

2023 Budget Overview



CITY OF
LANCASTER

Proposed 2023 Budget

General Fund
Stormwater Management Fund
Sewer Fund
Water Fund
Solid Waste & Recycling Fund

Danene Sorace
Mayor



CITY OF
LANCASTER

CITYOFLANCASTERPA.COM

2023



Highlights

General Fund

- 8% Real Estate Tax increase (.94 mills)
- ARPA Revenue Replacement (2021-2024)
- Bond refinancing savings expire - \$2,000,000 increase in debt service
- Earned Income and Real Estate Transfer Tax revenues still strong

Stormwater Management Fund

- \$5/quarter Stormwater Fee increase for average residential property owner
- Green Infrastructure projects continuing for EPA consent decree compliance

Sewer Fund

- \$24/quarter Sewer Rate increase for average residential customer
- Bond refinancing savings expire - \$1,500,000 increase in debt service
- Mandated planning & projects continuing for EPA consent decree compliance

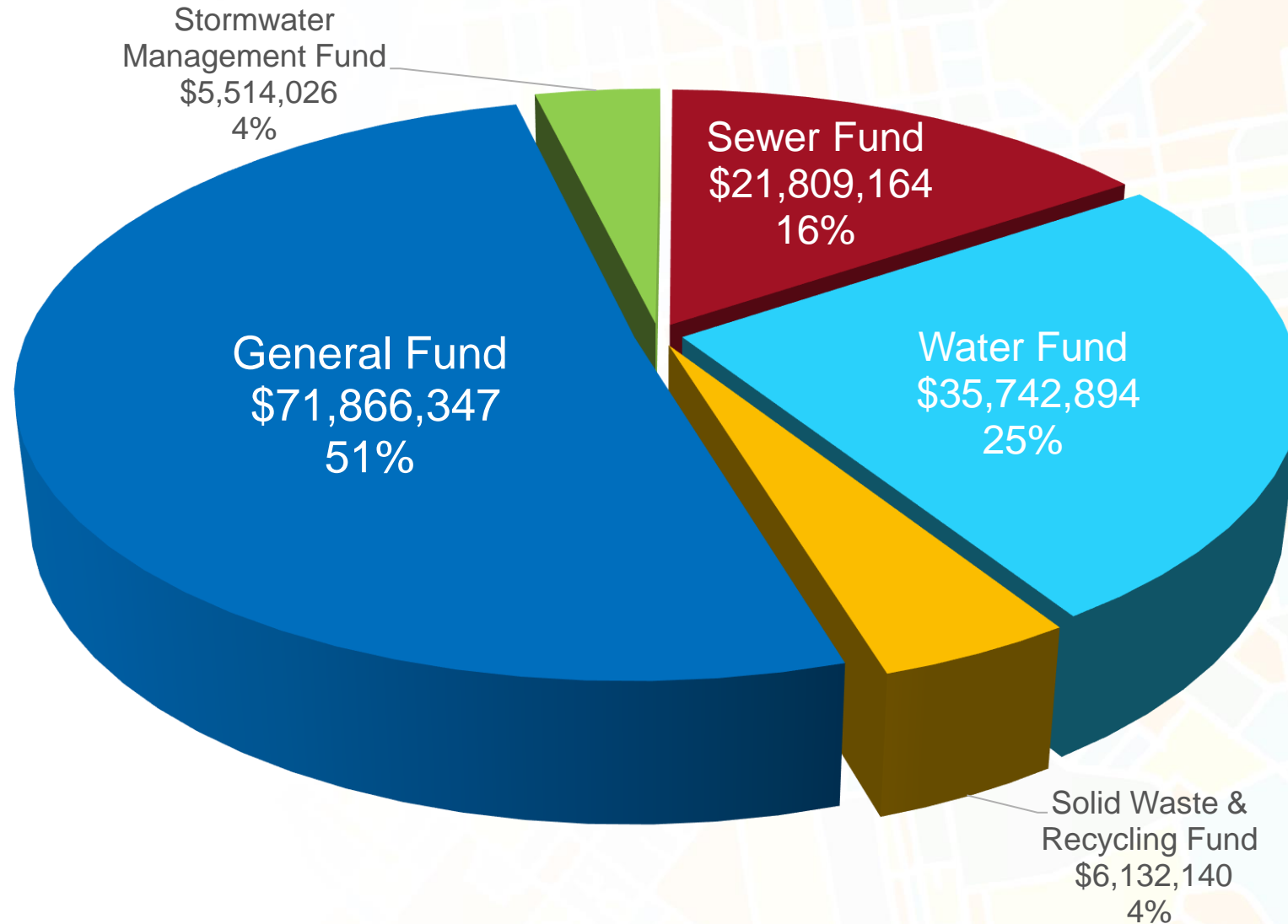
Water Fund

- **\$15**/quarter inside Water Rate increase for average residential customer
- Outside City PUC rate case approved in mid-2022 – full year impact in 2023
- First year of 2-year reduction in transfer from Water Fund to General Fund
- Ongoing capital investments and increased funding for project design and engineering

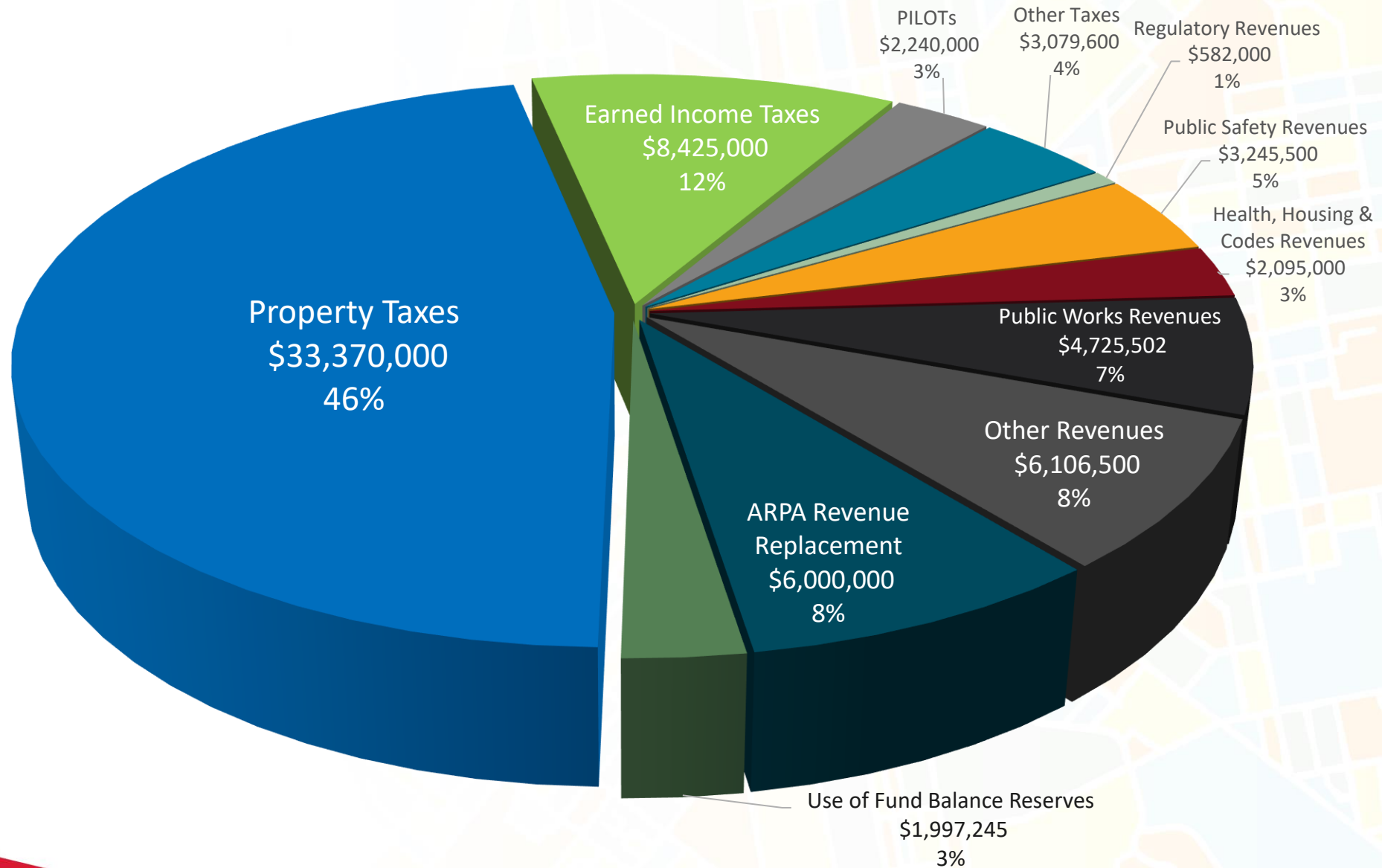
Solid Waste and Recycling Fund

- Rate increase of \$6/quarter for all customers
- Hauler and LCSWMA trash & recycling tipping fee increases

Combined Operating Budgets: \$141,064,571

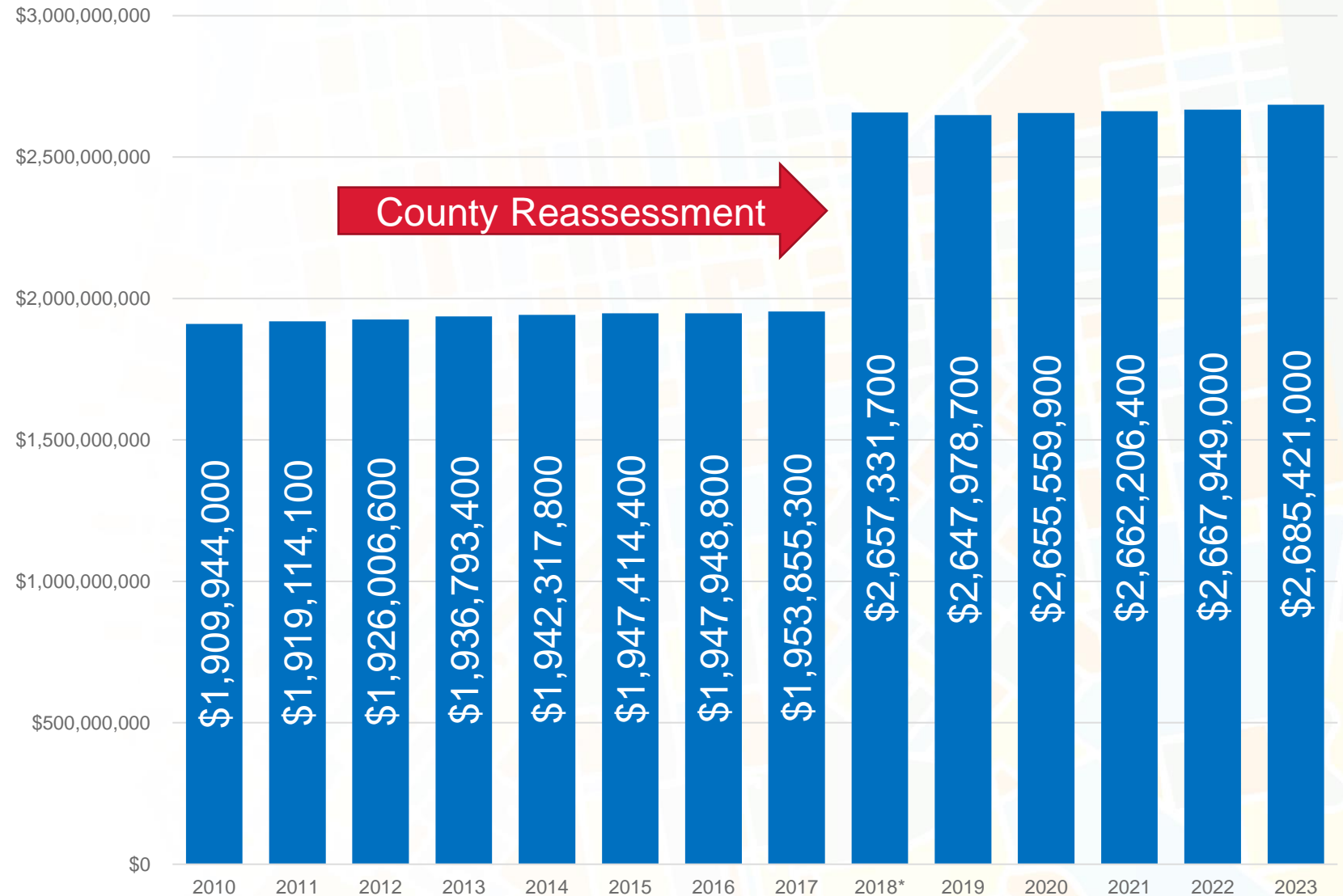


General Fund Revenues - 2023



City Taxable Property Values

Despite significant economic development, the City's overall tax base has grown only 1.1% since the countywide reassessment in 2018.



Real Estate Transfer Taxes

Real Estate Transfer Tax revenues are an indicator of the economic health of the City.

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The impact of interest rate hikes on the City real estate market in 2023 is unknown.

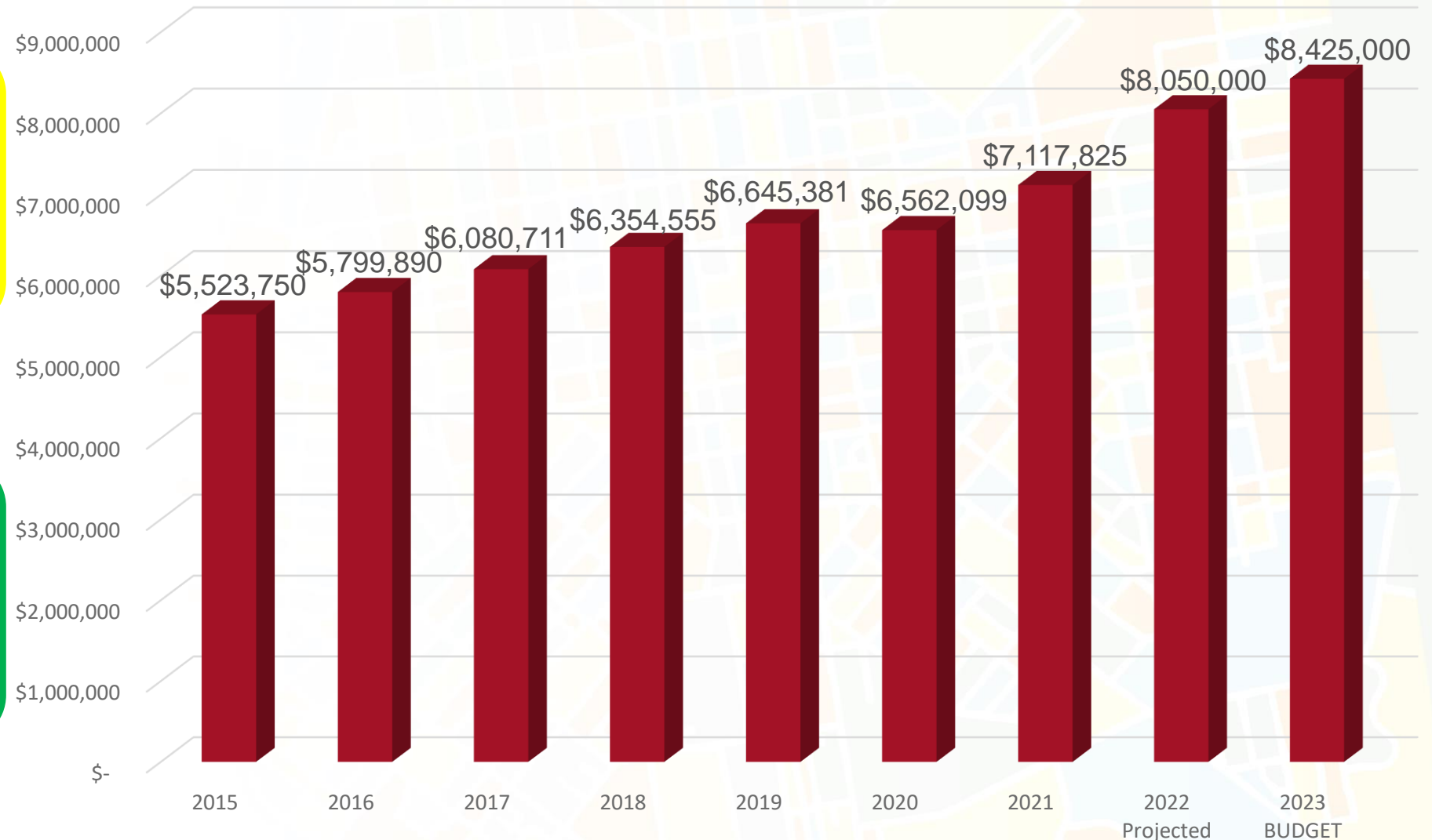


Earned Income Taxes

Earned Income Tax revenues have grown by an average of 5.5% each year since 2015.

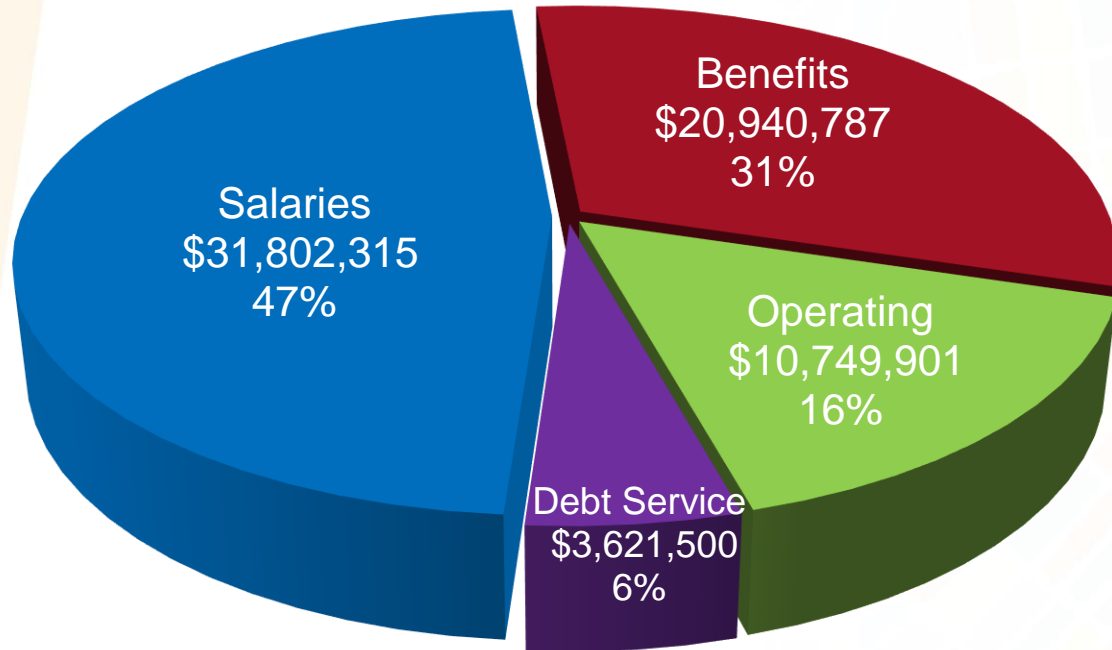
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The EIT rate is capped by state law and only represents 12% of all General Fund revenues.

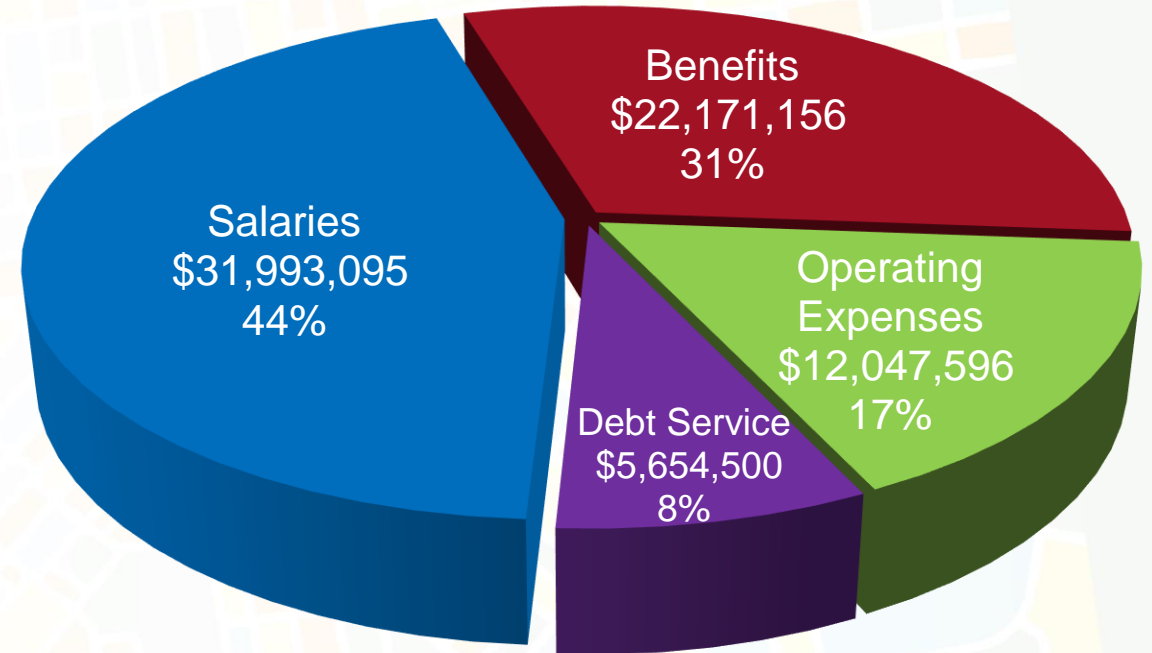


General Fund Expense Budget Comparison

2022 Adopted Budget



2023 Proposed Budget

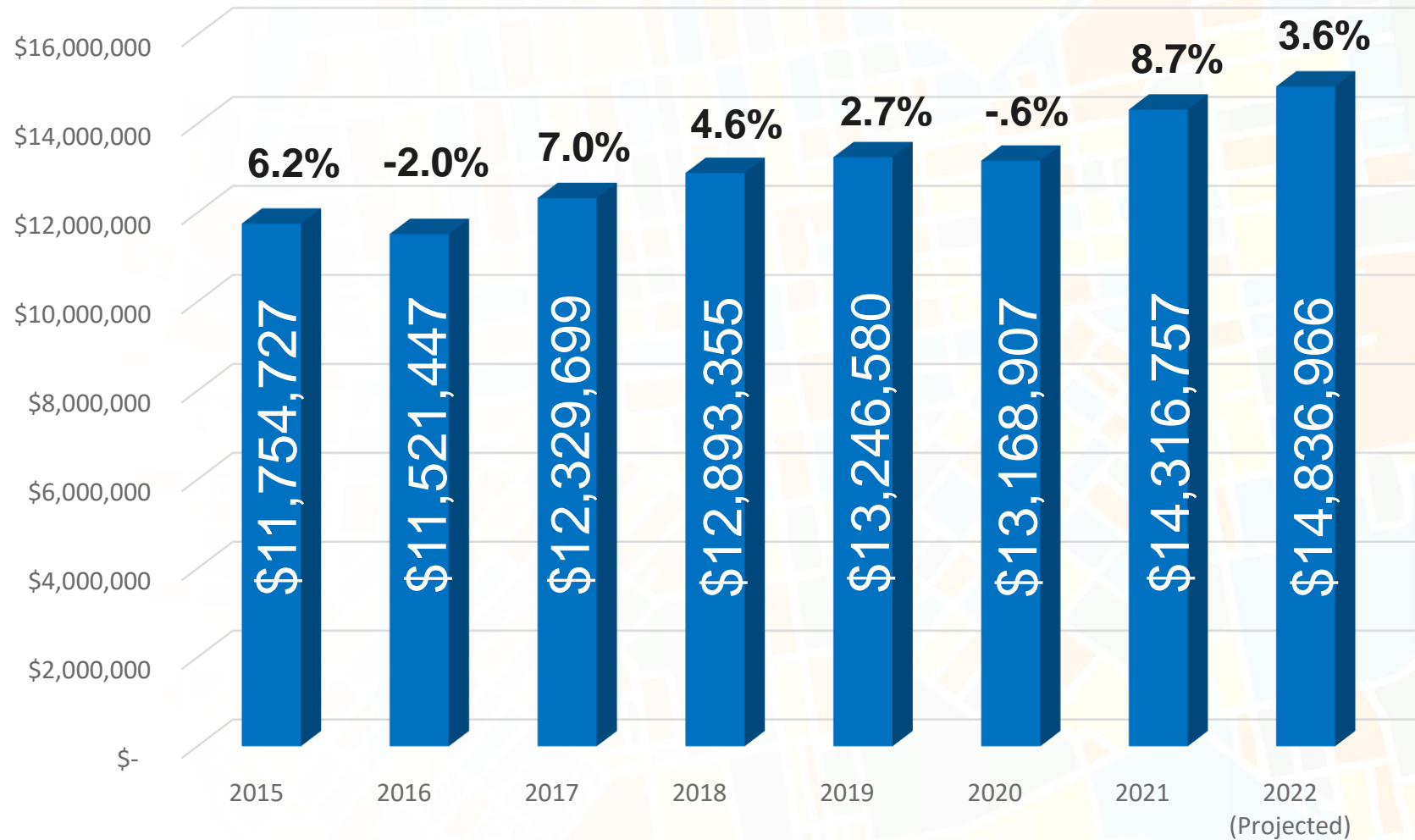


City Medical Claims Costs – ALL Funds

From 2015 to 2022 (projected), City medical expenses have increased by an average of 3.75% per year.

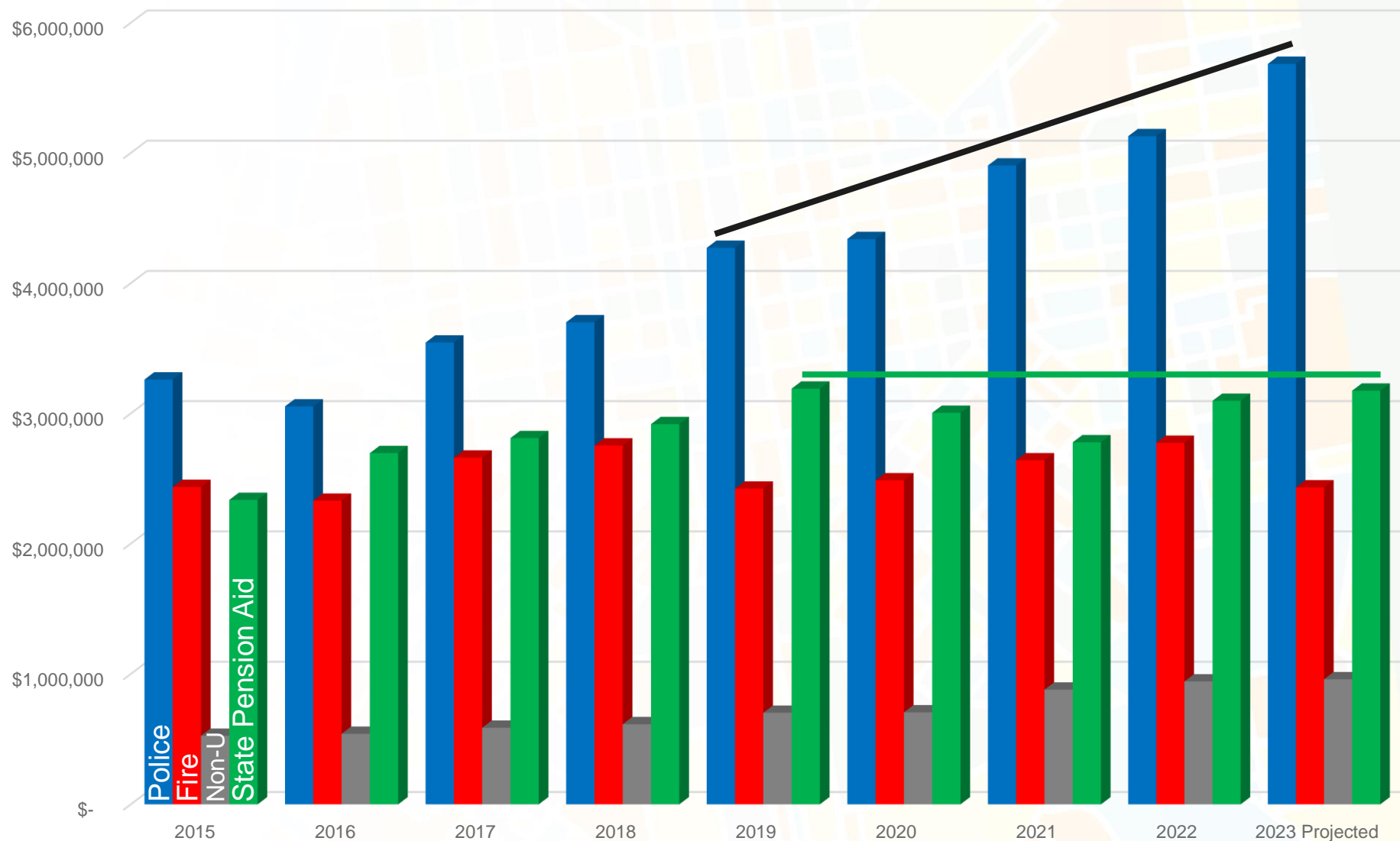
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City medical expenses have increased by nearly \$3.1 million from 2015 to 2022 (projected).

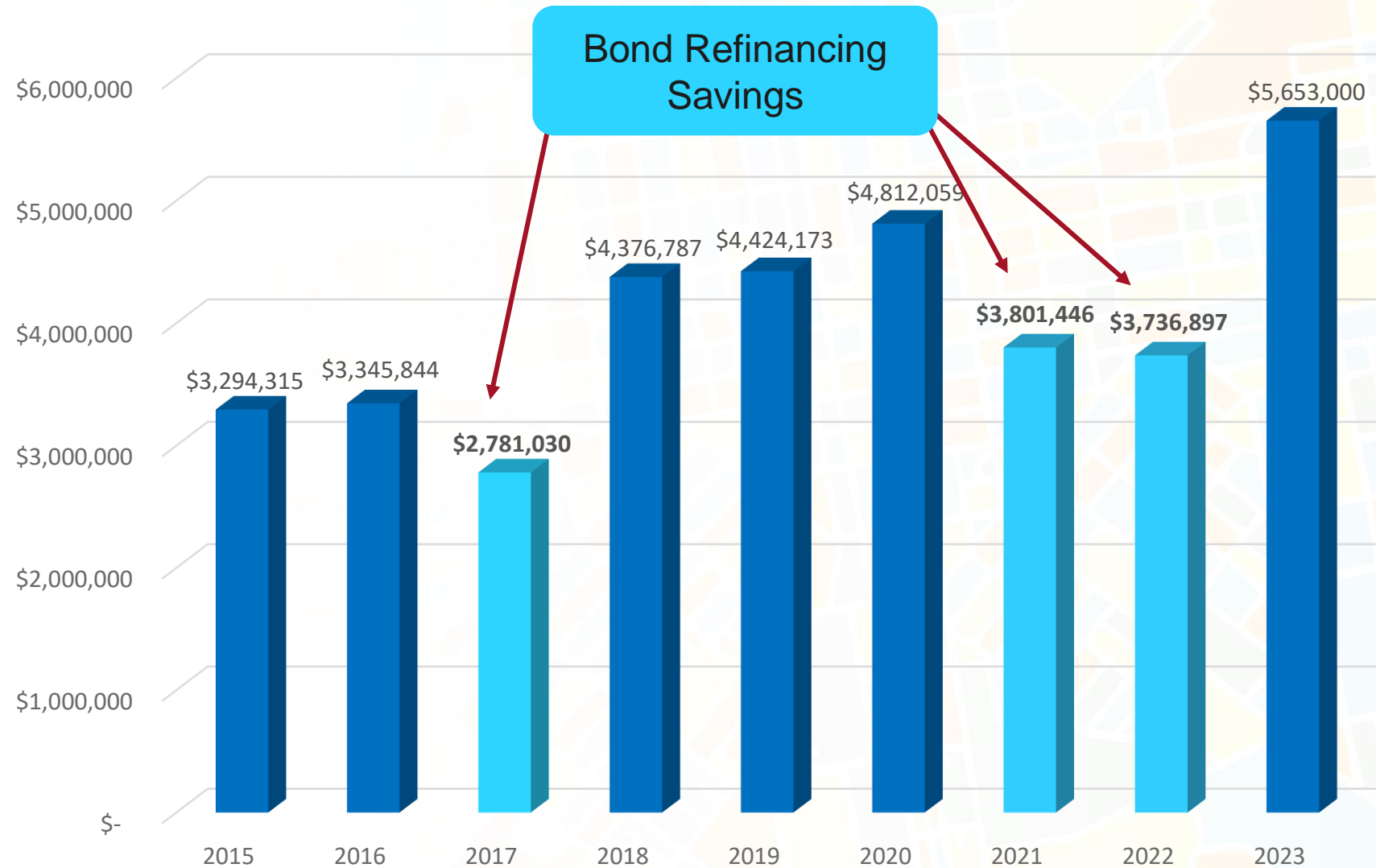


General Fund Pension Obligations vs. PA State Aid

General Fund pension obligations have increased by \$2.8 million since 2015, while State Pension Aid has only increased by \$840,000.



General Fund Debt Service



Bond Refinancing Savings since 2010

Summary of Refinancing Savings since 2010 (Present Value)

<u>Issue Date</u>	<u>Refinancing Issue</u>	<u>Issue Refinanced</u>	<u>Total Savings</u>	<u>Savings by Fund</u>		
				<u>General Fund</u>	<u>Sewer Fund</u>	<u>Water Fund</u>
2/11/2010	2010 Bonds	2003 Bonds	270,745	249,085		21,660
4/13/2015	2015 Note	2010 Bonds	548,150	504,298		43,852
11/4/2015	2015 Bonds	2006 POB Bonds	819,052	819,052		
4/7/2016	2016 Bonds	2007 Bonds	9,152,042	1,176,732	451,609	7,523,702
2/26/2019	2019 Bonds	2009 Notes	2,003,655	837,574	429,512	736,569
5/27/2021 *	2021 Bonds	2019A Note	1,584,084	1,584,085		
11/21/2021	2021A&B Notes	2011 Bonds/2015 Note Portions of 2016 & 2019	7,122,234	674,964	5,298,632	1,148,638
		Totals	21,499,963	5,845,791	6,179,753	9,474,420

**Excess proceeds made available for capital projects through lower interest rates.*



Five Year Projection (2023-2027)

			2022	2023	2024	2025	2026	2027
			Projected	Adopted	Projected	Projected	Projected	Projected
		Taxes Paid on Avg Residential	\$1,184.22	\$1,278.95	\$1,278.95	\$1,278.95	\$1,278.95	\$1,278.95
		Annual Increase	\$0.00	\$94.74	\$0.00	\$0.00	\$0.00	\$0.00
		Weekly increase	\$0.00	\$1.82	\$0.00	\$0.00	\$0.00	\$0.00
		Tax Increase %	0.0%	8.0%	0.0%	0.0%	0.0%	0.0%
		Real Estate Millage	11.70	12.64	12.64	12.64	12.64	12.64
		Real Estate Revenue	0.1%	\$29,700,000	\$32,250,000	\$32,282,250	\$32,314,532	\$32,346,847
		Earned Income Tax	4.0%	\$8,050,000	\$8,425,000	\$8,762,000	\$9,112,480	\$9,476,979
		Local Services Tax	0.5%	\$1,500,000	\$1,500,000	\$1,507,500	\$1,515,038	\$1,522,613
		Sale of City Tax Claims		\$757,059	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
		ARPA Revenue Replacement		\$4,500,000	\$6,000,000	\$6,000,000		
		Police Services	1.0%	\$928,526	\$916,500	\$925,665	\$934,922	\$944,271
		Other Revenues	1.5%	\$17,454,725	\$16,602,602	\$16,851,641	\$19,104,416	\$19,390,982
		PA Pension Aid (GF only)	2.0%	\$3,097,280	\$3,175,000	\$3,238,500	\$3,303,270	\$3,369,335
		Total Revenues (not including reserves)		\$65,987,589	\$69,869,102	\$70,567,556	\$67,284,657	\$68,051,027
		Revenue increase vs. Prior Year		0.5%	7.7%	1.0%	-4.7%	1.1%
		Expenditures		vs. 2021 Prelim.	vs. 2022 Proposed	vs. 2023 Projected	vs. 2024 Projected	vs. 2025 Projected
		Total Salaries	2.5%	\$30,607,061	\$31,992,176	\$32,791,981	\$33,611,780	\$34,452,075
		Total Benefits	3.0%	\$21,333,085	\$22,171,156	\$22,836,291	\$23,521,379	\$24,227,021
		Total Labor Costs		\$51,940,146	\$54,163,332	\$55,628,271	\$57,133,160	\$58,679,096
		Total Operating Costs	2.0%	\$10,306,857	\$12,047,596	\$12,288,548	\$12,534,319	\$12,785,006
		Total Debt Service		\$3,738,397	\$5,654,500	\$6,650,904	\$6,657,338	\$6,658,973
		Total Non-Labor Costs		\$14,045,254	\$17,702,096	\$18,939,452	\$19,191,657	\$19,443,979
		Total Expenditures		\$ 65,985,400	\$ 71,865,428	\$ 74,567,724	\$ 76,324,817	\$ 78,123,074
		Expense Increase vs. Prior Year		2.62%	7.19%	3.76%	2.36%	2.36%
				vs. 2021 Audited	vs. 2022 Amended	vs. 2023 Adopted	vs. 2024 Projected	vs. 2024 Projected
		Surplus/(Deficit)		\$2,189	(\$1,996,326)	(\$4,000,168)	(\$9,040,160)	(\$10,072,047)
		TOTAL GF FUND BALANCE		\$ 16,370,467	\$ 14,374,141	\$ 10,373,974	\$ 1,333,814	\$ (8,738,234)
		Total Fund Balance as a percentage of Expenditures		24.8%	20.0%	13.9%	1.7%	-11.2%

Five Year Projection (2007-2011)

		2006	2007	2008	2009	2010	2011
		Projected	Proposed	Projected	Projected	Projected	Projected
	Taxes Paid on \$75,000 Home	\$612.75	\$661.77	\$661.77	\$661.77	\$661.77	\$661.77
	Annual Increase	\$0.00	\$49.02	\$0.00	\$0.00	\$0.00	\$0.00
	Weekly increase	\$0.00	\$0.94	\$0.00	\$0.00	\$0.00	\$0.00
	Tax Increase %	0%	8.0%	0.0%	0.0%	0.0%	0.0%
Revenues							
	Real Estate Millage	8.17	8.82	8.82	8.82	8.82	8.82
	Real Estate Revenue	\$15,230,000	\$16,448,400	\$16,448,400	\$16,448,400	\$16,448,400	\$16,448,400
	Earned Income Tax 1.0%	\$3,300,818	\$3,550,000	\$3,585,500	\$3,621,355	\$3,657,569	\$3,694,144
	EMS Tax 0.5%	\$2,075,000	\$2,075,000	\$2,085,375	\$2,095,802	\$2,106,281	\$2,116,812
	Sale of City Tax Claims	\$0	\$875,000	\$300,000	\$300,000	\$300,000	\$300,000
	Police Services	\$2,087,428	\$2,218,391	\$2,318,219	\$2,422,538	\$2,531,553	\$2,645,473
	Other Revenues	\$13,425,930	\$12,238,868	\$12,397,835	\$12,563,497	\$12,732,488	\$12,904,878
	PA Pension Aid (GF only) 2.0%	\$2,430,680	\$2,385,355	\$2,433,062	\$2,481,723	\$2,531,358	\$2,581,985
	Projected Revenue Increases		\$254,000				
	Fee Increase Estimate		\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
	Total Revenues (not including use of Fund Balance Res.)	\$38,549,856	\$40,295,014	\$39,818,391	\$40,183,315	\$40,557,648	\$40,941,692
Expenditures							
	Total Salaries	\$ 20,974,159	\$ 21,795,816	\$ 22,023,154	\$ 22,754,579	\$ 23,510,630	\$ 24,292,141
	Total Benefits	\$11,330,884	\$13,345,250	\$14,223,300	\$15,184,786	\$16,237,903	\$17,391,664
	Total Operating Costs	\$5,911,836	\$5,814,673	\$5,959,875	\$ 6,108,707	\$6,261,259	\$6,417,626
	Total Debt Service	\$2,998,317	\$2,947,973	\$2,950,117	\$2,950,117	\$2,950,117	\$2,950,117
	Projected Expenditure Reductions						
	Pension Obligation Bond Savings		(\$646,327)	(\$559,372)	(\$254,634)	(\$255,134)	(\$256,384)
	Total Expenditures	\$41,215,196	\$ 43,257,385	\$ 44,597,074	\$ 46,743,554	\$ 48,704,776	\$ 50,795,163
	Surplus (deficit)	(\$2,665,340)	(\$2,962,371)	(\$4,778,683)	(\$6,560,239)	(\$8,147,128)	(\$9,853,472)
	TOTAL GF FUND BALANCE	\$ 14,254,651	\$ 11,292,280	\$ 5,254,963	\$ (1,305,276)	\$ (9,452,404)	\$ (19,305,875)
	Total Fund Balance a percentage of Expenditures	24.3%	23.2%	11.8%	-2.8%	-19.4%	-38.0%



Stormwater Fee Proposal - 2023

The \$13.00/1,000 square feet SWM Fee increase will raise an additional \$970,000 in revenues to cover cost increases due primarily to ongoing EPA Consent Decree compliance.

Stormwater Management Fee Structure - Current (2021)

Tier Assignment	Impervious Area	Base Rate	Base Rate %	Annual SWMF	Quarterly SWMF
Tier 0	0 - 300 sq ft	No fee will be charged for Tier 0 properties			
Tier 1	301 - 1,000 sq ft	\$ 62.00	0.5	\$ 31.00	\$ 7.75
Tier 2	1,001 - 2,000 sq ft	\$ 62.00	1.5	\$ 93.00	\$ 23.25
Tier 3	2,001 - 3,000 sq ft	\$ 62.00	2.5	\$ 155.00	\$ 38.75
Tier 4	3,001 or more sq ft	\$ 62.00	See below for Tier 4 Fee Calculation		

Stormwater Management Fee Structure - Proposed January 2023

Tier Assignment	Impervious Area	Base Rate	Base Rate %	Annual SWMF	Quarterly SWMF
Tier 0	0 - 300 sq ft	No fee will be charged for Tier 0 properties			
Tier 1	301 - 1,000 sq ft	\$ 75.00	50%	37.50	\$ 9.38
Tier 2	1,001 - 2,000 sq ft	\$ 75.00	150%	112.50	\$ 28.13
Tier 3	2,001 - 3,000 sq ft	\$ 75.00	250%	187.50	\$ 46.88
Tier 4	3,001 or more sq ft	\$ 75.00	See below for Tier 4 Fee Calculation		

Rate Increase Impact for Each Rate Tier

SWMF Fee Tier	# of Properties	% of Properties	Annual Increase	Quarterly Increase
Tier 0	539	3%	\$ -	\$ -
Tier 1	7,730	41%	\$ 6.50	\$ 1.63
Tier 2	6,845	37%	\$ 19.50	\$ 4.88
Tier 3	1,478	8%	\$ 32.50	\$ 8.13
Tier 4	2,042	11%	Varies based on actual impervious area	
Total Properties	18,634			



Sewer & Water Rate Proposals - 2023

Sewer Rate Survey	
Usage = 13,000 Gallons/Quarter	
Aqua America (PA) (Rate Zone 3)	\$ 358.53
Aqua America (PA) (Rate Zone 2)	\$331.38
Aqua America (PA) (Rate Zone 1)	\$298.21
PA American (Zone 1)	\$286.40
Manheim Area Water & Sewer Authority	\$244.35
PA American (Zone 2)	\$192.89
LASA - West Earl Twp. Sewer District*	\$175.50
York Water Co. (Jacobus Borough Area)	\$170.00
Denver Borough	\$152.75
Mount Joy & West Donegal Townships*	\$155.00
Lancaster City - Proposed Inside	\$142.90
Mount Joy Borough	\$132.99
Suburban Lancaster Sewer Authority*	\$132.50
Lititz Borough	\$121.71
Leola Sewer Authority*	\$120.00
Millersville Borough Residential*	\$110.00
Lancaster Area Sewer Authority*	\$105.15
Elizabethtown Borough*	\$105.00
York Water Co. (West York Borough)	\$98.13
East Lampeter Sewer Authority*	\$95.00
New Holland Borough	\$81.50
Warwick Township	\$77.43
*Flat rate charge not based on consumption	
** Above rates based on November 2022 survey	

Water Rate Survey	
Usage = 13,000 Gallons/Quarter	
Aqua American (PA) (Rate Zone 3)	\$ 253.74
Aqua American (PA) (Rate Zone 1 & 2)	\$ 247.97
PA American Water (Current) - Not including DSIC	\$ 222.79
York Water Company (Repumped)	\$ 154.18
Etown Borough, Mount Joy Twp & West Donegal Twp.	\$ 128.81
East Petersburg	\$ 124.70
Columbia Water Company (Columbia district)	\$ 124.54
Lancaster City Inside - Proposed	\$ 116.22
Mount Joy Borough	\$ 115.05
York Water Company (Gravity)	\$ 113.90
East Earl Township	\$ 101.05
Denver Borough	\$ 99.45
Columbia Water Company (Marietta district)	\$ 90.17
Penn Township	\$ 81.15
Ephrata	\$ 78.73
Warwick Township	\$ 78.01
New Holland Borough	\$ 55.50
Lititz Borough	\$ 42.39
** Above rates based on November 2022 survey	

Private water/wastewater company sample rates

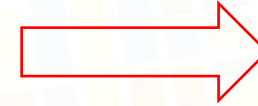
Solid Waste & Recycling Fee Proposal - 2023

The \$6/quarter residential unit fee increase will cover three cost increases.

Since inception of the City single-hauler program in late 2006, the residential unit fee will have increased 3.3%/year.

2022 Hauler Fee

\$129.53/
residential unit



2023 Hauler Fee

\$140.54/
residential unit

2022 LCSWMA Trash
Tipping/Transfer Fee

\$85.00/ton

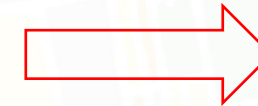


2023 LCSWMA Trash
Tipping/Transfer Fee

\$107.00/ton

2022 Recycling
Tipping Fee

\$65.00/ton



2023 Recycling
Tipping Fee

\$75.00/ton