

2026 Proposed Budget Presentation

December 1, 2025

2026 Budget Process

- CRD Committee – Meetings since January
- Budget Letters to Management – July 1, 2025
- Capital Budget Plans Due – July 18, 2025
- Budget Proposals Due – September 8, 2025
- 23 Scheduled Meetings Prior to Budget Submission
- Preliminary Budget and 353 Page Budget Message Submitted – October 13, 2025
- Budget Workshops – 4 hours each – 10 scheduled beginning October 16th
- 1st Reading of Budget – December 1st
- Adoption of Budget – Tentatively December 15th



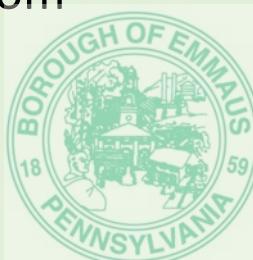
Breakdown of a Household's costs in 2025

Total Average Homeowner Costs	\$200,000 Home Assessment		%	
	2024	2025	Difference	Change
Refuse	\$375.00	\$485.00	\$110.00	29.33%
Water	\$329.00	\$361.00	\$32.00	9.73%
Sewer	\$385.00	\$463.00	\$78.00	20.26%
Taxes	\$1,663.10	\$2,089.10	\$426.00	25.61%
Total	\$2,752.10	\$3,398.10	\$646.00	23.47%



What is Covered in Each Fund

- Overall, Property Taxes cover 35.4% of our total budget costs
- 44.6% of the General Fund is covered by Property Taxes. The other 55.4% is covered by fees, wage taxes, grants, and other revenue sources
- 77.9% of the Fire Fund is covered by Property Taxes. The remainder is covered by commercial insurance fees, inspection revenue, donations, and grants
- 100% of the Water Fund is covered by user fees and grants
- 100% of the Sewer Fund is covered by user fees and grants
- 100% of the Liquid Fuels Fund is covered by the Liquid Fuels Grant
- 100% of the Street Lighting Fund is covered by Property Taxes
- 100% of the Special Roads Fund is covered by Property Taxes (unless other sources, such as grants are received)
- 100% of the Capital Projects Fund is covered by Transfers from Other Funds and Grant Money
- 100% of the Debt Services Fund is covered by Property Taxes, with the exception of any debt from Water and Sewer Operations. Funds are transferred from those funds to cover that debt
- 100% of the new Library Fund will be covered by Property Taxes



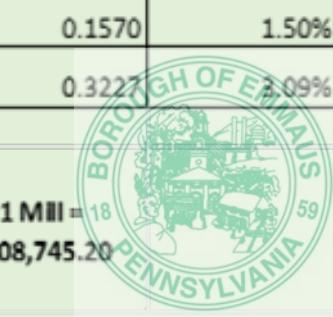
If I Broke Down the Expenses in My Tax Bill, What Does it Pay For?

- General Administration, Liability Insurances, Legal, Engineering: 8.29%
- Insurances and Benefits: 25.82%
- Police Department: 26.34%
- Ambulance: 0.79%
- Codes Department: 0%
- Public Works, Compost, etc.: 1.87%
- Buildings and Utilities: 0.63%
- Capital Expenses: 8.31%
- Debt: 7.55%
- Fire Department: 6.06%
- Street Lighting: 1.5%
- Roads: 3.09%
- Library: 1.53%
- Recreation: 1.75%



Setting up My Tax Bill - 2025

	Expenses	Direct Offsetting Revenue	Remaining to be Funded	GF Act 511 Taxes (\$2,555,000)	Remaining to be Funded	Fund Balance (\$1 million GF, \$140k FF)	To be Funded by Property Taxes	1 Mill of Tax Revenue	Millage to Cover the Cost	% of Taxes Used to Supplement
General Gov't / Financial / Admin. / Lab. Insurances	\$1,168,306.00	\$120,214.00	\$1,048,092.00	\$255,500.00	\$792,592.00	\$91,898.55	\$700,693.45	\$808,745.20	0.8664	8.29%
Insurances / Benefits (current & retirees)	\$3,353,389.00	\$630,766.00	\$2,722,623.00	\$255,500.00	\$2,467,123.00	\$286,055.15	\$2,181,067.85	\$808,745.20	2.6969	25.82%
Police	\$3,267,009.00	\$239,225.00	\$3,027,784.00	\$511,000.00	\$2,516,784.00	\$291,813.19	\$2,224,970.81	\$808,745.20	2.7511	26.34%
Ambulance	\$1,097,252.00	\$766,000.00	\$331,252.00	\$255,500.00	\$75,752.00	\$8,783.21	\$66,968.79	\$808,745.20	0.0828	0.79%
Planning / Zoning	\$342,843.00	\$361,200.00	(\$18,357.00)	\$0.00	(\$18,357.00)	\$0.00	(\$18,357.00)	\$808,745.20	0.0000	0.00%
Public Works, Refuse / Compost	\$2,805,906.00	\$2,371,350.00	\$434,556.00	\$255,500.00	\$179,056.00	\$20,760.98	\$158,295.02	\$808,745.20	0.1957	1.87%
Recreation	\$699,133.00	\$276,555.00	\$422,578.00	\$255,500.00	\$167,078.00	\$19,372.17	\$147,705.83	\$808,745.20	0.1826	1.75%
Library	\$146,083.00	\$0.00	\$146,083.00	\$0.00	\$146,083.00	\$16,937.86	\$129,145.14	\$808,745.20	0.1597	1.53%
Buildings, Utilities, Bldg. Maintenance	\$315,741.00	\$0.00	\$315,741.00	\$255,500.00	\$60,241.00	\$6,984.75	\$53,256.25	\$808,745.20	0.0659	0.63%
Unbudgeted	\$722,980.00	\$0.00	\$722,980.00		\$722,980.00	\$83,827.26	\$639,152.74	\$808,745.20	0.7903	7.57%
Debt	\$976,827.00	\$0.00	\$976,827.00	\$255,500.00	\$721,327.00	\$83,635.60	\$637,691.40	\$808,745.20	0.7885	7.55%
Capital	\$1,049,482.00	\$0.00	\$1,049,482.00	\$255,500.00	\$793,982.00	\$92,059.72	\$701,922.28	\$808,745.20	0.8679	8.31%
Fire Department	\$1,080,617.00	\$429,100.00	\$651,517.00	\$0.00	\$651,517.00	\$140,000.00	\$511,517.00	\$808,745.20	0.6325	6.06%
Street Lighting	\$127,000.00	\$0.00	\$127,000.00		\$127,000.00	\$0.00	\$127,000.00	\$808,745.20	0.1570	1.50%
Roads	\$261,000.00	\$0.00	\$261,000.00		\$261,000.00	\$0.00	\$261,000.00	\$808,745.20	0.3223	2.09%
Total	\$17,413,568.00	\$5,194,410.00	\$12,219,158.00	\$2,555,000.00	\$9,664,158.00	\$1,142,128.44	\$200,000 house with Tax Millage 10.4455 Mills	\$2,089.10	1 Mill = 18 \$808,745.20	



What Does 2026 Look Like?

- There is a slight General Property Tax Increase in 2026
 - For a \$200,000 house, it will be about a \$40 tax increase
 - Total of a 0.2 mill increase (~1.92%) in the General Fund
- There is no Fire Tax Increase
- There is no Street Lighting Tax Increase
- There is no Special Roads Fund Tax Increase
- There is no Sewer Rate Increase
- There is no Refuse Rate Increase
- There is a Water Increase (to be discussed)
- We separated out library costs and debt service costs by carving out 2 new funds, and created a tax for both. Take note, the taxes may be new, **HOWEVER**, they do **NOT** result in any tax increases. They are separated out to increase transparency in tax bills.
 - We reduced other property taxes proportionately



Property Tax Bills

Fund #:	Fund Names	2025 Millage	2026	
			Millage (No Tax Increase)	Millage with Tax Increase)
1	General Fund	8.1204	6.7268	6.9268
3	Fire Fund	1.8461	1.4751	1.4751
4	Special Roads Fund	0.32	0.32	0.32
5	Street Lighthing Fund	0.159	0.159	0.159
9	Library Fund	0	0.1794	0.1794
23	Debt Services Fund	0	1.5853	1.583
Total Tax Millage		10.4455	10.4456	10.6433



Significant Department Operational Costs

- Administration (including tax collector, clerical, management, engineering, legal, and liability insurance costs): \$2.7 million (\$1.6 million is insurance costs)
- Police Department: \$4.87 million
- Ambulance: \$1.37 million
- Codes: \$313,771
- EMA, Health Officer, Civil Service: \$42,600
- Public Works (excluding Water and Sewer): \$2.99 million
- Parks and Recreation: \$822,735



Significant Costs (cont.)

- Fire Department: \$3,142,603 (includes \$1.4 million for new fire apparatus purchase – will be a loan)
- Library Contribution: \$147,000 (paid out of new fund), rather than out of General Fund Tax). (Increase from \$140,000)
- Debt Services: \$1.389 million (includes fire apparatus, Penn Vest payments, bond payment, the new mandatory nearly \$700k county radio purchase, and several equipment leases). (Paid out of new fund), with exception of water and sewer debt. General Fund and Fire Fund millage was reduced proportionately).



Drivers for 1.9% Tax Increase

- Inflation in 2025 is 3%. Just like our bills at home, operation costs continue to increase, the cost of supplies, electricity, insurance, wages, and benefits continue to increase
- There are costs that have significant increases, such as utility costs, labor, insurances, and other operating costs that drive up expenses
- We did not increase General Fund Property Taxes in 4 years. By not doing that, we spent down 100% of our surpluses, resulting in a 26% tax increase in 2025 when it finally caught up to us. We need to avoid this by increasing revenue in appropriate areas to offset our necessary expenses.



Significant Costs

- Electricity is going up by 10% again. That is an increase of approximately \$28,000. This is after a large increase of about 20% in 2025. We luckily locked in our rates for 4 years to avoid the ongoing exponential increases.
- Health Insurance increased by 9.9%. This increase is unavoidable. However, we begin negotiating union contracts in 2026. An obvious goal is cost containment. We are spending \$2,053,985 in health insurance and \$1.6 million on retirement benefits in 2026.
- Debt costs are nearly \$1.4 million
- Workers Compensation Increase by \$42k. Overall liability insurance cost increase of \$90k



Significant Costs

- Remember, we cut positions and decreased wages from 2024 to 2025. For 2026, wage costs are 3.35% higher than 2025 (increase of \$245k to \$7.85 million.)
- Overall benefit cost increases were flat, largely due to individuals opting out of health insurance, several retirees passing away, and a better than expected pension MMO.
- Overall operating budgets increase by about \$1.5 million, however, a large portion of capital expenditures are through grants and development fees.



Capital Investments – 2026

- Road Work: \$566,000
- Library Grounds Upgrades – including security - \$25k
- Digitization Upgrades - \$10k
- Accounting Equipment - \$2,500
- Building Contingencies - \$100k
- Police Car - \$96k
- Ballistic Vest - \$21k
- Police Technology - \$54k
- Radar Signs - \$10k
- Ambulance Vehicle Savings (delivery in 2027) - \$50k
- Ambulance Equipment Grant Expenses - \$31k
- Bucket Truck - \$172k
- Building Repairs – Water Works Building Roof, other building work and savings - \$379k
- MS4 Mandate Work - \$50k
- Pick-Up Truck - \$62k
- Fire Apparatus - \$1.4 million (paid by savings and loan)
- Fire Equipment - \$26k



Capital Investments – 2026

- Loader and Backhoe Repairs (to extend life by 4 years) - \$10k
- Compost Site Improvements - \$5k
- Leaf Truck - \$300k (\$200k grant)
- Pool Repairs - \$20k
- Pool and Snack Stand Equipment - \$5k
- Park Repairs - \$10k
- Boroline Park and Water Station Security Upgrades - \$30k
- Lions Park Improvements - \$650k (\$319k grant)
- Furnace Dam Pavilion + ADA improvements - \$62,970 (from development funds)
- Picnic Tables - \$19k
- Arts Pavilion Roof - \$70k (applied for LSA Grant)
- S. 4th Street Field Improvements / playground - \$121k (from development funds)
- Other Park Improvements / Repairs - \$45,800
- Used Paver - \$100k (paid out of Liquid Fuels)



A Major Reason Why Rates Aren't Increasing By More – Cost Savings!

- Last year, we discussed more tax increases, as well as more water and sewer rate increases. We will discuss water and sewer, however, throughout the course of the year, we had the following cost savings:
- Total Costs Savings Initiatives in 2025: \$12,599,129.47
 - \$9,860,164.97 in grant money
 - Police Department Savings Initiatives - \$87,000
 - DPW Savings - \$740,664
 - Fire Department Savings - \$84,100
 - Codes Savings – \$65,669
 - Labor Cuts - \$542,853
 - Lions Park – in house rather than outsource - \$1 million
 - State Certified Safety Committee - \$16,653
 - 2026 in-house paving vs outsource - \$202,025
- More Proposed Savings for 2026



Sewer – No Increase in 2026, HOWEVER...



Current Sewer Rates – No Proposed Change

Infrastructure Fee		<u>2025</u>			
<u>Current Number of Water Meters</u>		<u>QTRLY Infra. Fee</u>	<u>QTRLY Infra. Rev.</u>	<u>Annual Infra Rev.</u>	
5/8" & 3/4" Meter	4231	\$ 22.00	\$ 93,082.00	\$ 372,328.00	
1" Meter	76	\$ 28.00	\$ 2,128.00	\$ 8,512.00	
1 1/2" Meter	44	\$ 45.00	\$ 1,980.00	\$ 7,920.00	
2" Meter	56	\$ 67.00	\$ 3,752.00	\$ 15,008.00	
3" Meter	7	\$ 90.00	\$ 630.00	\$ 56,700.00	
4" Meter	0	\$ 90.00	\$ -	\$ -	
6" Meter	1	\$ 90.00	\$ 90.00	\$ 360.00	
Totals:	4415		\$ 101,662.00	\$ 460,828.00	
Connection Fee					
<u># of Meters</u>		<u>Cost Per Connection</u>	<u>QTRLY Rev.</u>	<u>Annual Rev.</u>	
4415		\$30.00	\$132,450.00	\$529,800.00	
Usage Fee					
<u>Gal. Used/ 1000 gal./qtr</u>		<u>Fee Per 1000 gal.</u>	<u>QTRLY Rev.</u>	<u>Annual Rev.</u>	
74,728		\$4.25	\$317,595.06	\$1,270,380.25	

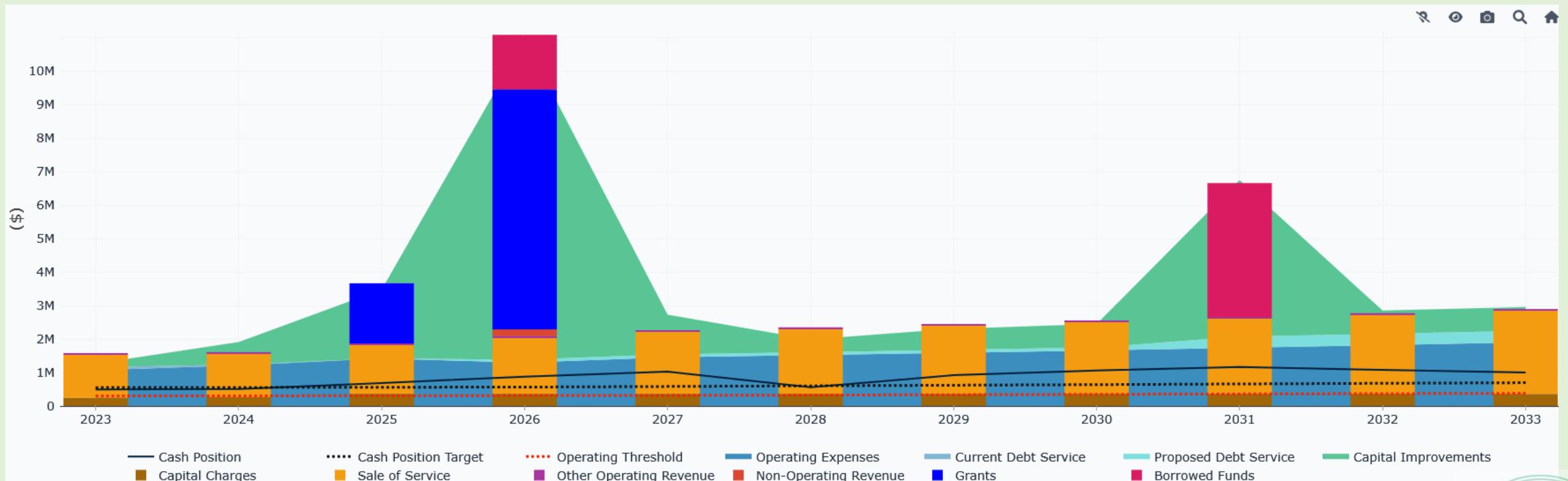


Water Rate Increases

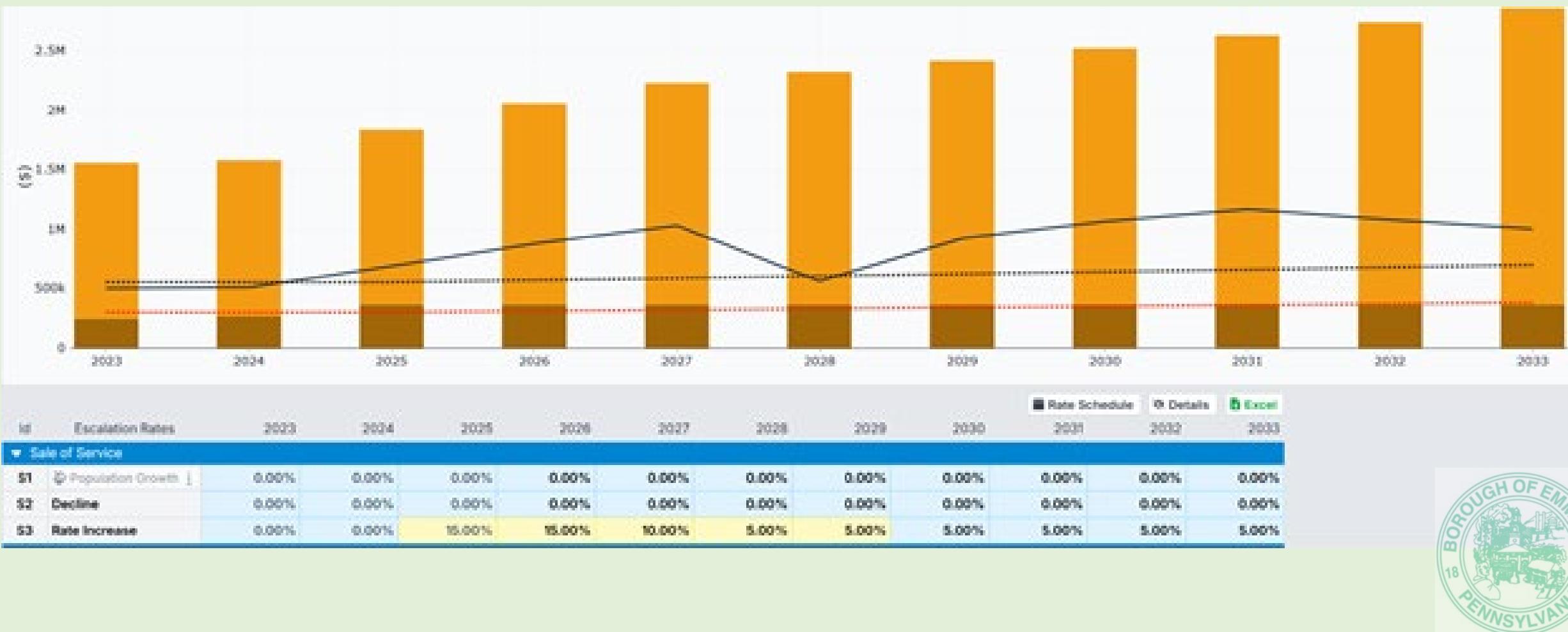
- Waterworth Models have shown for the past 2 years that significant increases would be needed to maintain the infrastructure improvements and operational costs to the system.
- PFAS Project costs are significant
 - Loan repayment - \$113k per year
 - PFAS System Costs - \$100k per year just to change the bedding, as well as increases to chemicals, electrical, and other operational costs
 - Tank Rehab Project - \$1.1 million grant, however, it is a \$2 million repair + ongoing maintenance to extend the life of the tanks
- Lead Service Line Replacement Mandate - \$75k
- Well Pump Repairs / Rebuild - \$35k
- Replacement of Meters - \$100k
- Model shows that we need to raise revenue by 15% - 20% in 2026, and at least 5% per year moving forward



Water Rate Changes



Water, Cont.



Meter Fee

Meter Fee		<u>2025</u>	2026
	<u>Current Number of Water Meters</u>	<u>QTRLY Meter Rate</u>	<u>QTRLY Meter Rate</u>
5/8" & 3/4" Meter	4231	\$ 20.00	\$ 26.00
1" & 1 1/2" Meter	120	\$ 43.43	\$ 56.00
2" Meter	56	\$ 90.50	\$ 115.00
3" Meter	7	\$ 222.77	\$ 280.00
4" Meter	0	\$ 355.02	\$ 450.00
6" Meter	1	\$ 531.35	\$ 670.00
Totals:	4415		



Infrastructure Fee

Infrastructure Fee	<u>Current Number of Water Meters</u>	<u>2025</u>		<u>2026</u>	
		QTRLY Infra. Fee	QTRLY Infra. Fee		
5/8" & 3/4" Meter	4213	\$ 20.00	\$		23.00
1" Meter	76	\$ 32.00	\$		36.80
1 1/2" Meter	44	\$ 32.00	\$		36.80
2" Meter	56	\$ 48.00	\$		55.20
3" Meter	7	\$ 60.00	\$		69.00
4" Meter	0	\$ 100.00	\$		115.00
6" Meter	1	\$ 100.00	\$		115.00
Totals:		4397			



Multi-User Accounts & Flow Rate for Everyone

Multi- Unit Accounts:		2025		2026	
<u># of Multi-Units Charged</u>		<u>QTRLY Fee</u>		<u>QTRLY Fee</u>	
1630	\$	12.00	\$		14.00
Flow Rates					
		<u>2025</u>		<u>2026</u>	
		<u>Cost- Per 1,000</u>		<u>Cost- Per 1,000</u>	
No Matter the Size of the Meter	\$	3.35		3.63	



How Do We Compare?

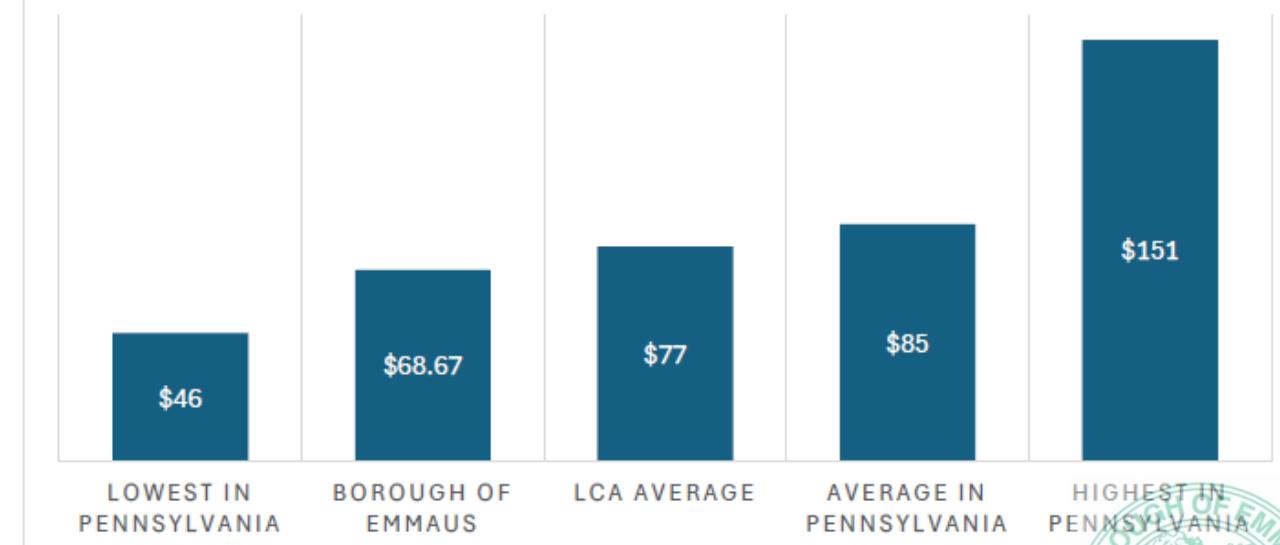
- LCA just released their rates for 2026. They are increasing both water and sewer rates significantly, due to the high costs of operations, regulations, and increased infrastructure demands. We still remain one of the lowest water and sewer rates in the region.

Water & Sewer Bills Combined Average Residential bill per month

Lowest in Pennsylvania	\$46
Borough of Emmaus	\$68.67
LCA Average	\$77
Average in Pennsylvania	\$85
Highest in Pennsylvania	\$151

WATER & SEWER BILLS: LEHIGH VALLEY & PENNSYLVANIA

AVERAGE RESIDENTIAL BILL PER MONTH



What is My Water Increase?

- Water Increase – Average Household of 4 – use of 15,000 gallons per quarter:
 - Increase will average \$13.20 per quarter
 - Total of \$52.80 per year



What Am I Paying Next Year?

	2025	2026	Difference	% Change
Refuse	\$485.00	\$485.00	\$0.00	0.00%

Sewer Rates	2025	2026	Difference	% Change
Infrastructure	\$88.00	\$88.00	\$0.00	0.00%
Connection	\$120.00	\$120.00	\$0.00	0.00%
Usage	\$255.00	\$255.00	\$0.00	0.00%
Total	\$463.00	\$463.00	\$0.00	0.00%



What Am I Paying Next Year?

Water Rates	2025	2026	Difference	% Change
Infrastructure	\$80.00	\$92.00	\$12.00	15.00%
Usage	\$201.00	\$217.80	\$16.80	8.36%
Meter	\$80.00	\$104.00	\$24.00	30.00%
Total	\$361.00	\$413.80	\$52.80	14.63%

Property Taxes	2025	2026	Difference	% Change
General Fund Tax	8.1204	6.9268	-1.1936	-14.70%
Fire Fund	1.8461	1.4751	-0.3710	-20.10%
Roads	0.3200	0.3200	0.0000	0.00%
Street Light	0.1590	0.1590	0.0000	0.00%
Library	0.0000	0.1794	0.1794	179.40%
Debt Services	0.0000	1.5853	1.5853	158.30%
Total:	10.4455	10.6456	0.2001	1.92%



Final Household Costs for 2026

\$200,000 Assessment / 15,000 gl./qtr.

Total Average Homeowner Costs				
	2025	2026	Difference	% Change
Refuse	\$485.00	\$485.00	\$0.00	0.00%
Water	\$361.00	\$413.80	\$52.80	14.63%
Sewer	\$463.00	\$463.00	\$0.00	0.00%
Taxes	\$2,089.10	\$2,128.66	\$39.56	1.89%
Total	\$3,398.10	\$3,490.46	\$92.36	2.72%

