

**PRESS RELEASE --- from MAYOR KENNETH PALMER**

**DECEMBER 3, 2015**

---

**Manchester's Capital Plan**

Over the last few months, the Council and I have prepared and begun to implement a "Capital Plan" which addresses Manchester Township's immediate and long term "capital" needs. Specifically, the Capital Plan contemplates how we pay for fire engines, street paving, snow plows, etc. To create the plan, we evaluated requests from each of our departments that totaled over \$15 million dollars. We focused on our immediate needs, our needs two years from now, and our needs ten years from now. We also considered how we were actually going to pay for all these needs without exceeding our financial limitations.

In years past, the township would simply secure municipal bonds to cover all of the town's immediate "capital" needs without a committed plan to prepare for the future. As a result, the township would incur increased 'debt service' or bond payments. While 'financing' does increase purchasing power, in my opinion it should be sparingly used. To avoid a substantial increase in debt service payments, we need to adopt more of a "pay as you go" approach and plan for the purchase of these big ticket items. At this point, the Capital Plan includes both, a mixture of securing municipal bonds to pay for some of our immediate needs, and the implementation of a "Capital Savings Budget" to pay for our future needs.

Each year, our municipal budget includes an annual surplus. It is our plan for the township to dedicate a portion of the annual surplus to the "Capital Savings Budget" for future capital needs. The goal is to reduce reliance on municipal bonding. This plan should eventually reduce our annual debt service payments and obligations.

The best illustration of the past practice and our plan moving forward is the paving of our township roads. In the late 1980s, the township secured municipal bonds to pave all of the streets in Pine Lake Park. Considering pavement has a life expectancy of approximately 25 years depending on various factors, we know those roads in Pine Lake Park are at or past their useful lives and need to be repaved. Unfortunately, the township has not been saving money for this eventuality. Currently, Manchester Township has approximately 135 miles of roads under our management. To pave all the roads would cost approximately \$9 million dollars. Obviously, we do not have \$9 million to complete the paving. However, if you have driven the majority of our roads, they need to be re-paved.

Our plan with the paving going forward is twofold: immediately address the most dilapidated roads, and then systematically repave the remaining roads a little each year. To jump start the process, our Capital Plan calls for bonding of \$2 million dollars to address the immediate needs. Thereafter, each year, we will dedicate money from our year end surplus to

fund the coming year's paving. By implementing a systematic paving plan, we will avoid the necessity of borrowing large sums of money in the future.

The Capital Plan also addresses the town's needs for emergency equipment. For example, Manchester Township has one aerial ladder fire truck. Considering we have at least one building in town that is three stories high, we need a ladder truck that can reach the top of buildings in case someone is trapped. Typically, these trucks have a life expectancy of approximately 25 years. Our current ladder truck is 28 years old and often in need of repair. As such, we are securing municipal bonds to buy a new ladder truck which will cost the town \$1.5 million. While the expense is high, we must equip our emergency personnel with the equipment they need to serve the public and save lives.

Also, approximately ten years ago, the Township bonded for and purchased three fire engines (one for each fire department). All three are set to exceed their useful life in 2018. The present day cost for one of these engines is approximately \$550,000. To avoid an additional \$1.65 million expense at one time, our plan is to bond for the purchase of one truck in 2017. Thereafter, purchase the other two engines in 2019 and 2021 from our Capital Savings Budget referenced above. By that time, we will have enough money saved to buy the trucks without financing. Fortunately, Ridgeway Fire Department purchased a used engine several years ago which will hopefully allow us to spread out the remaining purchases by shuffling the older engines between the departments.

With regard to our Township heavy equipment (dump trucks, plows, tractors, etc.), in years past, the equipment was purchased through one major capital bond issue. Like the paving, all of the heavy equipment was purchased at the same time. As a result, almost all of the heavy equipment has simultaneously exceeded its useful life. Over the past three years our repair costs for the trucks and equipment have exponentially increased. A significant portion of this Capital Budget Plan provides for the purchase of new heavy equipment. However, it does not satisfy all of our needs. Each year, we intend to allocate money from the annual Capital Savings Budget (referenced above) to make systematic equipment purchases. Our goal is to stagger our purchases to avoid all our equipment from simultaneously expiring.

In all, our capital requests amount to approximately \$7 million to be spread out over the next two years. The additional debt service costs will be covered by expiring debt and other areas where the township has cut costs. I know it may seem like Christmas has come early at town hall but these are necessary investments to improve our town. We do have a plan and we are committed to sticking to the plan.

On a different and more personal note, I would like to wish everyone a very Merry Christmas and happy holiday season. This year has flown by and I am truly honored to serve as your Mayor. I look forward to the wonderful happenings in Manchester Township in the year 2016!