereby directed to prepare for the potential issuance of the 2020 Bonds and to arrange for the preparation of drafts of such documents, including, but not limited to, a debt statement, borrowing base certificate and a preliminary official statement, to authorize the issuance of the 2020 Bonds.
2. The Authorized Township Officers are specifically directed to consider all methods lawful under the Act for issuance of the 2020 Bonds and to make recommendations to the Board of Commissioners.
3. Acacia Financial Group of Mt. Laurel, New Jersey, is hereby appointed as financial advisor to the Township, in connection with the potential issuance and sale of the 2020 Bonds.

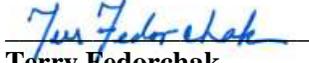
4. Dilworth Paxson LLP of Philadelphia, Pennsylvania is hereby appointed as bond counsel to the Township, in connection with the potential issuance and sale of the 2020 Bonds.
5. The Authorized Township Officers are specifically authorized to enter into negotiations with PNC Capital Markets LLC for underwriting services related to the sale of the 2020 Bonds.
6. The Authorized Township Officers and the Board of Commissioners are hereby authorized to take such other actions as may be necessary to prepare a plan for the issuance and sale of the 2020 Bonds and to take such steps as may be necessary and issue such documents as may be necessary to prepare for the incurrence of debt pursuant to this Resolution and the authority provided by the Board of Commissioners in this matter.
7. In the event that any one or more of the provisions contained in this resolution shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this resolution, and this resolution shall be construed and enforced as if such invalid, illegal or unenforceable provision had never been contained herein or therein.
8. All resolutions or parts thereof inconsistent herewith are hereby repealed, rescinded, canceled and annulled.
9. This Resolution shall be effective immediately.

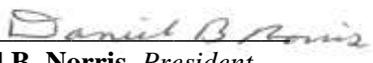
**I HEREBY CERTIFY** that the foregoing resolution was adopted by the Board of Commissioners of the Township of Cheltenham, County of Montgomery, Commonwealth of Pennsylvania, at its public meeting held at Curtis Hall, 1250 West Church Road, Wyncote, Pennsylvania, 19095, under my hand and the Seal of the Township of Cheltenham, this **seventeenth day of June, A.D., 2020**, in the year of the Township of Cheltenham the one hundred twenty-first.

Resolved and adopted this **17<sup>th</sup>** day of **June, 2020**.

**ATTEST:**

**TOWNSHIP OF CHELTENHAM  
BOARD OF COMMISSIONERS**

  
**Terry Fedorchak**  
*Interim Township Manager and Secretary*

By:   
**Daniel B. Norris, President**



# Cheltenham Township

## Five-Year Financial Plan

## Plan presentation

June 17, 2020

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PFM Group Consulting

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1735 Market St, 43<sup>rd</sup> Fl,  
Philadelphia, PA 19103

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215-567-6100



## Multi-year planning process

Public Financial Management (PFM) developed a five-year financial plan for Cheltenham Township with technical guidance and partial financial support from the Pennsylvania Department of Community and Economic Development and its Strategic Management Planning (STMP) Program. There are three steps to develop the multi-year plan.

### Financial condition assessment

- We first need to understand Township government's financial position and the critical underlying factors driving its performance. Then we project the Township's financial performance under a baseline *status quo* scenario to identify and quantify specific financial challenges.

### Management review

- Township government does not exist for purely financial purposes. It exists to deliver critical services to the people who live, work, and visit the Township. Similarly, numbers alone won't tell the complete story. So we'll meet with department managers and other staff to discuss what their departments do, how they do it, and why they do it.

### Initiative development and plan delivery

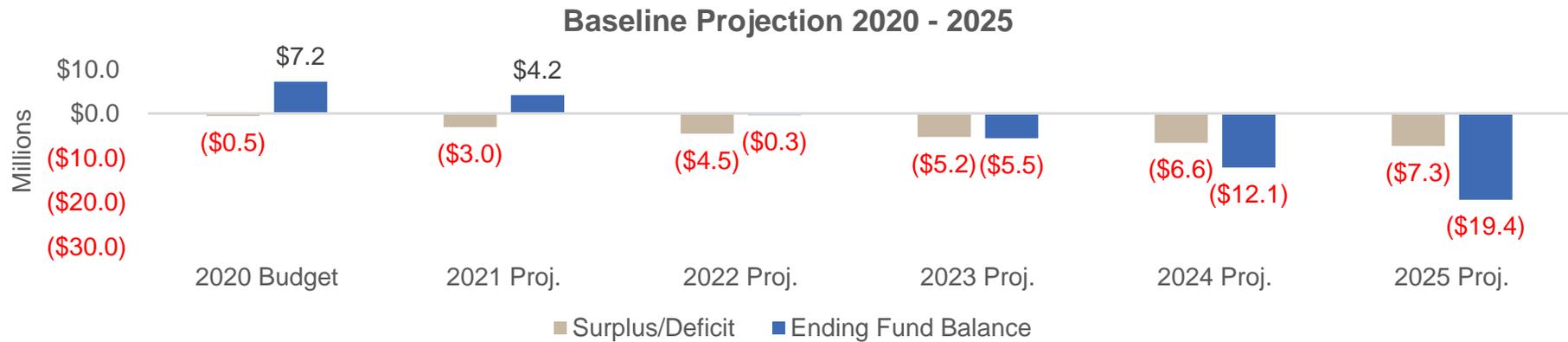
- Guided by the quantitative analysis in the financial condition assessment and the qualitative analysis in the management review, we will develop a series of recommendations (or initiatives) that connect back to a mission statement. Those initiatives are organized into one coherent plan document that we delivered to the Township.



# **Refresher: Baseline Projection & Mission Review**



## Refresher: Baseline projection



We presented this baseline to the Township in November 2019 as part of the Financial Condition Assessment.

**The baseline projection shows annual deficits growing from \$0.5 million in the 2020 to \$7.3 million by 2025.** Even with the deposit of \$2.0 million in sewer proceeds to the General Fund, the Township will exhaust its fund balance by 2022 absent corrective action.

On the revenue side, the baseline projection assumes no increase to the real estate tax rate or fees. Beginning in 2020, almost all sewer revenues and associated expenditures are eliminated. On the expenditure side, the baseline assumes wage increases according to the provisions in the existing labor agreements. Once the labor agreements expire, the baseline assumes wage increases to continue at the historical rates (3.5% for police and 3.0% for civilians). These wage increase patterns are not a recommendation, but rather reflective of the Township's historical trends absent corrective action.

The baseline also assumes that the Township will issue \$10 million in debt in 2020 and again in 2023. As a result of the debt issuances, the Township's annual debt service payment is projected to grow from \$0.4 million in 2020 to \$2.1 million in 2025.



## COVID-19 Impact

**It is important to note that the baseline as shown on the previous page is a moderate scenario, not a worst case.**

At the time this report was written, many Pennsylvania municipalities already expect some EIT revenue loss due to the social restrictions in place as a result of COVID-19. Given the significant uncertainty regarding the economic trajectory, the baseline projection does not account for revenue shortfall related to COVID-19. If possible, the Township should update this projection as the revenue impact becomes clearer.

Revenue/Expenditure Type	Potential COVID-19 Impact
Property tax	<ul style="list-style-type: none"><li>• Low impact for residential properties, some potential for commercial tax appeals</li></ul>
Earned income tax	<ul style="list-style-type: none"><li>• Decline expected with rising unemployment and furloughs</li><li>• Some decline may be offset by those who will now work from home more instead of commuting to Philadelphia</li></ul>
Local service tax	<ul style="list-style-type: none"><li>• Decline expected with rising unemployment</li></ul>
Real estate transfer tax	<ul style="list-style-type: none"><li>• Temporary slowdown in sales due to stay at home restrictions</li><li>• Long-term cooldown in market possible</li></ul>
Business receipts tax	<ul style="list-style-type: none"><li>• 2020 revenues will not be affected since those are based on 2019 receipts</li><li>• Decline expected in 2021</li></ul>
Operating expenditures	<ul style="list-style-type: none"><li>• Some savings will likely be achieved “organically” as a result of restrictions on social activity (e.g. reduced costs from cancellation of events, lower facility and fuel costs for closed operations etc.)</li></ul>
Personnel costs	<ul style="list-style-type: none"><li>• Savings from employee furloughs</li><li>• Some savings may be possible with hiring freeze and continued position control</li><li>• Pension is generally not an immediate issue since there is a lag from actuarial valuation to budgeting and the extent of market declines is still TBD</li></ul>



## Mission review

While helping Cheltenham Township gain fiscal stability is the primary goal of this Five-year Plan, this should not be the ultimate goal of Township government. As evidenced in the Township's current mission statement, good stewardship of the Township's financial resources is one of the key goals of Township government, but the ultimate mission is much broader.

**It is the mission of the Township of Cheltenham to provide outstanding municipal governance and services that meet the needs of our residents and businesses in a cost-effective and professional manner. It is the Township's vision to celebrate our vibrant, diverse, and historic community, to enhance and maintain quality of life, and to achieve economic and environmental sustainability by promoting actions and opportunities consistent with good stewardship of our natural and financial resources.**

When we met with the commissioners earlier this year, they expressed interest in refining this mission statement to more accurately reflect their vision for the Township, which we encourage the Township to do as a priority this year. The mission statement is also not a static, unchanging decree. It should and will change over time as the Township's priorities, circumstances, and performance do. But it provides an important starting point for the rest of the recommendations in this Plan.



## From mission to measurement

While the current mission statement is only a starting point and will be further refined by the commissioners, Township leaders should be able to start identifying the largest obstacles to fulfilling its mission. Then government leaders can set a limited number of goals intentionally chosen to overcome those obstacles. The goals then inform the strategies, which are the actions that specific units of Township government will take to achieve these goals and advance the mission.

Having a strategy does not guarantee that it will be successfully executed, or even that successful execution will advance the mission as intended. So, whenever possible, the Township should have measures so leaders can gauge whether a strategy is working. The combination of goals, strategies, and performance measures provides a framework for evaluating what works and deciding how to allocate the Township's limited resources accordingly.

The financial condition assessment identifies a number of obstacles that the Township is facing from a financial perspective. Unless the Township finds a way to overcome those obstacles using the goals and strategies as outlined in this Plan, Cheltenham Township government will continue to incur large deficits and struggle to deliver quality municipal services absent large tax increases. It will also lack the resources to make the strategic investments it needs to maintain its infrastructure and attract businesses and residents to live, work, and play in the Township.

But if Cheltenham is able to make the hard decisions as outlined in this Plan, it will be able to start addressing the structural issues as identified in the financial condition assessment. It will also be able to be a constructive partner in addressing larger community issues such as environment protection and preserving its recreational assets. The ultimate goal of this multi-year plan, therefore, is not only to improve Cheltenham's financial position. It is to strengthen the Township's financial position so that it can make the investments it needs to make so that it can continue to deliver quality services and celebrate its diversity and history.





# Plan Strategies



## Four core strategies to close the gap

**Revenue enhancement:** For Township government to have a financially sustainable path moving forward, its tax base must grow so the revenues grow without tax rate increases. But economic development alone will not be able to solve Cheltenham's revenue challenge. Cheltenham also needs to diversify its revenue base and improve cost recovery so that it becomes less reliant upon the real estate tax to generate revenues sufficient to provide core services.

**Workforce strategies:** With personnel costs representing almost 80 percent of the Township's General Fund budget, strategies to manage workforce cost growth have to be part of the solution to reduce the budget gap. The Plan provides a comprehensive workforce strategy that keeps future growth in cash compensation at inflationary levels for those employed by Cheltenham Township and stabilizes employee benefit cost growth. Many of the recommendations will have to be accomplished through labor negotiations, which is why the Township should continue using an external labor counsel and track the savings relative to the baseline projection.

**Process efficiency:** The majority of the Township's operating budget is spent on mandatory services such as maintaining and promoting public safety and cleanliness. To control operating expenditures without compromising the quality of municipal services, Cheltenham needs to gain efficiencies by managing service demands and considering alternative ways to deliver services. This chapter therefore provides recommendations on how each of the major departments – Public Works, EMS, Police, and Fire – can achieve operational efficiencies in front line services.

**Program prioritization:** Cheltenham Township currently provides some discretionary services, including those that the Township is not required to deliver under the First Class Township Code or to maintain an effective organization, and could be potentially eliminated or funded by sources other than the General Fund revenues. Because of the magnitude of Cheltenham's projected deficits, community dialogue around program prioritization will be a critical strategy for maintaining Cheltenham's long-term financial health.



## Revenue enhancement

The revenue enhancement strategy provides ways to measure the impact of economic development projects and increase the real estate tax base so that tax revenues grow “naturally” before having to increase the tax rate itself. To help improve Cheltenham’s revenue diversity, this strategy also provides guiding next steps for levying new fees.

### Enact a stormwater fee (2020-2021)

The scale of the Township’s storm water system, the risk associated with its age, the many competing demands for capital funding, and the limitations on the Township’s ability to use its existing funding sources to meet these needs all lead to the conclusion that the Township needs to establish a dedicated revenue stream to cover the full cost of storm water system maintenance and improvements. **A fee is an appropriate way to deal with the costs of maintaining and improving the system because every parcel owner – not just those subject to municipal taxes – benefit from a properly functioning storm water system.** The Township already engaged a design and consulting firm at the time this report was released to conduct a stormwater study, with the goal of establishing a stormwater fee beginning in 2022.

### Enact a street light assessment (2022-2023)

After the Township completes the storm water management process, it should explore whether that same concept can be applied to street lights. Our preliminary review is that Act 331 of 1931 (the First Class Township Code) enables townships to assess all benefited properties for the costs of public improvements, which includes the installation, maintenance, or operation of lighting that services the streets and sidewalks within the Township.

Cheltenham may understandably be hesitant to establish a new fee levied on Township property owners who are already paying the County, School District, and Township real estate taxes. However, if the Township can charge the fee on a wider range of property owners, including those who are exempt from the real estate tax, then the burden can be spread more equitably to all the people and organizations that benefit from well-lit streets.



## Other revenue enhancement initiatives

- **Measure the impact of economic development projects and target projects with the largest revenue impact:** Because of Pennsylvania’s unique tax structure, Cheltenham needs to focus on economic development that makes the most difference in revenues.

To illustrate why it is important to set economic development goals and measure the Township’s progress against them, the table to the right shows the amount of assessed value increase that is required to generate an additional \$1.0 million in revenues annually. In order to increase its real estate tax revenues by \$1.0 million (equivalent to 0.55 mills), the Township would need to generate over \$100 million in development. Cheltenham needs to determine what a realistic economic development goal looks like and work to achieve that while making progress to fill the rest of the budget gap.

Revenue Increase from Assessed Value Growth	
Real estate revenues	\$1,000,000
Tax Rate	9.57 mills
Assessed value increase	\$107,730,585

- **Strengthen code enforcement:** Cheltenham Township needs to have safe, clean, and attractive neighborhoods to retain residents and draw new ones from outside the Township. Quality neighborhoods will also encourage property owners to invest more in their properties, which in turn increases assessed values and tax revenues. We recommend the Township develop a rental registration and inspection program to proactively enforce code ordinances and keep landlords accountable for the condition of their properties.
- **Regularly increase fees and fines:** The Township has already been regularly updating some of its service charges, and should continue to do so throughout the projection period so that it at least maintains, if not improves, cost recovery. Fees are sometimes described as being “fairer” than taxes since the person who uses the service pays for it, or at least pays a higher share of the total cost than someone not using the service. Fees are also considered more “efficient” because residents can theoretically adjust how much they use a service as the price changes, unlike a real estate tax when a person cannot pay more or less based on how much that person uses the Township’s police or fire service.



## Workforce strategies

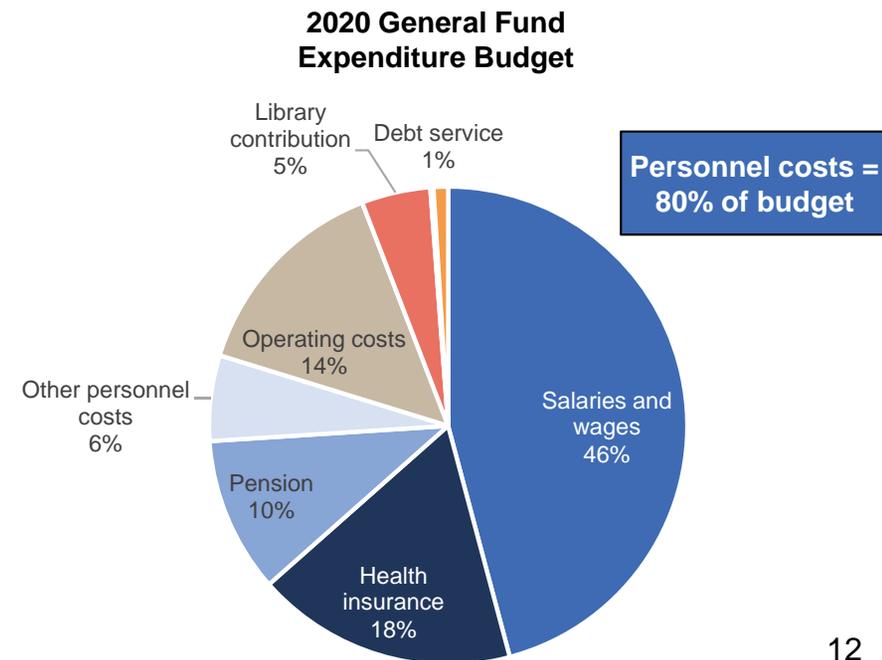
Cheltenham has a unique opportunity and critical responsibility in the next round of collective bargaining. All three bargaining agreements that govern employee compensation will expire at the end of 2021.

With personnel costs representing almost 80 percent of the Township's General Fund budget, strategies to managing workforce cost growth have to be part of the solution to reduce the budget gap. If one of Cheltenham's challenges is the structural imbalance where recurring expenditures consistently grow at a faster rate than recurring revenues, then it must control its personnel cost growth and bring them in line with the revenues that are available to pay for them.

We recommend two broad goals in response to the trend where cash compensation grows at a faster rate the revenue growth absent corrective action – keeping future growth in cash compensation at inflationary levels for those employed by Cheltenham Township throughout this projection period and stabilizing growth in employee benefits costs.

### Initiatives for consideration:

- Moderate wage increases for non-represented employees beginning in 2021 and for union employees beginning in 2022
- Restructure other forms of cash compensation such as step increases, longevity payments, and sick leave program
- Control health benefits and pension growth through increased cost-sharing, benefit design changes, and eligibility audit





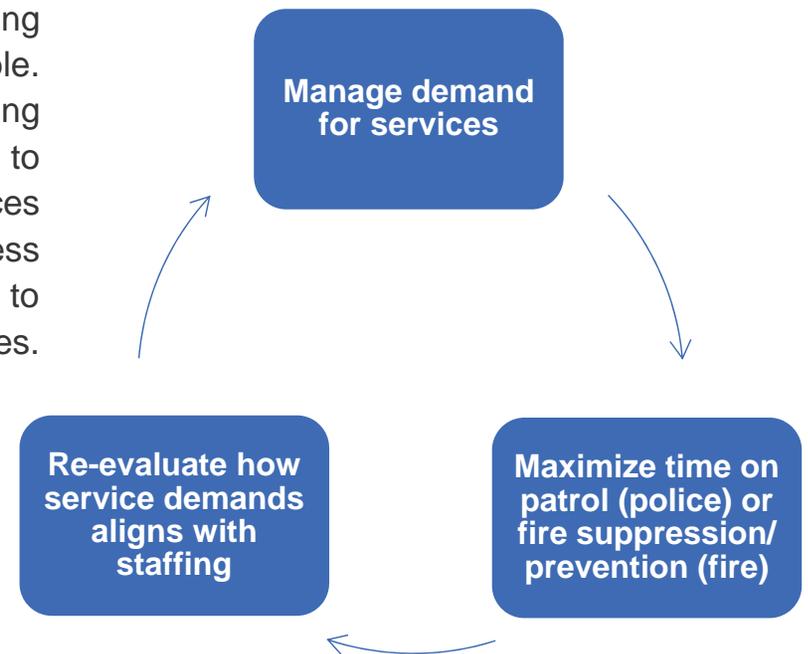
## Guiding principle for process efficiency initiatives

One of the Plan objectives is to realign the Township's services to its core mission. Instead of focusing the question on whether there is room to reduce the size of Township government, the key question that Cheltenham first needs to answer is whether it can streamline its management of service demands. Unless the Township can gain efficiencies in how it deliver services, reducing capacity would only mean that resources are spread thinner across departments.

If the Township can begin to implement initiatives that manage the service demands in a way help that creates a more efficient workforce, then the Township can use the opportunity to evaluate whether the staffing structure aligns with the service demands and resource available. Cheltenham's financial challenges are severe enough that leaving positions vacant is already a common practice used by the Township to generate short-term savings. Instead of reducing department resources by leaving positions vacant without a comprehensive plan to address service demands, the Township should use a data-driven approach to measure Departments' progress in implementing the efficiency initiatives. This strategy provides guidance to help Cheltenham achieve that.

### Initiatives for consideration:

- Re-evaluate the alarm registration and fine system
- Manage service demands in Police and Fire Departments
- Improve call for service (CFS) data management
- Alternate service delivery model for EMS<sup>1</sup>
- Regain flexibility to manage staffing levels in Public Works
- Evaluate opportunities for efficiencies once the fire study is completed

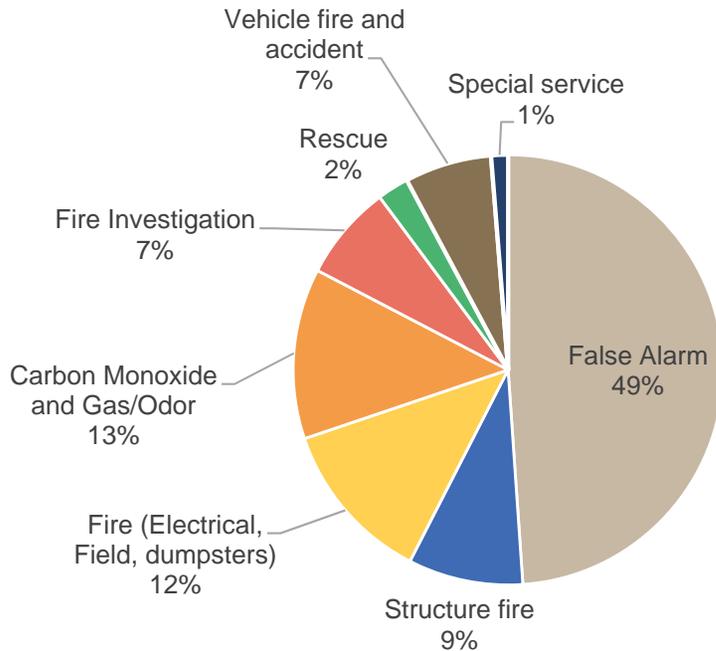




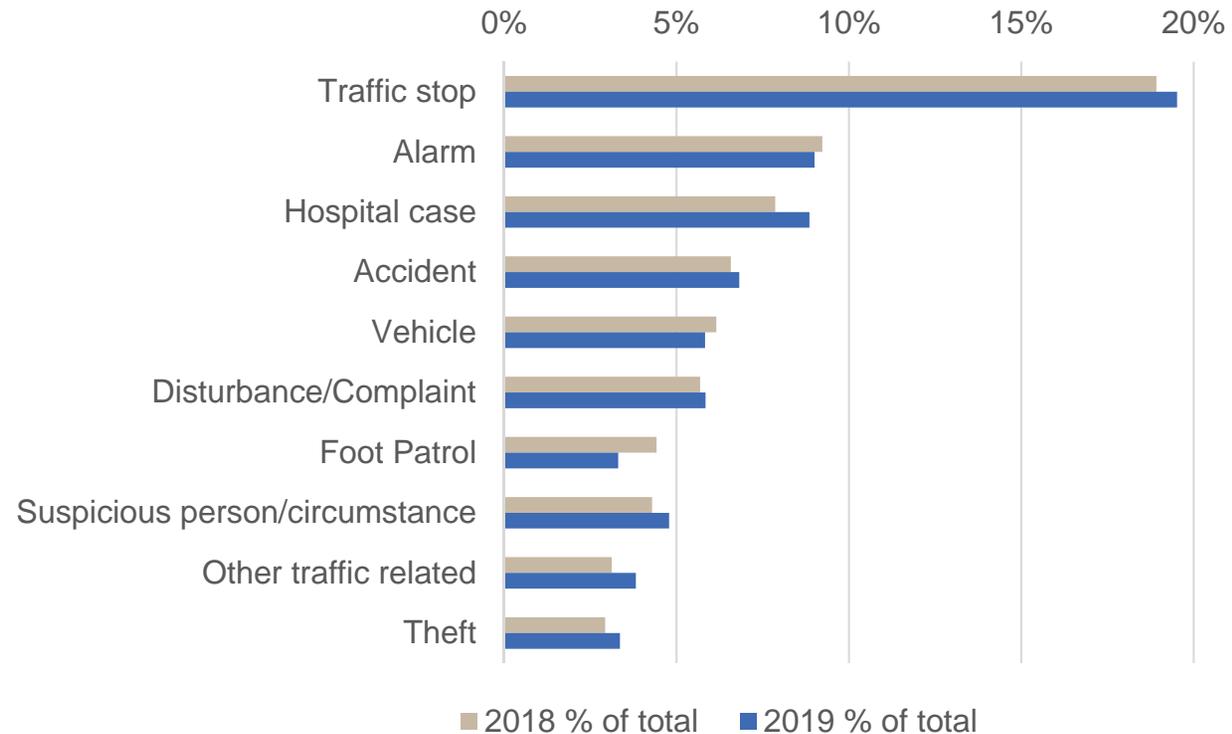
## False Alarm calls by Police and Fire

Approximately half (or 538) of the Fire Department's response is for false fire alarms and almost 10 percent (or 2,800) of the responses by the Police Department is related to alarms, the second largest type of police response after traffic stop. Nationally, at least 90 percent of the alarm calls are false alarms.<sup>1</sup> Cheltenham must find a way to free up its police officers and firefighters so that they can use more of their time on promoting public safety instead of responding to false alarms.

### 2019 Fire Calls by Type



### Top Ten Types of Police Calls Percent of Total Calls for Service by Type, 2018 and 2019





## Recommendation: Re-evaluate the alarm registration and fine system

Cheltenham needs to re-evaluate its current alarm registration and fine system so that police and fire resources are redirected to work that actually promote and maintain public safety. The following lists a few action items to better enforce its current alarm registration program:

- **Fee and fine enforcement:** The Fire Department answers to over 500 fire alarm calls and the Police Department answers to another 1,800 burglar alarm calls annually, and at least 90 percent of these calls are false alarms. Despite the high number of false alarm calls responded, the Township only collected an average of \$81,000 in annual fee revenues but almost no fine revenue. To ensure fairness for residents who are paying the alarm registration fee, the Township should cross-check between the addresses triggering the false alarm and the permit database and issue the fine across all households that fail the register the alarm. Doing so will help increase compliance to the current ordinance and ensure equity amongst taxpayers.
- **Redesign fee structure:** The Township should also consider establishing a formal stratified fee system that charges higher amounts for more frequent violations, which is a common practice among other Pennsylvania municipalities. Doing so will allow the Township to recover more of the costs associated with responding to false alarms as well as provide a deterrent for their occurrence. The Township can also establish a different fee structure for residential and commercial alarms as well as a separate fee for burglar and firm alarms to better track the type of false alarms incurred by different properties and customize a deterrent program accordingly.
- **Adopt a verified alarm ordinance:** As a standard practice, many alarm companies already call the property owner and secondary contacts verifying if the alarm is a false alarm before forwarding the call to the local enforcement agencies. Cheltenham Township can encourage that practice by adopting an ordinance requiring alarm companies to confirm an emergency is occurring before dispatching local enforcement to the site of the alarm. Township officials report that many responses are made to the high-rise residences, but that they are rarely initiated by the same resident. Some coordinated effort with building management for education and verification could possibly reduce the number of required responses.



## Program prioritization

Pennsylvania local governments allocate most of their operating budgets to services that are required by Pennsylvania law. For example, as a first class township, Cheltenham Township government must provide services including those that maintain and promote public safety and cleanliness.

Other services may not be statutorily required, but are necessary to maintain for any large organization. For example, any organization the size of Cheltenham Township government will have to maintain its facilities, have a human resources department that performs benefits administration and hiring functions, and a finance department that develops the budget and keeps track of revenues and expenditures. Where applicable, we provide recommendations to help the Township deliver its mandatory services and administrative services more effectively.

There is a third type of service that Cheltenham Township government currently provides, which are discretionary services. These are amenities that the Township is not required to deliver under the first class township code or to maintain an effective organization, and could be potentially eliminated or funded by alternative sources other than the General Fund revenues. This strategy focuses on the following non-mandatory services as an illustration of how Township government should rethink its resource allocation to focus on core supports and achieve sustainable finances:

- Annual contribution to the Cheltenham Library System;
- Maintenance and ownership of buildings not used for core services;
- Large array of parks and recreational facilities; and
- Streetscape and trail improvements and other discretionary capital investments.



## Levy a dedicated library tax

From 2013 to 2018, the Township's contribution to the library increased from \$1.5 million to \$1.7 million, representing an average annual increase of 2.5 percent. The corresponding tax levy increased from 0.8 mill to 0.9 mill.

**Library Contribution and Tax Levy, 2013 - 2018**

	2013	2014	2015	2016	2017	2018	CAGR
<b>Library contribution</b>	\$1,499,886	\$1,499,886	\$1,548,000	\$1,548,000	\$1,623,000	\$1,693,000	2.5%
<b>Library tax levy</b>	0.8009	0.8032	0.8267	0.8317	0.8637	0.8979	2.3%

Even though the Township does not have a statutory requirement to increase funding every year, Cheltenham's library system struggles with the same budget challenge as Township government, where recurring expenditures increase every year as a result of personnel and operating cost growth. Because over 85 percent of the library's revenues come from the Township, the revenue available to Cheltenham's library system is largely dependent upon the level of contribution the Township is willing and able to make in any given year. Therefore, under the current funding approach, the library contribution becomes one of the many competing demands Township leaders have to manage given limited resources. It also drains resources away from the Township's core services.

The Library system is clearly a beloved institution with strong community support. Residents and interest groups that support the library system appear to value it enough to pay more in taxes to support it. Doing so would mean that the control over the tax levy used to fund the library would shift from Township government to the Library Board, but it would allow Township leaders to focus on the resource allocation decisions for Cheltenham's core services. In order to levy a dedicated library tax, the Township will have to put a referendum on the ballot. The Borough of Hatboro passed a referendum in May 2019 to levy a dedicated library tax to operate and maintain its library building.



## Process for implementing a library tax

This initiative assumes that the Township would put the referendum on the November 2020 ballot and, with voters' approval, levy a dedicated library tax beginning in 2021. Based on a total taxable assessed value of \$1.868 million, the library would need to levy a 0.95-mill dedicated tax to generate the same amount of revenues it received from the Township in 2020 (\$1.7 million).

### Establish a library tax

Pennsylvania's library code allows a tax referendum to appear on the ballot through one of two ways. Municipal officers may submit to the qualified voters the question of the library tax at any time, or residents can petition to the municipal officers to submit the question of the library tax as long as they have qualified signatures equivalent to 3 percent of the votes cast in the last general or municipal election.<sup>1</sup>

To put the referendum on the November 2020 election ballot, Township commissioners will have to adopt an ordinance to put a library tax to referendum and submit that question at least 60 days before the election, or by September 4, 2020. The ordinance will need to include the question put in front of the voters, including the library millage rate. For example, if Cheltenham is looking to levy a 0.95-mill library tax, this would be the question presented to voters:

*"Shall Cheltenham Township establish a special library tax to provide for the operation and maintenance of the Cheltenham Library System at the rate of 0.95 mills on the dollar of assessed value on all taxable real estate within Cheltenham Township?"*



## Explore alternatives for Township facilities not used to deliver core services

Cheltenham Township owns 16 facilities, including departmental headquarters, community centers, libraries, and pools. While many facilities are used to deliver Township services, some are rented to third-parties or used by non-profits. In addition to the annual maintenance, janitorial, and utility costs of operating these buildings, from 2015 to 2019 the Township also invested \$2.6 million in General Obligation bonds for capital improvement projects in these facilities. About half of the capital spending was at Curtis Hall.

Finding alternatives to maintain and operate Township facilities can be difficult, of course. There may not be a market for selling or leasing the properties, they support services valued by some Township residents, and in some cases they have historic or sentimental value. Despite these challenges, it is important for the Township to pursue alternative options for these facilities.

- **Transfer property ownership:** Cheltenham's long-term goal should be to transfer properties not used for core municipal services to other entities so that it eliminates any maintenance and capital costs. Buildings that the Township should work to transfer ownership include Cheltenham Center for the Arts and the Elkins Park and Glenside library buildings.
- **Sell or lease the property:** Given that the Shovel Shop and Glenside Hall are both used solely as rentals, Township government should work with the business community and aim to market those facilities. This will likely take some time and may result in some unconventional or creative uses.
- **Repurpose the property:** Cheltenham may want to repurpose the Annex building and use that space for employee and visitor parking, storage, or even a new home for EMS vehicles (which are too large for their current spaces).
- **Partner with a third-party entity:** Cheltenham may be able to partner with non-profits with an expertise in maintaining and restoring historical buildings. Nonprofits that specialize in maintaining and operating historical facilities are also often more attuned to the availability of grant monies through the state and federal government and private philanthropies.



## Connecting between policy decisions and fiscal impact

To provide the Township with the tools to review its current services for changes and make the hard prioritization decisions in the future, the following checklist shows the three key questions Township leaders should answer when proceeding with any projects or policy decisions.

Township leaders should establish this fiscal impact checklist as a part of its policy making process and require a formal plan to address questions related to funding sources for all projects that are brought before the Commissioners for approval. As an example, the Township should use this checklist to guide the discussions on whether Cheltenham should replace its vehicles with more environmental-friendly options, such as hybrid vehicles, as part of the *Ready for 100* movement.

### Fiscal Impact Checklist

1. What is the net fiscal impact on the General Fund over a five-year period? *(Note: if the project is funded using bond proceeds, the fiscal impact should include any projected increase in debt service.)*
2. If the project results in net revenues or savings, what portion of the budget gap is it filling through this initiative? Will the benefits accrue to the bottom line (annual financial result, fund balance), or does the Township intend to redirect the benefit to other areas?
3. If the project results in net costs, how much does it increase the projected deficits by and what is the plan for addressing the increased deficits?

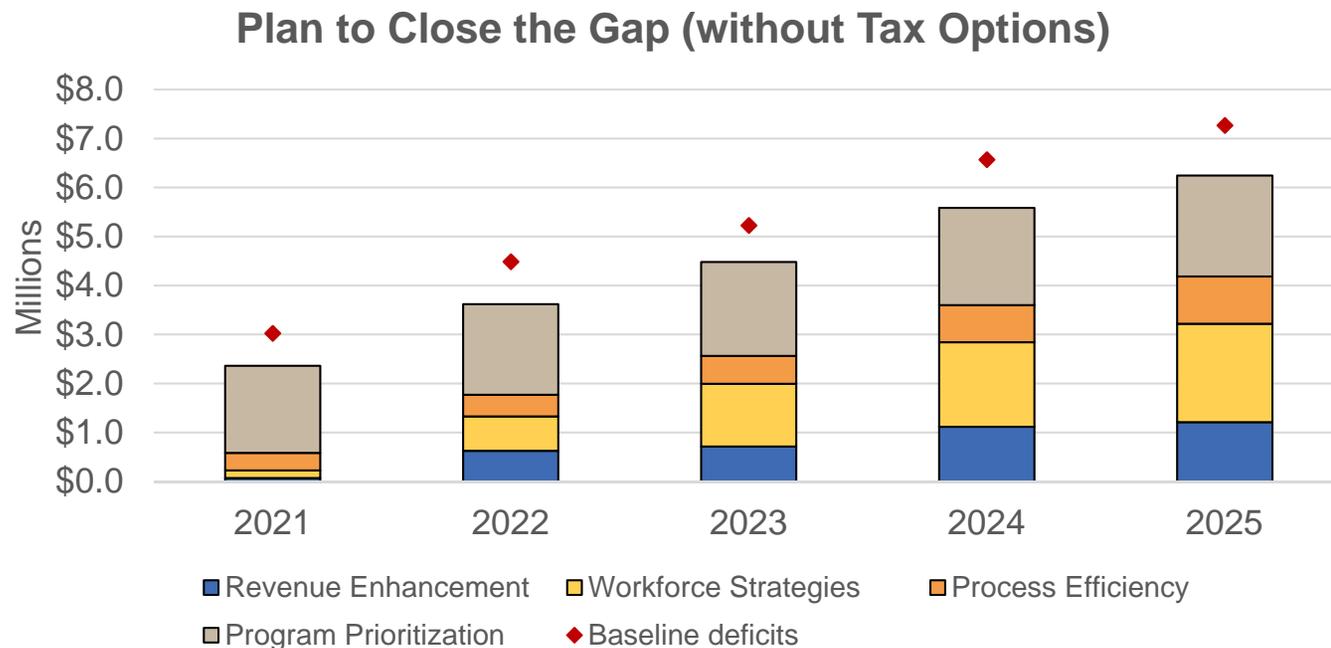
Working through these recommendations can be difficult and emotional for Township leaders and community stakeholders. But Cheltenham is at a point where this process is necessary for the Township's long-term fiscal sustainability. Even if the Township pursues all the recommendations outlined in the previous three strategies (revenue enhancement, workforce strategy, and process efficiency), it will still have a \$2.4 million deficit in 2021 that grows to \$3.1 million in 2025. Cheltenham Township government is now at a crossroads where program prioritization is necessary for its long-term financial health.



## Two more strategies: Tax options and Strategic investments

Cheltenham Township government needs a well-rounded strategy to address its budget shortfalls, which is why the aforementioned four strategies will be important for Cheltenham's long-term fiscal stability. Where possible, we provide savings or revenue estimates for the recommended initiatives, but there is also the likelihood that Cheltenham will generate more or less savings than projected. If the Township is unable to generate enough revenues or savings to close the gap using these four strategies, it will have to explore tax options to close the remaining budget gap.

The recommendation to explore tax options is not solely because of the need to maintain fiscal balance, however. Cheltenham needs to make strategic investments in order to grow its tax base, reduce its projected deficits in the out-years, and invest in its infrastructure. Unless it creates the room in the budget to make those strategic investments, Township government will continue to lack the resources to achieve its mission.



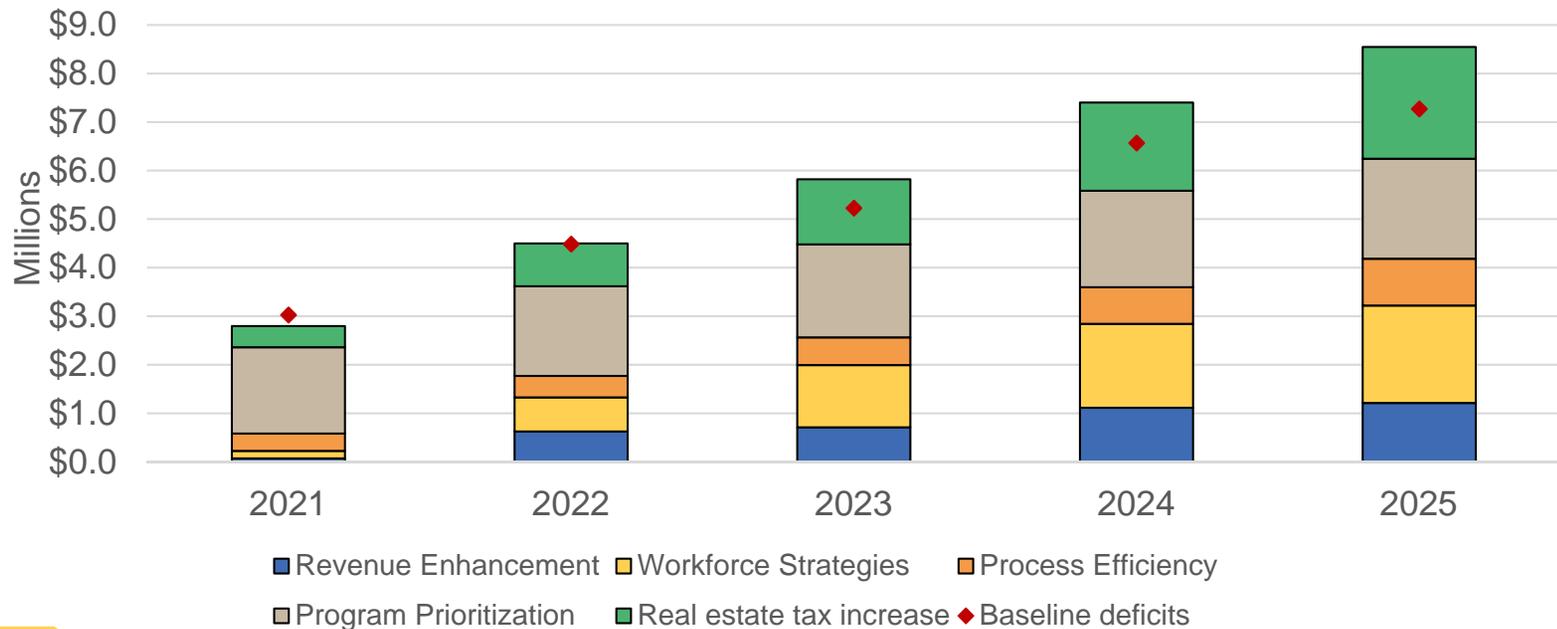


## Tax Option #1: Smaller real estate tax increases

The Township has been increasing its real estate tax each year by three to five percent for the last eight years. With the recommended initiatives in progress, the Township may not need to increase the real estate tax as much as it has, but it will still likely need annual increases to eliminate the deficit and create room for strategic investments.

The chart below shows an annual real estate tax increases of 2.5 percent, growing from 9.57 mills in 2020 to 10.83 mills in 2025. This does not include a separate dedicated library tax, should Township leaders approve the ordinance and if voters approve the referendum. This scenario helps close the gap in 2021 and 2022, and provides between \$0.6 and \$1.2 million annually for strategic investments beginning in 2023.

**Close the Gap Scenario (Increase Real Estate Tax Only)**





## Tax option #2: Gain the flexibility to set the EIT and use a mix of tax options

Alternatively, Cheltenham can use a mix of real estate and earned income tax increases to achieve the same goal, but our preliminary review is that Cheltenham would need to amend its charter in order to gain the flexibility to increase its EIT. *Cheltenham should verify our preliminary understanding with its Solicitor.*

### Why is it important that Cheltenham gains the flexibility to set its EIT rate?

The reason the EIT is an important “revenue lever” for Township government is because, whereas the Township’s taxable assessed values have been slowly declining, its EIT tax base has been growing at an annual rate of 2.3 percent. So \$1 worth of resident EIT will likely be worth more than \$1 worth of real estate tax in the future. Generating revenues on a tax base that is growing instead of a tax base that has been modestly eroding will help reduce the amount of tax increases needed in the future. The following table illustrates this concept by showing the real estate tax and EIT rates required to generate \$1.0 million revenues that grow annually at 2.0 percent.

	2021	2022	2023	2024	2025	Annual Growth
Revenues generated <sup>1</sup>	\$1,000,000	\$1,020,000	\$1,040,400	\$1,061,208	\$1,082,432	2.0%
Real estate tax rate	0.55	0.56	0.58	0.59	0.60	2.1%
EIT rate	0.11%	0.11%	0.11%	0.11%	0.11%	0.0%

**It is important to note that gaining the flexibility to set the EIT rate does not necessarily mean that the Township needs to increase its EIT rate immediately.** Practically speaking, the Township could put this question on the November 2020 ballot without actually increasing the EIT rate during the 2021 budget process, especially since it needs to work through the pros and cons of EIT increases.



## Process for amending the charter

### Step 1: Verify with the Solicitor

Our preliminary understanding of the Township charter is that the Board of Commissioners would have to adhere to the applicable state statute for its EIT levy limit, which in this case would be the Local Tax Enabling Act (Act 511). *The Township should verify our preliminary understanding with its Solicitor.*

### Step 2: Amend the Charter

If Cheltenham Township's Home Rule charter does not give the Township the ability increase its resident EIT rate above 0.5 percent, the only way the Township can increase its EIT rate and use the additional revenue for general purposes is to amend its Charter. That process begins with a referendum initiated by an ordinance, followed by a submission to the County Board of Elections. Pennsylvania law requires the ordinance to be filed with the Board of Elections at least 13 weeks prior to the election, which means that the ordinance must be adopted and filed with the County no later than early August if the Township wants to put it on the November ballot in 2020. Once the ordinance is adopted and filed with the County, the Township must also publish the notice of the election in at least one newspaper of general circulation once a week for three consecutive weeks during the period of 30 days prior to the election.<sup>1</sup>

Date	Action
By August 3, 2020	Adopt ordinance with the complete text of wording proposed to be added to and deleted from the charter
By August 4, 2020	File ordinance with the Board of Elections
From October 4, 2020 through November 2, 2020	Publish notice of the election in at least one newspaper of general circulation once a week for three consecutive weeks
November 3, 2020	Election day



## Strategic investments

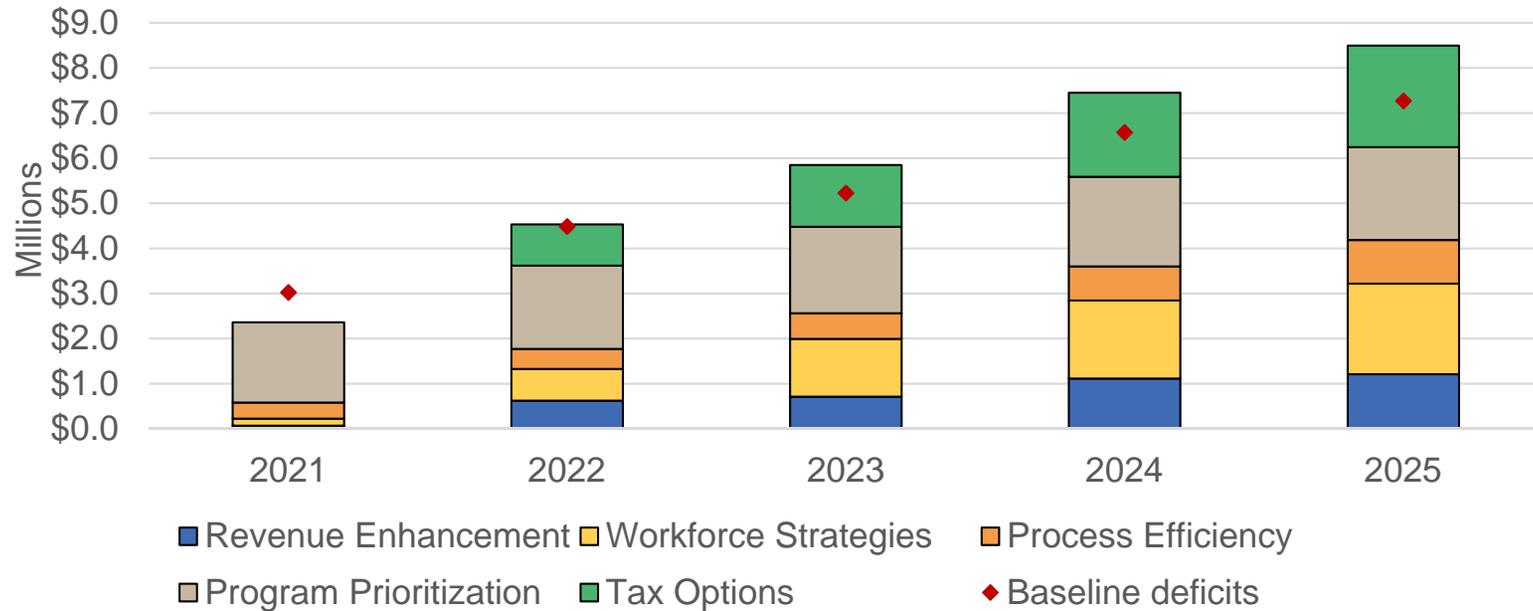
The ultimate goal of this multi-year plan is not only to improve Cheltenham's financial position. It is to strengthen the Township's financial position so that it can make the investments it needs to make so that it can continue to deliver quality services and celebrate its diversity and history. The last strategy of this Five-Year Plan provides a handful of suggestions to help Cheltenham grow its tax base, reduce its projected deficits in the out-years, and invest in its infrastructure.

- **Create an economic development strategy:** Because Cheltenham's cost of providing services continue to rise every year, one way to continuously sustain those growth is to grow the tax base so that tax revenues grow "naturally" without increasing the tax rate itself. But the road to executing a successful economic development strategy that actually grows the tax base is not without obstacles. We recommend that Township concentrate on updating its comprehensive plan this and next year and then begin its candidate search for an Economic Development Director once the comprehensive plan update is completed. If possible, the Township should also find grant funding opportunities and revitalize its main street program.
- **Develop a five-year capital planning and prioritization strategy:** One of the reasons a thoughtful capital plan with a multi-year perspective is so important is because it allows the Township to prioritize its resources with a strategic vision. The CIP and capital budget ideally would have a mix of projects with some focused on repairing, renovating, and replacing existing infrastructure and others focused on more strategic investments in new assets. A one- or two-year capital budget, on the other hand, only provides insight into the most immediate and urgent needs. We recommend conducting a facility condition assessment to accompany this initiative using a subsequent STMP grant.
- **Update pension plan assumptions:** Cheltenham Township needs to make changes to the actuarial assumptions to more accurately reflect plan experiences and expectations, but those changes can also result in a larger unfunded liability and trigger a higher legally required MMO contribution to the funds. Cheltenham first needs a better understanding of how much updating the assumption would cost the Township, and then work to incrementally make those assumption changes.



## Plan to Close the Gap

### Close the Gap Scenario



	2021	2022	2023	2024	2025
<b>Baseline deficits</b>	<b>(\$3,025,000)</b>	<b>(\$4,487,000)</b>	<b>(\$5,227,000)</b>	<b>(\$6,570,000)</b>	<b>(\$7,270,000)</b>
Revenue Enhancement	\$72,000	\$628,000	\$714,000	\$1,117,000	\$1,214,000
Workforce Strategies	\$154,000	\$702,000	\$1,280,000	\$1,728,000	\$2,007,000
Process Efficiency	\$359,000	\$442,000	\$569,000	\$755,000	\$964,000
Program Prioritization	\$1,778,000	\$1,847,000	\$1,917,000	\$1,988,000	\$2,060,000
Tax Options	\$0	\$916,000	\$1,368,000	\$1,866,000	\$2,252,000
<b>Room for Strategic Investments</b>	<b>\$0</b>	<b>\$49,000</b>	<b>\$621,000</b>	<b>\$882,000</b>	<b>\$1,227,000</b>



# Plan implementation



## Implementation Strategy

The exact contribution from each initiative category to the overall goal can certainly be different than the hypothetical scenario shown on the previous page. For example, the Township could get more from tax base and revenue growth and then less from another category. But it is important that the Township uses a good mix of gap-closing strategies, which will do the following:

- **Draw from all areas described in this Plan:** The Township will not achieve meaningful financial recovery by only making changes on the revenue or the expenditure side of the financial equation. It should not close the budget gap solely with revenue enhancement measures or across-the-board expenditure cuts. Instead, it should enhance revenues through both tax and non-tax options, reduce the cost growth of the workforce through labor negotiations, gain efficiencies and align the staffing structure to the service demands, and concentrate its resources on core municipal services. Each and every one of these strategies achieve a different goal and will be critical to the Township's long-term financial health.
- **Take actions earlier than later:** As illustrated in the baseline projection, the budget deficits grow bigger every year absent corrective actions. The opposite is true when the Township takes corrective actions – if the Township takes action today to close a portion of the 2021 deficit, the deficits in the out-years will begin to shrink as savings generated today will be worth more in the out-years. Cheltenham Township government should therefore seize the opportunity this year – before the start of the 2021 budget process – to make some of the hard decisions, such as putting a library tax referendum on the November ballot. Doing so will make the large out-year deficits as currently projected in the baseline more manageable.
- **Supported by an iterative process:** Multi-year planning should be an ongoing effort, not a static product. The Township already develops a multi-year projection during the budget process, and should continue to do so. It is equally important that the Township uses that projection to drive hard decisions during the budget process and in the day-to-day operations.



## Timeline and Conclusion

This Five-Year Financial Plan has a total of 40 recommendations. It is not realistic for the Township to try to implement all of them immediately, but timing does matter for certain initiatives, particular for those related to referendums and collective bargaining. The timeline below provides direction on how to prioritize the key initiatives outlined in this Plan, though circumstances, needs, and opportunities will change over time, and the Township’s strategy should adapt accordingly. This implementation timeline does not include all 40 Plan initiatives, but includes the priority initiatives that will be time-sensitive for the Township’s financial recovery.

In just a few months the Township will begin its 2021 budget process and the financial challenges described in this report will take on a heightened sense of urgency. The Township will start work on a budget that ultimately has to balance available revenues against anticipated expenditures, even though the former naturally grows more slowly than the latter.

We hope that Cheltenham Township – including its leaders, department staff, and residents – will be able to build on its commitment and creativity and work together to show that it is capable of providing quality core municipal services while bolstering its ability to sustain Cheltenham as a great place to work, live, and play.

Year	Priorities
2020	<ul style="list-style-type: none"> <li>▪ Adopt an ordinance for the library tax referendum<sup>1</sup></li> <li>▪ Adopt an ordinance to put the charter amendment on the ballot in order to gain the flexibility to set the EIT rate</li> <li>▪ Develop the stormwater management study</li> <li>▪ Consider alternative service delivery model for EMS</li> <li>▪ Improve debt management</li> </ul>
2021	<ul style="list-style-type: none"> <li>▪ Levy a dedicated library tax</li> <li>▪ Retain the support of external public employment labor counsel for negotiations</li> <li>▪ Develop a five-year capital plan</li> <li>▪ Issue an RFP to update the comprehensive plan</li> <li>▪ Issue an RFP to conduct a facility asset inventory</li> </ul>
2022	<ul style="list-style-type: none"> <li>▪ Establish the stormwater fee</li> <li>▪ Issue an RFP to develop a streetlight assessment</li> <li>▪ Develop a capital budget and planning policy</li> </ul>
2023	<ul style="list-style-type: none"> <li>▪ Create an Economic Development Director position</li> <li>▪ Consider updating the pension funds’ assumptions</li> <li>▪ Improve debt management</li> </ul>
2024	<ul style="list-style-type: none"> <li>▪ Establish a streetlight assessment</li> </ul>



# Appendix – List of Initiatives



## Appendix – List of Initiatives

Strategy		Initiative	2021	2022	2023	2024	2025
<b>Baseline projected deficits</b>			<b>(\$3,025,000)</b>	<b>(\$4,487,000)</b>	<b>(\$5,227,000)</b>	<b>(\$6,570,000)</b>	<b>(\$7,270,000)</b>
Revenue Enhancement	ED01	Measure the impact of economic development and target economic development projects with the largest revenue impact	43,000	87,000	130,000	174,000	218,000
Revenue Enhancement	ED02	Strengthen code enforcement	TBD	TBD	TBD	TBD	TBD
Revenue Enhancement	ED03	Enact a stormwater fee	0	483,000	496,000	509,000	522,000
Revenue Enhancement	ED04	Enact a street light assessment	0	0	0	315,000	324,000
Revenue Enhancement	ED05	Regular increases to fees and fines	29,000	58,000	88,000	119,000	150,000
Revenue Enhancement	ED06	Develop a costing analysis for refuse operations	TBD	TBD	TBD	TBD	TBD
Workforce Strategies	WS01	Continue to retain the support of an external labor counsel	TBD	TBD	TBD	TBD	TBD
Workforce Strategies	WS02	Continue to evaluate the cost of proposals during collective bargaining	TBD	TBD	TBD	TBD	TBD
Workforce Strategies	WS03	Moderate wage growth	82,000	605,000	1,145,000	1,543,000	1,794,000
Workforce Strategies	WS04	Restructure step increases	0	21,000	55,000	100,000	124,000
Workforce Strategies	WS05	Restructure longevity payments	TBD	TBD	TBD	TBD	TBD
Workforce Strategies	WS06	Continue to control overtime spending	TBD	TBD	TBD	TBD	TBD
Workforce Strategies	WS07	Restructure sick incentive and sick leave payout program	TBD	TBD	TBD	TBD	TBD
Workforce Strategies	WS08	Evaluate uniform allowance	TBD	TBD	TBD	TBD	TBD
Workforce Strategies	WS09	Control health benefits growth	72,000	76,000	80,000	84,000	89,000
Workforce Strategies	WS10	Make changes to the Commissioners Pension Plan	TBD	TBD	TBD	TBD	TBD
Workforce Strategies	WS11	Purchase a HRIS software	TBD	TBD	TBD	TBD	TBD
Process Efficiencies	PE01	Regain flexibility to manage staffing levels in Public Works and consider alternative service delivery options	TBD	TBD	TBD	TBD	TBD
Process Efficiencies	PE02	Alternate EMS service delivery model	140,000	150,000	200,000	250,000	316,000
Process Efficiencies	PE03	Re-evaluate alarm registration and fine system	5,000	5,000	5,000	5,000	5,000



## Appendix – List of Initiatives (cont'd)

Strategy		Initiative	2021	2022	2023	2024	2025
Process Efficiencies	PE04	Align staffing structure with service demands in the Police Department	98,000	153,000	210,000	326,000	449,000
Process Efficiencies	PE05	Improve call for service (CFS) data management	TBD	TBD	TBD	TBD	TBD
Process Efficiencies	PE06	Evaluate opportunities for efficiencies once the fire study is completed	111,000	130,000	149,000	168,000	188,000
Process Efficiencies	PE07	Pursue additional efficiency measures	5,000	5,000	5,000	5,000	5,000
Process Efficiencies	PE08	Manage the length of public meetings	TBD	TBD	TBD	TBD	TBD
Program Prioritization	PP01	Levy a dedicated library tax	1,756,000	1,800,000	1,845,000	1,891,000	1,938,000
Program Prioritization	PP02	Explore alternatives for Township facilities currently not used to deliver core services	TBD	TBD	TBD	TBD	TBD
Program Prioritization	PP03	Alternatives for maintaining and delivering recreational services	22,000	47,000	72,000	97,000	122,000
Program Prioritization	PP04	Conduct a cost-benefit analysis for any non-mandatory service or project	TBD	TBD	TBD	TBD	TBD
Program Prioritization	PP05	Use the fiscal impact checklist for any major policy decision	TBD	TBD	TBD	TBD	TBD
Tax Options	TO01	Gain the flexibility to set the EIT rate	TBD	TBD	TBD	TBD	TBD
Tax Options	TO02	Chart a path to close the budget gap and create room for strategic investments	0	916,000	1,368,000	1,866,000	2,252,000
<b>Total Initiatives to Close the Gap</b>			<b>\$2,364,000</b>	<b>\$4,535,000</b>	<b>\$5,848,000</b>	<b>\$7,453,000</b>	<b>\$8,498,000</b>
Strategic Investments	SI01	Create an economic development strategy	TBD	TBD	TBD	TBD	TBD
Strategic Investments	SI02	Update pension plans' assumptions	TBD	TBD	TBD	TBD	TBD
Strategic Investments	SI03	Develop a five-year capital planning and prioritization strategy	TBD	TBD	TBD	TBD	TBD
Strategic Investments	SI04	Use pay-as-you-go capital funding	TBD	TBD	TBD	TBD	TBD
Strategic Investments	SI05	Conduct a facility condition assessment	TBD	TBD	TBD	TBD	TBD
Strategic Investments	SI06	Improve debt management	TBD	TBD	TBD	TBD	TBD
Strategic Investments	SI07	Continue to improve budgeting practices	TBD	TBD	TBD	TBD	TBD
<b>Amount Available for Strategic Investments</b>			<b>\$0</b>	<b>\$49,000</b>	<b>\$621,000</b>	<b>\$882,000</b>	<b>\$1,227,000</b>