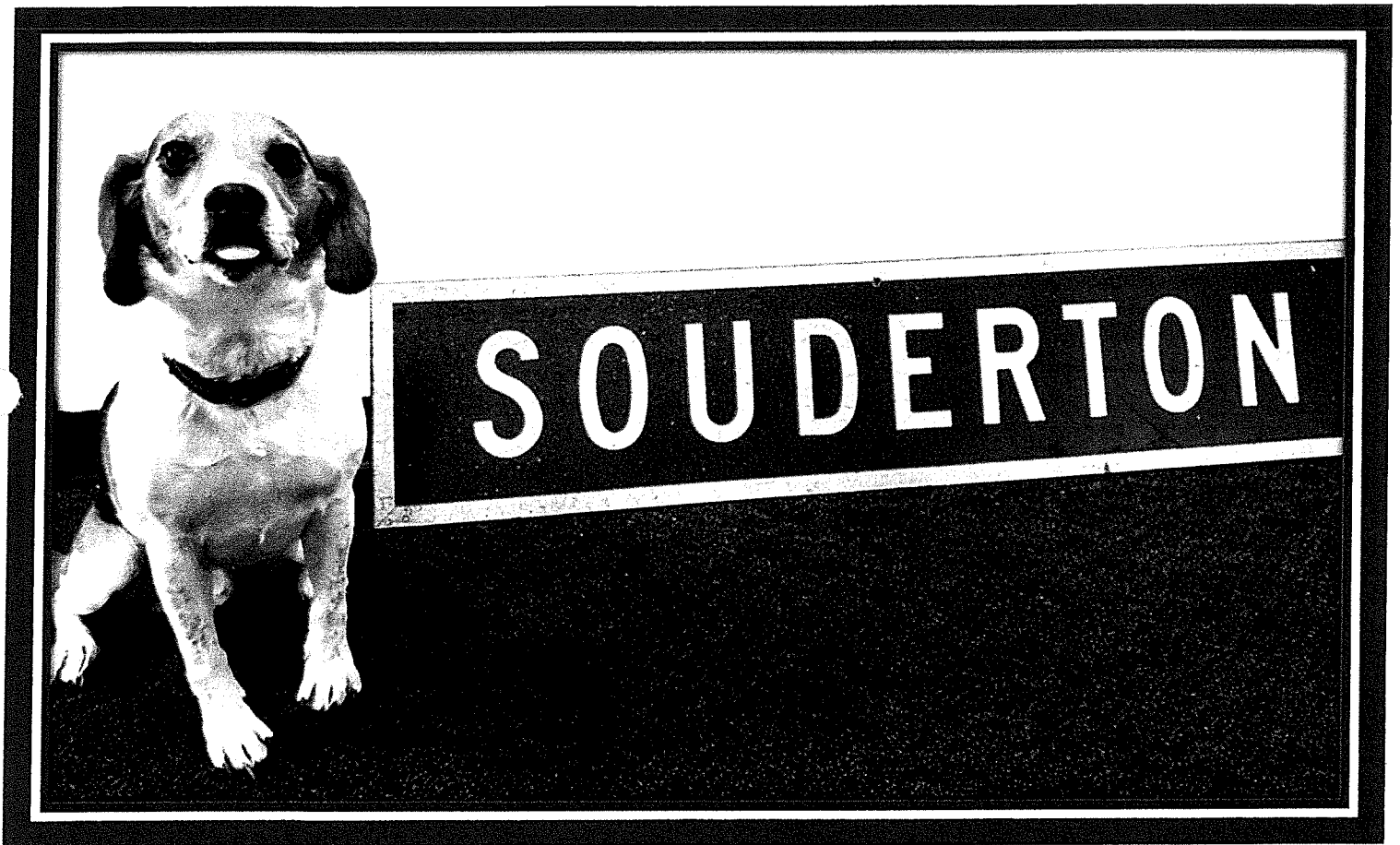




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# 2025 Souderton Borough Budget Budget Message

## **Introduction**

The Borough's annual budget is the single most important document adopted by Borough Council each year, and it is my pleasure to get to submit it to you for 2025. The budget is designed to guide the management of the Borough throughout the year by identifying the key priorities and objectives to guide our staff and leadership.

It's no secret that this year has been challenging for the Borough of Souderton and each one of our elected officials. You were faced with challenging decisions through a tax increase, personnel changes, and unanticipated capital expenses. What has been consistently reassuring is the commitment that you have to each other and the incredible support you have given to your staff. If anything, you have proven your ability to weather tough situations and apply decision making that is in the best interest of your staff and residents. I can only speak for myself, but I feel fortunate to be here in Souderton and am elated to see what comes next for us. I truly believe that we are at just the beginning of genuine and long-lasting change for our community.

## **2024- A Year of Change**

When I started the Acting Borough Manager role in April, President Burke handed me the Executive Committee and Mayoral Guidance for 2024. The target was clear- "promote the financial integrity and operational efficiency of the Souderton Borough while developing comprehensive plans." The document highlighted the three pillars: planning, operational excellence and continuous improvement, and cost reduction. While I cannot report that we accomplished each of the key elements that were outlined in the document, I am proud to report, that even with our dysfunctional start, we knocked some off the list!

### Cost

#### **Opportunities Identified...**

- Identify and Achieve 10% Operational Cost Reduction/ Savings in 2024
- Hold the line on taxes
- Increase Capital Reserves
- Less Focus on Revenues
- Create culture in which achieving/ measuring cost savings are inherent.
- Develop metrics and reporting to support these items.
- Consider any and all discretionary spending.
- No training/ seminars/ conferences for councilors in 2024

## **Opportunities Achieved and Upcoming...**

Moving into 2025, we have been able to “hold the line” on taxes as you promised to the residents at the beginning of 2024. In addition, you were able to move a healthy amount into the Capital Fund to increase your reserve funding AND fund much needed capital improvement projects. In 2024, you prioritized building up your capital reserves and budgeted to move \$675,000.00 into the capital reserve fund. I believe that we will be able to move much of those budgeted funds into the capital fund at the end of 2024. In 2025, we have been able to budget to move \$720,000.00 to the capital fund to increase our reserves and fund strategic projects to improve our infrastructure, operations, and quality of life for our residents.

The running joke around the office is that I am “inherently cheap”, but we aren’t always joking... Since beginning in the manager’s role, I have been tough on our managers to not just to justify expenses but to take a hard look at our practices to ensure that they are the most productive and cost effective. Although we still have work to do, we have begun establishing that culture across each of our departments. Our department heads are getting creative, which I love and appreciate. For example, I cracked down on the outsourcing of landscaping services over the summer as the costs were exorbitant and we literally employ a professional landscaper. Steve Coll identified that mulch needed to be refreshed at the end of the summer. In the past we would have reached out to a local landscaper to do that work, instead we rented the machine and spent a day knocking it out on our own. While not a large cost savings, we are beginning to build a culture of not just doing what is easiest and taking a hard look at past practices, and for that I am proud.

Additionally, my approach to the finances with both the council and our staff has been heavily transparent in hopes to helping each of us to understand our financial health and the importance of taking a hard look at our spending. We have eliminated spending that cannot be justified or explained, taken a hard look at our expenses throughout the year and gotten tough on some vendors. We still have work to do, but my list for RFP’s continues to grow as we identify areas of opportunity for cost savings or process streamlining. In the past, we have done business with businesses or individuals because we had relationships, or it was convenient. Although doing business locally and with those we trust is important, it is equally important for those that we are loyal to, to be loyal to us. We owe it to our taxpayers to take a hard look and get tough to get the best possible price- and that is my commitment to each of them and to you.

Although I think we made a lot of progress within the cost category in 2024, there is lots of room for continued improvement in 2025. We will continue to work towards the best pricing, services, and vendors and ensure that we are compliant with municipal purchasing laws and regulations.

## Operational Excellence

### **Opportunities Identified...**

- Create operational excellence activities and eliminate non-value activities.
- Create excellent documentation.
- Create efficient end-to-end processes that leverage best-in-class technology.
- Identify municipal staff training and development plans as appropriate.
- Temporary hold on new staff, analysis is appropriate for organizational design.
- Temporary hold on capital projects, option analysis.
- Provide customer centric services and solutions that enable improved decision making and high performance through innovation, standardization, and risk reduction.

### **Opportunities Achieved and Upcoming...**

I believe that Souderton Borough has made a lot of progress to achieve operational excellence. Although we have not implemented all of the opportunities identified, we are well on our way. Shortly after I started, I identified a need and opportunity to enhance our accounting software. This summer, Borough Council authorized me to engage Caselle Systems with Dallas Data to move us out of 1980 and into 2025. We **WILL** be leveraging the best-in-class technology with our utility billing and accounting. We will be able to offer paperless billing, online and auto bill pay, better credit card and ACH services, and online account services. Additionally, internally we will be able to streamline billing, reporting, accounting processes, and hopefully save money on billing expenses. We anticipate achieving that in quarter one 2025. This summer we were able to enhance our payroll system to streamline and better track our payroll by adding processing services and timeclocks to our current payroll system. Although not well received at first, we have hurdled the initial issues, and payroll is on its way to being a few hours versus a whole day of work for Christine. Next summer, we will roll out the timeclocks to our seasonal staff as well, which will be a tremendous help to their math capabilities and ensure compliance with state labor laws. Finally, Christine is working diligently to fully use our recreation software. We are working hard to add pavilion rentals to the system for online payment and reservations. Additionally, we have enlisted college kids for winter break to input borough addresses to streamline pool pass online sales.

Over the summer, we took a hard look at the administration staffing level and how we could best structure the office. We were able to identify that the Borough did not need to replace the Finance Director but instead needed more office support. We restructured our current employees, adjusted their titles to be more reflective of their work and gave them more pride in their positions, and increased wages to bring them up to standards in their fields. Additionally, we were able to identify cost savings of about \$40,000.00 by making that change. In July, we brought back Laura McGuigan as a receptionist, and she proved to be a valuable asset to our team. With the departure of another administration staff member, we moved Laura into the

Permit Clerk role and added Stephanie Jameson, who has also proven to be a valuable asset. I am confident we are adequately staffed to offer spectacular service to taxpayers.

Finally, with personnel we have been diligent at holding staff accountable and issuing discipline when appropriate. We have also been diligent in documenting issues when needed. A priority in 2025 will be the update of the Personnel Policy, which we began earlier this year. We have also identified areas for staff improvement and have implemented performance improvement plans or identified needed training.

### Planning

#### **Opportunities Identified...**

- Comprehensively learn and understand the full extent of Borough operations and create vision for the future:
  - Analyze, document, communicate, continue to uncover items that don't make sense for today.
  - Learn to properly define our problems which will lead to better solutions.
- Develop current year and 5-year comprehensive plans for capital projects and initiatives.

#### **Opportunities Achieved and Upcoming...**

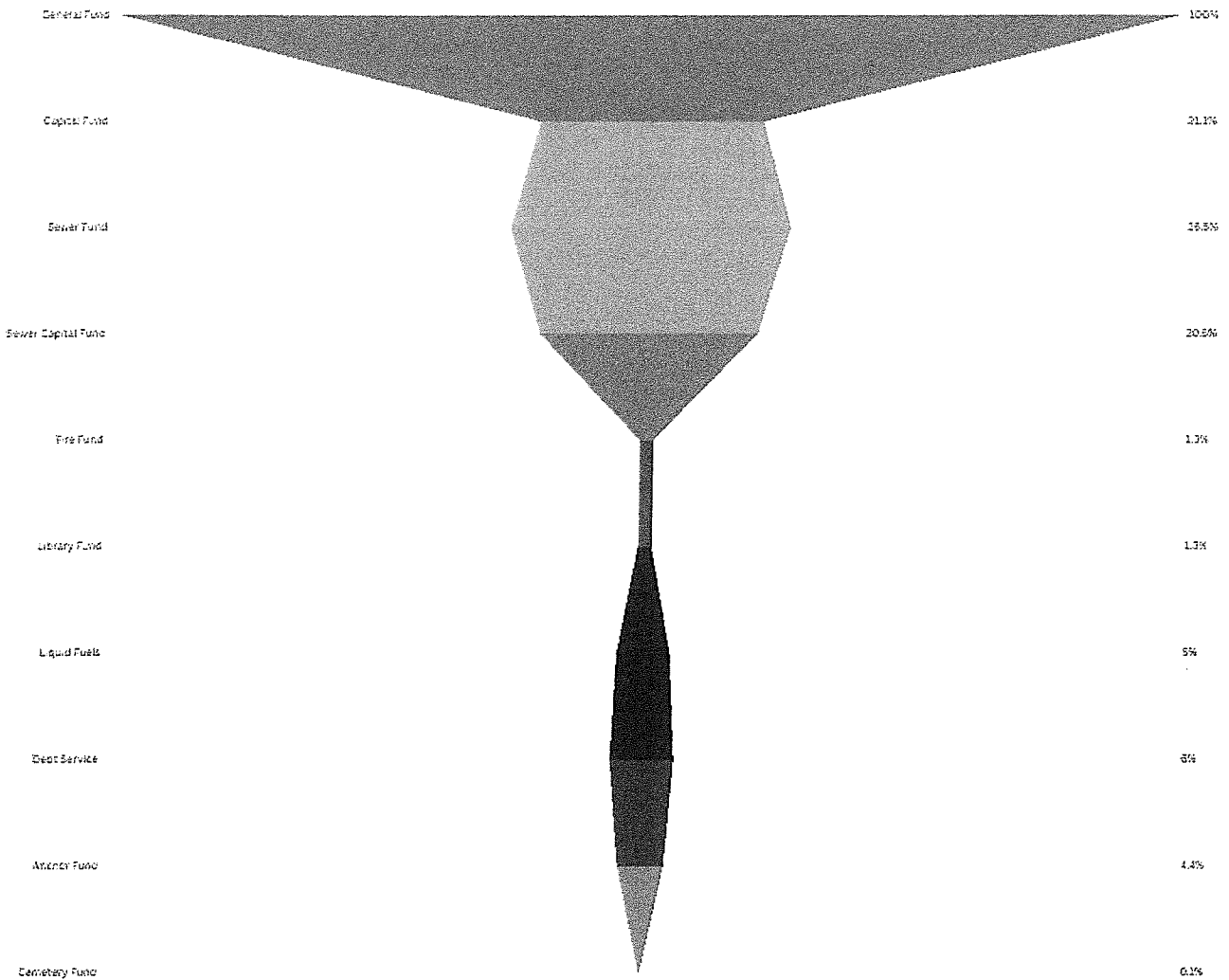
Borough Council has been incredibly supportive of abandoning the "we always did it this way" mindset and has empowered me to make smart changes. We have been strategic in how quickly we make changes but have developed plans to transition into better ways of doing things. We have had several uncomfortable but necessary conversations about things we may not be doing right but have worked on plans to do it right in the future. We have vibrant energy in our office now and a desire to be engaged with our community- and we are eager to do so.

In September, the department heads and I sat down to work on Capital Planning. Although a new concept, each of them took the initiative to bring great information to the table and we were able to build a comprehensive plan for future spending. It's our first crack at Capital Planning, so there will be revisions and additions- but we have a tremendous first start. It is our hope to expand past the 5-year plan and into a 10-year plan in the future, but baby steps! The complete plan is attached in your packet for your review.

## 2025- A Year of Opportunity

I am pleased to submit to you the proposed 2025 Budget for your review and consideration. The 2025 budget totals \$12,427,757.47 which is broken down into the following categories;

- General Fund	\$ 6,664,211.92
- Sewer Fund	\$ 1,767,400.00
- Sewer Capital Fund	\$ 1,375,000.00
- Liquid Fuels Fund	\$ 336,000.00
- Capital Fund	\$ 1,408,166.00
- Fire Fund	\$ 87,675.00
- Library Fund	\$ 87,650.00
- Debt Service Fund	\$ 402,291.00
- Anchor Fund	\$ 291,100.00
- Cemetery Fund	\$ 8,263.55



The 2025 budget complies with the Borough Code and the requirements of the Commonwealth of Pennsylvania. It represents our continued commitment to improved financial management practices, and our strategic plan for a sustained future.

The budget is a comprehensive document that addresses anticipated revenues and expenditures for all Borough operations including general government operations, police, streets, sanitary sewer system, recreational improvements, facility improvements, and capital expenses.

### **GENERAL GUIDELINES:**

The budget document sets forth the management plan to deliver services and implement programs. As the Borough Council's number one policy statement, the budget accomplishes the following:

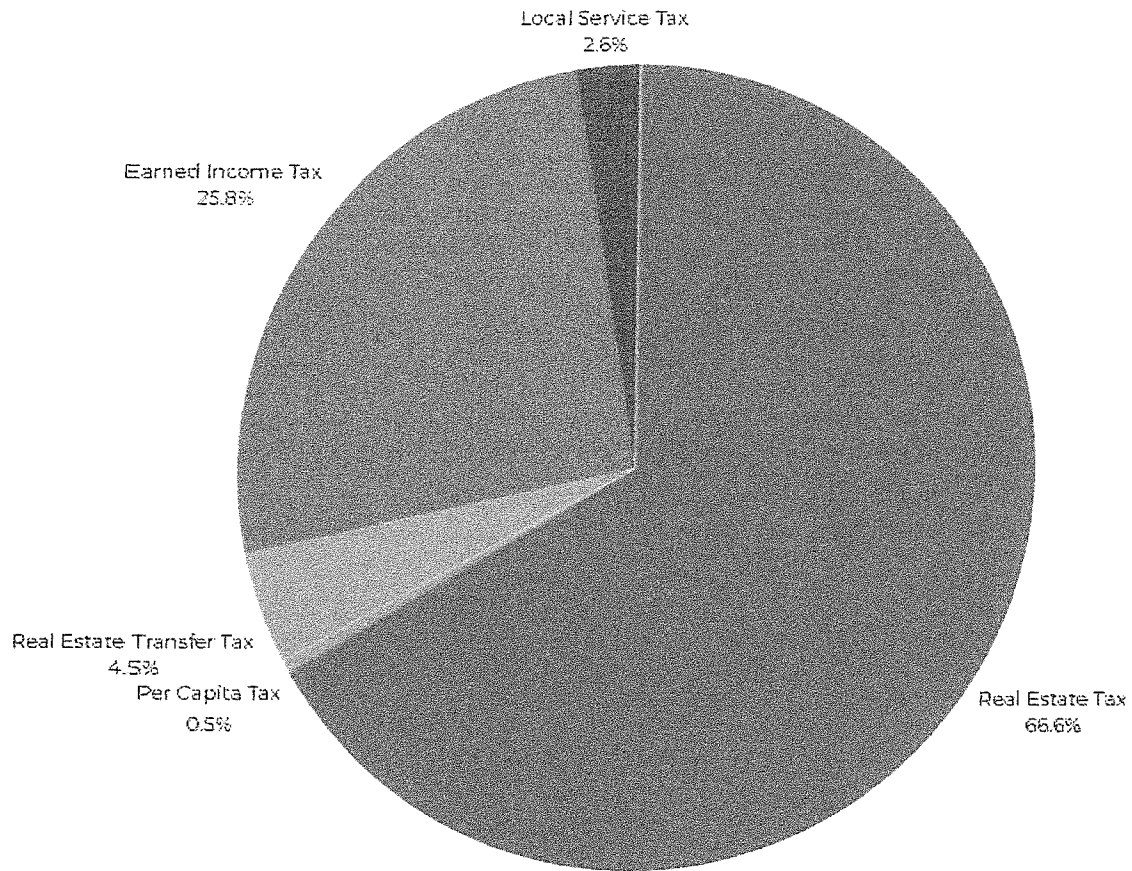
- All current municipal services are maintained
- Borough employees are provided with the essential "tools" to deliver the services that residents have come to expect from the Borough.
- Public infrastructure is maintained and improved when necessary
- Public health is protected through recycling, waste collection, and sanitary sewer treatment
- The Borough's financial integrity is maintained to meet service and debt obligations.
- Continuing to enhance the quality of life for all citizens by allocating funds to maintain and improve community assets and enrichment programs
- New technology is acquired to remain up to date in an ever-changing environment
- Recreation opportunities for citizens are provided

### **BASIC POLICIES AND ASSUMPTIONS:**

- A basic premise in preparing the 2025 Budget is that there will be no increase in real estate tax rates, as committed to residents after the 2024 increase.
- It is the Borough's policy to estimate revenues conservatively.
- Existing levels of service shall be maintained.
- The Borough will budget adequate funds to maintain all of its assets at a level which protects the Borough's capital investment and minimizes future repair and replacement costs.
- Annual sewer and refuse fees will be set at a level that fully supports the direct and indirect costs of providing the service.
- Reserve Funds will be invested on a continuous basis in legal, safe investments with adequate liquidity and yield.
- The Borough Manager will prioritize the pursuit all State, Federal and private grant sources available for major equipment purchases and projects.

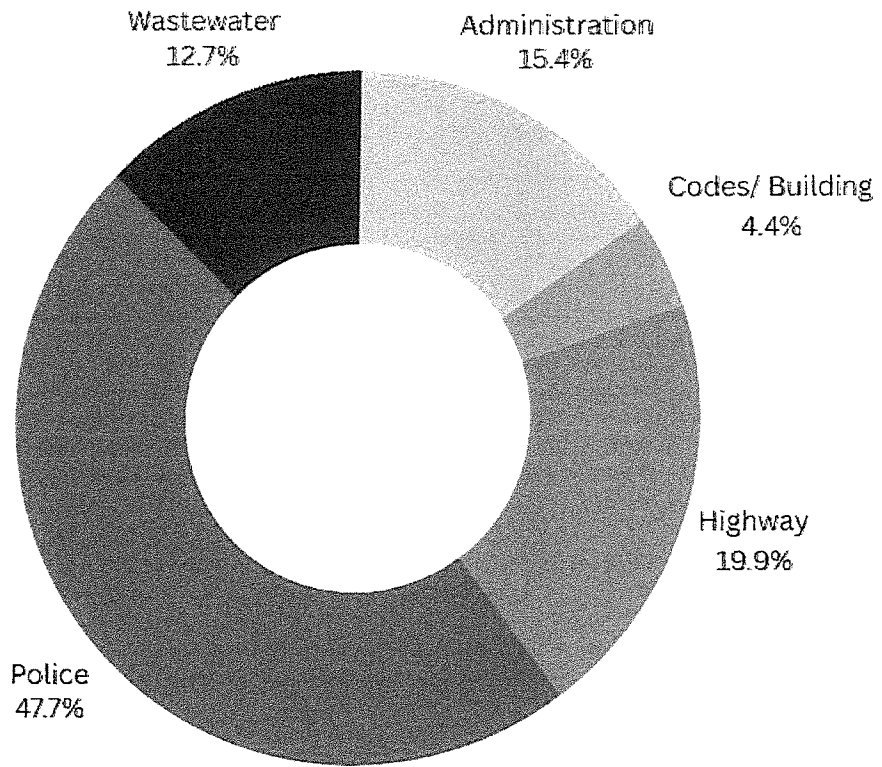
The proposed 2025 budget is funded primarily through tax revenues as depicted below. Revenues remain consistent and were budgeted using conservative estimates for receipts.

## Tax Revenue- 2025

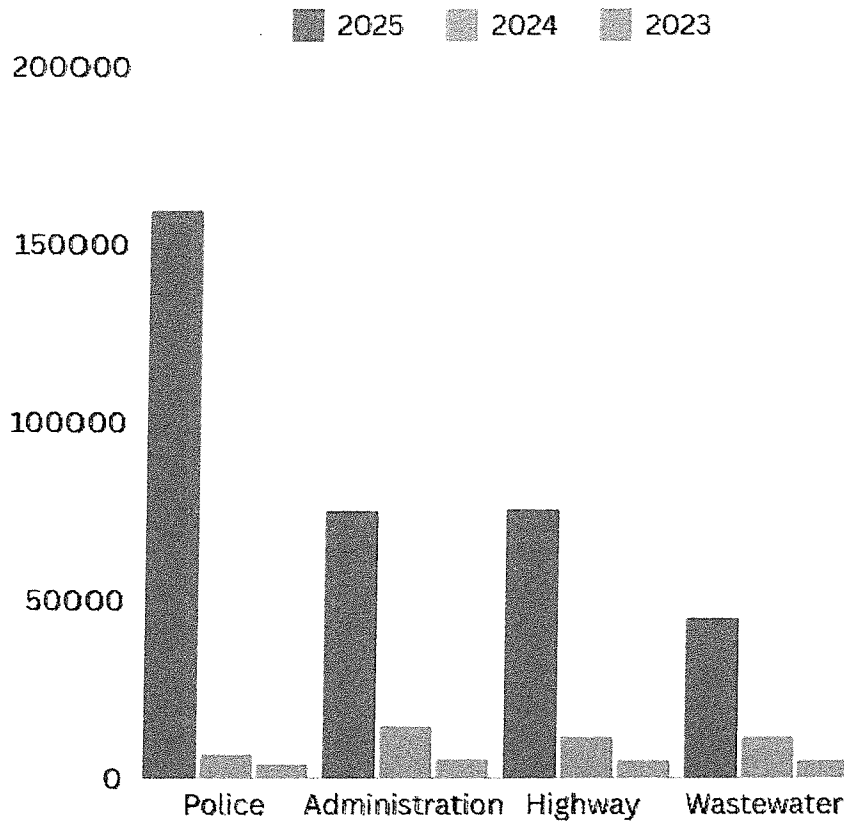


Although we have been an incredible effort to reduce costs, wage and benefit costs continue to rise. Additionally, the method of recording revenues and expenses differs between current management and prior management. It is my belief that the current expenses throughout the budget are reflective of true costs. We have added state provided revenues to our budget, which will offset some expenses such as the employee pension. The pension increased drastically in the 2025 MMO due to the use of reporting that was done during the investment decline of 2023. We will have a new valuation done in 2025, which we hope will help with pension costs. The chart below depicts wage costs across departments and the change in pension costs throughout the years.



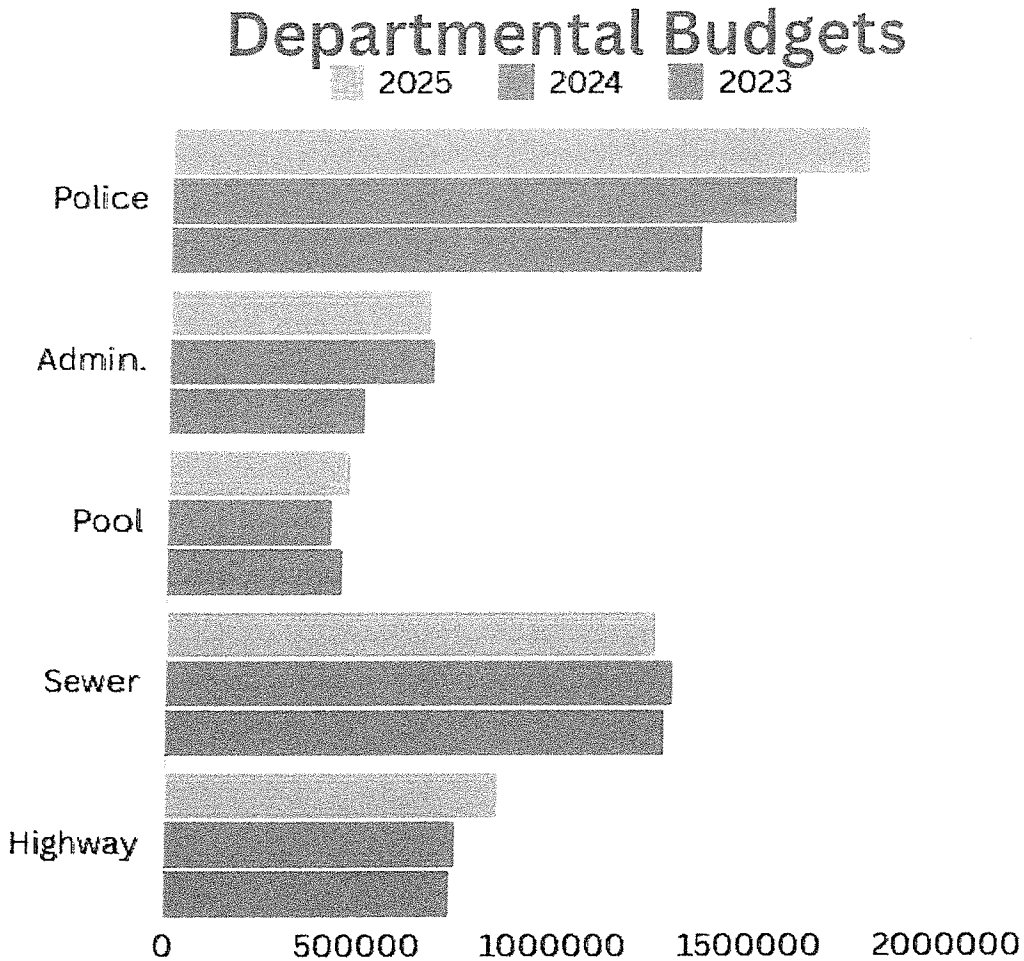


### Wage Costs



### Pension Costs

We have worked diligently to trim costs in each of the budgets, but costs continue to rise across the board. The tight wallets that we feel at home spread into the Borough's operation. We fuel many vehicles, heat and energize multiple buildings, outfit many employees, and offer services to 7,200 people. We are trying to do more with less- and we are getting creative. I attempted to hold budgets to prior year funding levels, but some have crept up. Some of the increased costs include employee wages and budgeting for upcoming staffing changes such as retirements, the cost of chemicals, the continuous increase in vehicle costs to purchase and repair, the addition of commercial insurance for buildings/ property that was not insured, and catching up on much needed preventative maintenance.

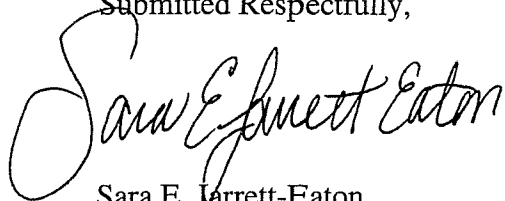


## 2025 GOALS AND OBJECTIVES:

- Move forward with the sale of the smaller parcel at Cherry Lane and pay down the loan.
- Commit Community Park to Rotary Park and pay down project debt.
- Finalize a comprehensive personnel policy.
- Negotiate a fair and reasonable Police Department Collective Bargaining Agreement.
- Evaluate the current pension plan and make appropriate changes based on actuarial valuations and review.
- Work towards updating West Street Park.
- Implement needed MS4 projects for adequate compliance.
- Close the gap in pool revenue and expenses.
- Implement new technology and software to streamline operations and customer service.
- Implement succession planning for the Public Works Department.
- Apply for various grant funding to supplement borough revenues.
- Continued assessment of current practices and institution of established best practices.
- Commitment to cost savings and compliance with proper purchasing laws and regulations.
- Reduction in outstanding customer utility bills.
- Expanded community recreation programs and community event partnerships.
- Proactive planning and comprehensive decision making!

Moving into 2025, I believe that we have a whole year of new opportunities! The vibrancy and excitement in our office and among our leaders is contagious. The budget presented is inclusive of instituting new technology, programs, and engagement. I am so proud to call Souderton my Borough and look forward to what is to come in 2025!

Submitted Respectfully,



Sara E. Jarrett-Eaton  
Borough Manager  
Souderton Borough