

2025 Budget



Prepared by 2025 Finance Committee Chairman
William McAllister

Executive Summary

Introduction & General Comments

As a result of further investigation regarding the anticipated expenditures of the Borough, it was necessary to implement a (1) Mil increase for the FY2025 budget. An evaluation of the numbers compiled in the preliminary presentation of the proposed budget for the FY 2025 established that funds identified as Capital Reserve Funds are anticipated to be fully consumed during the 2025 operations of the Borough. Therefore, none of these funds would be available for the 2026 operations. Budgeting should be completed with at least a five-year projection. Such planning requires goals and priorities to be established and clearly identified. The council is trying to improve transparency and allow councilors and residents to confidently state that Borough leadership is fulfilling its fiduciary duty to responsibly spend tax dollars. Appreciation is extended to borough officials and staff who made suggestions for reductions in the latest draft budget and identified line items that were overlooked in the previous drafts.

FY 2025 Challenges

As the Chairman of the Finance, Grants, and Economic Revitalization Committee, in the coming months, the committee will be instructed to secure a survey of the citizens to establish their recommendations in defining the priorities of borough operations. The committee will discuss and evaluate the questions to be addressed. The results of the survey will be shared with the community at a borough meeting. This meeting will provide guidance to the borough council regarding the way funds are to be managed and spent for the taxpayers. Assistance from the (PEL) Pennsylvania Economy League in the preparation of a (5) year plan of operations will commence as soon as possible after the proper process is completed to secure a cost sharing arrangement is approved for the services they will provide. Such services are likely to commence in January or February of 2025 and be completed by June or July of 2025. The citizen survey will be created after the PEL has presented its findings and recommendations. The finance committee will be creating the appropriate questions for the citizens and is open to any suggestions any individuals may wish to be included in the survey. Please submit any suggestions or comments to: "Finance Committee," Borough of Honesdale, 958 Main Street, Honesdale, PA 18431.

As experienced in previous years, FY 2025 will present many challenges for all of us to address, including but not limited to the following:

- Funding and recruitment for Public Safety functions
- Retaining walls, stormwater issues, and infrastructure repairs and improvements
- Local and regional stormwater repairs must be addressed.
- Street paving and repairs are expected to increase for materials and labor
- Property tax base has a large portion of non-taxable property
- Nationwide increased cost of human resources
- A plan to do preventive maintenance of borough buildings, equipment, roads, and sidewalks.
- Hiring a full-time Borough Manager

2025 Highlights

- Funding for one (1) new full-time police officer has been removed at the request of the chief.
- Public Works for FY2025 basic operations for streets, sidewalks, other borough maintenance is expected to cost \$570,723 repair of roads is expected to cost an additional \$384,645 resulting in \$955,368 public works expenses.
- Parking Facilities and Meters are expected to cost \$102,232.
- Stormwater repairs are scheduled to be \$385,500
- Borough Manager department expenditures budgeted at \$104,000 annually
- Reduction in Legal spending from FY 2025

Taxes

In FY 2024 the Council added 1 mil to the tax rate resulting in a 17.92% increase in the millage assessment. Unfortunately, the proposed FY 2025 budget includes a 1 Mil 15.20% increase for the coming year and is expected to generate the amounts identified below.

Taxation in the Borough for FY 2025 is proposed as follows:

General Fund:	6.50 Mills	expected revenue is	\$2,711,401
Fire Tax:	0.35 Mills	expected revenue is	\$ 146,361
Parks & Recreation:	0.38 Mills	expected revenue is	\$ 162,372
Pension Tax:	0.32 Mills	expected revenue is	\$ 132,829
Debt Service Tax:	<u>0.03 Mills</u>	expected revenue is	<u>\$ 12,478</u>
Totals:	7.58 Mills		\$3,165,441

At the time of preparation of the FY 2025 Budget, each mill for the borough is valued at \$414,651.00 per the Wayne County Tax Assessment office and was the same amount in the FY 2024 budget.

Per Capita Tax is assessed on all residents over the age of 18 at \$5.00 per person at 1,607 residents. We estimate that this will generate a total of \$9,960 in collectable revenue for FY 2025.

A Real Estate Transfer Tax of .005 is imposed for real estate transactions within the Borough. We estimate FY 2025 Real Estate Transfer Tax revenues to be \$72,000.

A Local Services Tax of \$52 per individual withheld by the employer within the Borough is charged annually. We estimate that this will generate total revenue of \$170,000 for FY 2025 with \$44,000 in that total coming from prior year collections.

Sources of Income

Honesdale Borough has evaluated various sources of revenue that may be collected: (1) Real Property Taxes (2) Local Services Tax (3) Fines, Fees, and Charges (4) Parking Meters & Fees, and (5) a variety of Grants.

Overall Fiscal Situation

Overview

The Borough continues its commitment to prudent and frugal government spending practices. Our staff works diligently to ensure that protocols are followed when expensing funds and are always conscious of where (planned and unforeseen) expenses fit into the budget. This has allowed us to often remain under budget in recent fiscal years.

However, our carryover balances have declined in recent years. Thus, having the Borough consider increasing Real Property Taxes and/or finding alternate revenue sources. Rising costs across the board as well as deferred maintenance on borough properties and infrastructures have exacerbated this matter. The Borough will be utilizing Pennsylvania Economy League to conduct an STMP (Strategic Management Planning Program) which will review the past 5 years of activity of the borough to include: financials, resolutions & ordinances, and operating procedures regarding administration of the various departments of the Borough.

Capital Improvement Plan

One of our most important functions as a borough is the preservation and maintenance of Borough infrastructure and assets for the ultimate benefit of residents & businesses. The current council has been striving to prioritize the future needs regarding the primary goals of the citizens of the Borough. Consequently, council has implemented a Capital Improvement Plan (CIP), which attempts to outline capital needs: borough buildings & equipment, and address funding needs to acquire or repair the assets of the Borough. This plan is continually updated to place enough funds aside to acquire and maintain the Borough assets. Grants will be sought from the County, State, and Federal Authorities. Officials and constituents should note that while the CIP is our best attempt at predicting future needs, there will likely be times when these funds may need full or partial reallocation to more pressing needs.

Police & Public Safety

The Borough will continue with the previously agreed bargaining agreement with the HPOA for an additional year and will continue through 12/31/2025 (unless additional bargaining arrangements are agreed to). In addition, we have continued to include police vehicles in our capital budget to ensure that the department will be able to maintain a fleet of vehicles in good condition.

The largest problem facing the department currently is recruitment. The Finance Committee as well as the Public Safety Committee will continue to strive to provide, and incrementally increase, funding for the police department. We look to department leadership to continue to aid in recruitment efforts. Public Safety is of utmost importance to the Finance Committee & we believe we've produced a budget that continues to reflect that view.

Fire Department

Honesdale Borough continues to provide aid to the fire departments, providing an increased allocation of millage to provide funds to our volunteer companies. We also pay expenses for fire hydrants and workers compensation insurance. Our fire service is currently staffed solely by volunteers. Our volunteers give of their time and efforts selflessly and are an incredible asset to our community. The fire department continues to warn the Borough that if the number of volunteers does not increase, eventually the Borough may be forced to shift to staffing our fire departments with paid employees. There is also a possibility of a regional Fire Department with neighboring municipalities. Either of these options would come at an incredible cost to residents. Borough officials urge members of the community to consider volunteering with our fire department.

Parks and Pool

Honesdale has some great parks and public areas open for the use of our residents and visitors. While the committee is thankful for such wonderful gathering spaces, we are also very conscious of the costs associated with maintaining and improving our parks and recreation facilities. The Parks and Recreation Committee has been working alongside the Grants Committee to find alternate funding sources for park improvements with much success. The total property tax revenue for Parks and Recreation is budgeted for FY 2025 is \$166,557 for pool operations, and \$103,678 for park operations. The total cost of operations for Parks and Recreation is anticipated to be \$270,235. Admission fees, grants and other sources of revenue are expected to generate about \$95,863 and \$162,372 from property taxes resulting in a use of approximately \$11,000 from general funds. The opening of the dog park on December 9, 2024, was a new addition to the various parks and scenic places to enjoy in the community. The cost of the newest addition is capital expenditure. Costs and will be offset with various grants and other donations to the development of the park. The community is encouraged to donate to the Friends of Honesdale Parks through the Wayne County Community Foundation.

Zoning and Code Enforcement

The borough has been fortunate to be able to partner with BHW Consulting to provide continuous services for our Zoning and Code Enforcement needs. This is an active and important role in the borough given our population density and many close neighbors and responsibility now lies with BHW to enforce Borough ordinances relating to zoning, property maintenance, etc. We are hopeful that BHW's services will help to reduce the blight and improve efficiency in both Zoning and Code enforcement.

Downtown Revitalization and the Greater Honesdale Partnership

The Borough also enjoys a working relationship with the Greater Honesdale Partnership (GHP) and the organization has been integral in the process of Downtown Revitalization. This project has the potential to encourage grant funding within the borough as well as provide economic stimulus and improve the appearance of our downtown area. The borough is also happy to continue allocating \$15,000 annually to be used by the GHP (with borough approval) for administrative expenses.

Stormwater Management

Flooding and stormwater management is a very important issue that has consumed a growing portion of our budget for many years. For FY 2025, the Borough allocated \$385,500 (up from \$290,900 for FY 2024) for stormwater repairs. While we do not assert that this will be sufficient, it is in line with the goal of continual stormwater improvement. In addition, the borough has begun to work with neighboring municipalities to address stormwater issues and will continue to work with them in the coming years. The Borough is also working in conjunction with CWRA to help defray costs in Stormwater improvements as well as paving in the Borough. The relationship between entities is a very important one.

Legal Services

Borough officials are confident in the skills of both our Borough Solicitor and our Labor Attorney firm which has represented Honesdale Borough well in the past. Legal Services is an integral part of the Borough operations. Officials were able to reduce some legal costs in FY 2025 and will strive to avoid potential increases in the future.