

## **STORMWATER FUND 2024 BUDGET ANALYSIS AND NOTES**

**ANALYSIS:** 2023 was the first year of the Stormwater Fund, which was established at the recommendation of the MS4 Stakeholder Advisory Committee (SAC) to meet the Township's MS4 permit requirements and other stormwater-related expenses via a fee, rather than to do so via taxes. The Stormwater Fund is a restricted fund solely for this purpose and its budget is approved by both the East Hanover Township Municipal Authority (who is responsible for setting and collecting the stormwater fee) and the Board of Supervisors (who is the MS4 permittee).

A surplus is projected for the Stormwater Fund in 2023 because capital projects that were anticipated to begin in 2023 have been delayed until 2024. As a result, the 2024 budget projects a significant shortfall, although such shortfall was anticipated when the stormwater utility program was developed. Because the Stormwater Fund was only established in the middle of the Township's five-year MS4 permit, and due to the high cost of the projects required by the permit, it was expected that outside funds totaling \$2,000,000 would be necessary to provide adequate cash flow (although the fee would eventually be adequate to fund the program and pay any borrowed funds back). As a result, in 2023 the General Fund provided a \$1,000,000 interest-free subsidy to the Stormwater Fund to be paid back to the former from the latter at \$100,000 annually for ten years. The 2024 budget also includes a second \$1,000,000 interest-free subsidy from the General Fund to the Stormwater Fund that would also be paid back to the former from the latter at \$100,000 annually for ten years.

### **NOTES:**

- Stormwater Fees (363.50) began to be billed on April 1, 2023, so only three quarters (or \$750,000) of the anticipated annual fee revenues were budgeted for 2023. (When developing the program, the Township Engineer projected the stormwater fee would generate roughly \$1,000,000 annually.) As the 2023 year-end projection will meet the budget, a full year of fees, or \$1,000,000, is budgeted for 2024.
- New accounts pertaining to the collection of delinquent stormwater fees (Stormwater Fees - Delinquent (363.51) and Delinquent Collections Costs (404.312)) are established for the 2024 budget based on preliminary conversations with firms who provide collection services.
- The budget figure for Billing Services (400.361) is reduced to \$40,000 in 2024 due to initial software costs incurred in year one (2023) of the billing services contract with Dallas Data Systems that will not recur in subsequent years. It also assumes that sewer bills, which are currently being billed by Keystone Collections Group, will be billed by Dallas Data Systems on the same bill as the stormwater fees in 2024. This will result in a reduction in overall billing expenses when considering sewer fees and stormwater fees as a whole. Based on the number of customers, 80% of these combined billing costs will be incurred by the Stormwater Fund and 20% will be incurred by the Sewer Fund.
- Auditing Services (402.31) projects no costs for 2023 and no budget amount for 2024 as expenses for auditing services are charged to other funds.
- General Engineering (408.001) is projecting significantly higher than budgeted in 2023 due to the number of stormwater credit and appeal applications that required involvement



from the Township Engineer. The 2024 budget is much lower than the 2023 year-end projection as it is believed that most credit and appeal applications will have been received and processed in 2023.

- The budget figure for Dues, Subscriptions, and Memberships (446.42) is increased to \$40,000 in 2024 due to higher costs for participating in the Dauphin County Water Resource Enhancement Program (WREP). This 2024 increase is because WREP is planning to start work in 2024 and 2025 on developing a joint pollutant reduction plan for the next MS4 permit cycle. This upcoming permit cycle begins in 2025 and it is anticipated that municipalities participating in WREP will be able to complete the projects required by the permit at a lower cost than if they proceed separately.
- Stormwater Capital Improvements (446.61): The Township Engineer estimates hard costs of \$1,760,000 for the three streambank restoration projects (Middle Park project, Northern Park project, and South Crawford Road project) that will meet the requirements of the Township's current MS4 permit, which expires in 2025. It is expected these projects will be completed in 2024. The 2024 budget figure of \$2,120,000 has 20% contingency included. The 2023 year-end projection is underbudget because it was anticipated the Middle Park project would be completed in 2023.
- The 2023 projection for Project Engineering (446.66) is underbudget because engineering for the Northern Park and South Crawford Road projects that was anticipated to be completed in 2023 will continue into 2024. The 2024 budget figure anticipates the remaining 50% of design and permitting costs for these two projects will be wrapped up in early-2024 and accounts for bidding and inspection phase services by the Township Engineer for all three projects in 2024.
- The \$47,376 in 2023 expenses for Vehicles and Equipment (446.74) pertains to the Stormwater Fund's share of the cost for a street sweeper (the General Fund bearing most of the cost). \$0 is budgeted in 2024 as no stormwater-related vehicles or equipment are anticipated to be purchased that year.
- Transfer to EHT General Fund (492.01) is the account through which the costs of developing the stormwater utility, which were incurred by the General Fund, are to be paid back to the General Fund from the Stormwater Fund (estimated at \$140,000 in total expenses reimbursed over five years).
- Interfund Borrowing includes a second \$1,000,000 no-interest subsidy from the General Fund to the Stormwater Fund sometime in 2024 (\$1,000,000 was provided as a no-interest subsidy in 2023) to provide the necessary cash flow for the latter to complete the stormwater projects required for this permit cycle (via Due to EHT General Fund, 230.01) in lieu of the Stormwater Fund seeking outside borrowing for this. This \$1,000,000 increase in 2024 is offset by a \$100,000 annual payment from the Stormwater Fund to the General Fund for the first subsidy and a \$100,000 annual payment from the Stormwater Fund to the General Fund for this second subsidy (both subsidies to be paid back in equal increments each year over ten years). This is in line with the \$2,000,000 subsidy estimated as being necessary when the stormwater utility was developed.



**EAST HANOVER TOWNSHIP  
STORMWATER FUND (FUND 09)  
2024 BUDGET**

REVENUES		2023 Budget	2023 YTD at 8/31/23	2023 Projected	2024 Budget	NOTES
341.01	Interest on Checking	\$2,000	\$1,194	\$2,000	\$1,000	
341.02	Interest on Other	\$0	\$27,502	\$40,000	\$19,000	
363.50	Stormwater Fees	\$750,000	\$433,273	\$750,000	\$1,000,000	
363.51	Stormwater Fees - Delinquent	\$0	\$0	\$0	\$2,500	
<b>TOTAL REVENUES</b>		<b>\$752,000</b>	<b>\$461,969</b>	<b>\$792,000</b>	<b>\$1,022,500</b>	
EXPENDITURES		2023 Budget	2023 YTD at 8/31/23	2023 Projected	2024 Budget	NOTES
<b>Administrative Expenses</b>						
400.361	Billing Services	\$80,000	\$33,484	\$50,000	\$40,000	
402.31	Auditing Services	\$5,000	\$0	\$0	\$0	
404.311	Legal Services	\$15,000	\$1,648	\$2,500	\$15,000	Crawford Road easements
404.312	Delinquent Collections Costs	\$0	\$0	\$0	\$2,500	
408.001	General Engineering	\$10,000	\$36,223	\$45,000	\$15,000	Credit and appeal reviews
<b>Total Administrative Expenses</b>		<b>\$90,000</b>	<b>\$71,356</b>	<b>\$97,500</b>	<b>\$72,500</b>	
<b>Operating Expenses</b>						
446.20	Supplies	\$8,000	\$131	\$1,000	\$3,000	
446.36	Stormwater Cleaning and Inspections	\$40,000	\$4,600	\$40,000	\$40,000	8.5 miles of pipe cleaned/inspected every 5 years
446.37	Stormwater Repairs and Maintenance	\$25,000	\$1,520	\$25,000	\$25,000	Emergency stormwater repairs/maintenance
446.42	Dues, Subscriptions, and Memberships	\$2,500	\$1,576	\$2,500	\$40,000	WREP, annual permit fee
<b>Total Operating Expenses</b>		<b>\$75,500</b>	<b>\$7,826</b>	<b>\$68,500</b>	<b>\$108,000</b>	
<b>Capital Expenditures</b>						
446.61	Stormwater Capital Improvements	\$432,000	\$1,380	\$1,380	\$2,120,000	
BMP #1	Middle park stream restoration					
BMP #2	North park stream restoration					
BMP #4	South Crawford Rd stream restoration					
446.66	Project Engineering	\$363,000	\$58,800	\$117,600	\$286,000	2024: Remaining engineering for BMPs #2 & #4 + bidding and inspection services
BMP #1	Middle park stream restoration					
BMP #2	North park stream restoration					
BMP #4	South Crawford Rd stream restoration					
446.67	Stormwater Pipe Replacement	\$50,000	\$63,845	\$65,000	\$50,000	Stormwater pipe replacement (1/8 mile per year)
446.74	Vehicles and Equipment	\$48,000	\$47,376	\$47,376	\$0	2023: Portion of street sweeper purchase (costs shared with EHT General Fund)
<b>Total Capital Expenditures</b>		<b>\$893,000</b>	<b>\$171,401</b>	<b>\$231,356</b>	<b>\$2,456,000</b>	
<b>Other Expenses</b>						
492.01	Transfer to EHT General Fund	\$28,000	\$0	\$28,000	\$28,000	Reimb EHT General Fund for utility program implementation (\$140,000/5 years)
<b>Total Other Expenses</b>		<b>\$28,000</b>	<b>\$0</b>	<b>\$28,000</b>	<b>\$28,000</b>	
<b>TOTAL EXPENDITURES</b>		<b>\$1,086,500</b>	<b>\$250,583</b>	<b>\$425,356</b>	<b>\$2,664,500</b>	
SURPLUS/(DEFICIT)		2023 Budget	2023 YTD at 8/31/23	2023 Projected	2024 Budget	NOTES
<b>AND CHANGES TO CASH BALANCE</b>						
<b>Total Revenues</b>		<b>\$752,000</b>	<b>\$461,969</b>	<b>\$792,000</b>	<b>\$1,022,500</b>	
<b>Total Expenditures</b>		<b>\$1,086,500</b>	<b>\$250,583</b>	<b>\$425,356</b>	<b>\$2,664,500</b>	
<b>SURPLUS/(DEFICIT)</b>		<b>(\$334,500)</b>	<b>\$211,387</b>	<b>\$366,644</b>	<b>(\$1,642,000)</b>	
<b>Interfund Borrowing</b>						
Change in 230.01 Due to EHT General Fund		\$900,000	\$1,000,000	\$900,000	\$800,000	Note 1
<b>Change in Cash Balance</b>		<b>\$565,500</b>	<b>\$1,211,387</b>	<b>\$1,266,644</b>	<b>(\$842,000)</b>	
<b>Beginning Cash Balance</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,266,644</b>	
<b>Ending Cash Balance</b>		<b>\$565,500</b>	<b>\$1,211,387</b>	<b>\$1,266,644</b>	<b>\$424,644</b>	

Note 1 = 2023: \$900,000 is comprised of \$1,000,000 interest-free subsidy from EHT General Fund for Year 1 program costs less \$100,000 annual payback to General Fund (Year 1 of 10).  
2024: \$800,000 is comprised of an additional \$1,000,000 interest-free subsidy from EHT General Fund less \$100,000 annual payback for the 2023 subsidy (Year 2 of 10) and an additional \$100,000 annual payback for the 2024 subsidy (Year 1 of 10).