

## **Chester Heights Fire Company: A Financial Outlook**

The Chester Heights Fire Company (CHFC) will celebrate its seventieth year in 2017. Through a team of dedicated volunteers, CHFC has been providing fire protection and emergency medical services to the Borough and surrounding communities, such as Thornbury, Concord and Aston townships. The all-volunteer team dedicates a significant amount of their time responding to incidents and training to hone their skills. In 2015 alone, CHFC responded to 367 calls, 226 within Chester Heights and 141 mutual aid calls. In addition, they performed fifty training exercises. They represent a highly skilled group of dedicated people and continue to receive the highest ratings the State of Pennsylvania offers.

However, CHFC is facing a difficult financial future, and will potentially run out of operating cash as early as 2020, resulting in the Borough running the risk of losing our fire department. On the income side, CHFC receives monies from Thornbury Township for emergency services, contributions from State grants and donations from Borough residents, and the Borough funds CHFC through an assessed property tax and a local services (wage) tax. The property and local services taxes make up approximately 63% of the CHFC income, with grants and donations make up 20% of the remainder. Unfortunately, given the State budgetary issues, grant monies from the State are not reliable. In addition, donations are only received from approximately ten percent of the residents, and fluctuate from year to year. On the expense side, general operating expenses make up 41% of the total, with loan payments on the fire apparatus and building making up 51% of the expenses. In 2016, CHFC purchased a much needed, new fire engine and in 2017, a set of new air packs will have to be purchased, as the current packs will no longer be in compliance. In 2020, the second fire truck is slated to be replaced as well. By 2017, CHFC will be running with available cash below the target of \$50,000, and with the continued expenses, cash flow will become negative in 2020, potentially forcing the fire department to close. Assuming a more aggressive growth in property taxes through addition of Borough residency, higher wage taxes with more individuals working in the Borough, and a delay in the purchase of the second fire truck, the point of negative cash flow gets delayed by only one to two years.

The Borough Council recently held two public meetings, September 18<sup>th</sup> and October 4<sup>th</sup>, to seek public input on options related to increase funding the CHFC to keep them solvent and viable. The Borough is required by law to provide its citizens with fire and emergency services. The Borough's responsibilities are to procure these services on behalf of the community and to provide oversight on how Borough funds are utilized. The CHFC is an independent organization from the Borough from which the Borough purchases these services. Three fundraising options were presented by the Borough's Public Safety Committee, and included: purchasing fire and emergency services from neighboring communities, incorporating a millage or fire tax to meet the department's financial needs, or incorporating a millage or fire tax couple with use of Borough monetary reserves to meet the department's financial needs.

All three options will impact the tax burden for Borough residents. As of 2015, the average taxes that a resident pays to the Borough is \$100, with fifty percent of residents paying between \$60 and \$80. Of those taxes, 41.8% currently goes to CHFC (this does include the local services tax, which is paid residents and non-residents who work in the Borough, and is \$52 per year). In comparison, residents of Aston Township pay a 1 mill fire tax, meaning that for each \$1000 of assessed property value, \$1 in taxes are paid, or for a \$100,000 assessed property, taxes for fire services alone would be \$100. In Concord Township, residents pay a 1.35 mill tax (\$135 for a \$100,000 assessed property value). If the Borough were to purchase fire and

emergency services from our neighbors, our residents would be expected to pay equivalent taxes for fire service in addition to costs for purchasing new equipment. This would raise Borough resident taxes to \$212 - \$290 per year, depending on where from the services are purchased. There is also the risk that the neighboring fire departments would not keep our local fire house open, resulting in longer response call times, as fire and emergency apparatus would need to come from farther away.

For the option where the Borough would raise the required funding to keep CHFC open, a 0.4 mill tax or equivalent fire tax would be levied. This would impact resident taxes, increasing the average tax by \$63.50 per year, to a total Borough tax of \$156, with fifty percent of residents paying between \$60 and \$90 per year. This tax would keep CHFC solvent until at least the year 2025. The third option presented would result in a 0.3 mill tax increase and use additional monies from the Borough reserve. This option results in a \$47.50 per year increase, but lowers available Borough monies for emergency uses.

The Borough Council is currently considering these founding options through the beginning of December. As part of the Borough's communication policy, the Council strongly urges residents to provide their comments and opinions, by either attending an upcoming scheduled Council meeting or by writing to the Council. You can contact Councilman Block, who participates on the public safety committee, via email at [philip.block@chesterheights.org](mailto:philip.block@chesterheights.org).