

Tax Increase Passed by Council at their Dec. 1 Meeting to Fund Needed Infrastructure Maintenance

For years, our borough has had no additional funds to anticipate major infrastructure repairs or emergencies. We are now facing structural and maintenance needs that the Council believes are unwise to ignore. So at our Dec. 1, 2021 meeting, the Council passed a 1 mil tax increase which will take effect in 2022. Depending on your home's assessed value, the tax will add from about \$140 - \$185 a year to your taxes.

Background on the Borough's Lack of Emergency Funds

- Collegetown Borough had the same borough manager, Geoff Thompson, for close to 20 years. Then in November 2020, we hired Tamara Twardowski, who has significant experience from three different townships in finance and budgeting and in engaging in long-term planning to anticipate future expenses.
- One of the first things Tamara noted when she became our manager was that Collegetown was not putting any money aside for capital planning and repairs. "When you apply for a large grant, they often require in the grant application that you demonstrate that you have at least 10 percent of the project funding in a bank account," Tamara told us. "And if you need to take out a loan, the lenders want to see that you have reserves for unexpected expenses or downturns in revenues. Usually municipalities will have about three months of operating expenses in reserves plus money for capital expenses in their reserves." Tamara was surprised to see that Collegetown borough did not have any savings accounts or money set aside for capital or unexpected expenses. Fortunately, for our borough, we did not see a major decline in revenue in 2020 due to COVID 19.
- How did this happen? Each year the Council and Administration took care of the day-to-day running of the borough. There was never any money left over to set aside for either expected or unexpected expenses. No Council members wanted to raise taxes. So each year, our borough fell behind more and more on needed maintenance—and engaged in unsound financial practices which left us with no emergency funds.

Collegetown Borough's Infrastructure Needs

This year the Council began looking at our long-term needs. We became aware that we were behind on a program to replace our storm drains and our road repaving. We also realized that we had a PA DEP commitment to reduce pollutants into the Donny Brook Creek by 2023. And this fall our borough engineer, who had been monitoring our culverts, recommended that they be inspected.

1. Structural Inspections Indicate that an Immediate Replacement is Needed for One Culvert and Repairs are Needed for Two of the Borough's Four Culverts.

The Donny Brook Creek enters the borough at Waterworks Park and then crosses under 11th Ave., 8th Ave., 6th Ave., 5th Ave., Clahor Ave. and Stratford Ave. before exiting the borough for Upper Providence Township. There are culverts under 11th, 8th, 6th and 5th Avenues. Clahor and Stratford Ave., which are newer roads, have bridges installed over the creek.

Back in the day, large tubes of corrugated metal were used for the culverts, which rusted and quickly wore away over time. Now culverts are mainly built of reinforced concrete with much longer lives.

The inspections found the following:

- The 8th Ave. culvert has aged badly. Our infrastructure inspector's report states that it must be replaced as soon as possible to prevent the road from collapsing. Replacement is expected to cost \$500,000 plus 25% for engineering contingencies, for a total of about \$625,000.
- This is not the first time this Collegeville's culverts have needed replacement. In 2016 when the borough replaced the culvert under 11th Ave., we took out a loan to pay the cost of about \$600,000. We still owe \$250,000, which we have been paying off at \$50,000 a year over five years. Taxes were increased .4 mill in 2017 to help pay for the annual loan amount, but then the general fund taxes were decreased by .5 mill in 2018 to offset the implementation of the 1 mill fire tax.
- The 40-year-old metal culverts under 5th and 6th Avenues both need to be repaired. If repaired, we could get another 10 years from each of them before they need replacement. The 5th Ave. culvert repairs need to be done next year and will cost about \$35,000. The 6th Ave. culvert can be repaired next at a cost of \$115,000 - \$120,000. By bundling both culverts out to bid together for the repairs, we will save money and receive more competitive bids. The money we will need for replacement costs in 10 years (in today's dollars) is about \$1 million.
- Eventually, the bridges over Clahor and Stratford will need to be repaired. We need to start accumulating funds to be ready over time for all the repairs and replacements.

2. Our Required MS4 Project Expenditures

As part of the Borough's Municipal Storm Sewer Permit (MS4), we are required to submit a pollution reduction plan (PRP) to remove 21,000 pounds of sediment from being released into the Donny Brook Creek. The PRP plan was discussed and adopted by Borough Council at a public meeting in 2017. We are hopeful that our required pollution reduction plan will be satisfied through a large stream bank restoration project on a private homeowner's lot when we replace the 8th Ave. culvert. This reduction needs to be completed by the end of our permit cycle in 2023. The pollution mitigation measures will require us to make an expenditure of at least \$100,000.

3. Overdue Storm Water Inlet/Drain Replacements

Out of the borough's 360 or so storm inlets or drains, currently about 100 need various repairs, ranging in costs from about \$1,000 (clean out and simple repairs) to complete rebuilds/replacements of up to \$5,000 in cost. The storm drains were installed when the roads were built, so most are from 40 to 60 years old. A good rule of thumb is to continually repair or replace storm water inlets so that you have completed the review and repair of all storm drains every 15 years. To follow this best practice, the borough should budget to repair/replace about 25 inlets a year at an annual cost of about \$40,000.

4. We are Behind on Road Resurfacing and Repair

We have 14 miles of roads in Collegeville Borough. In the last six years we have repaved/worked on only about three miles. The rule of thumb is that we should be touching every road every 10 years. At the rate we are currently working, it will be almost 30 years before we get to all our roads. It costs around \$200-250,000 to mill and overlay a mile of roadway. We should strive to do almost a mile and a half in road repair/repaving each year. Once we get our roads in good condition, we can look at other types of maintenance, which may help us reduce our costs.

Currently we spend about \$100,000 to \$135,000 in road repair/repaving each year. We have never had a formal plan to determine which roads to do and in what order. In the past, whatever money was available from our liquid fuels account (money we receive from the PA gasoline tax) and any leftover money from our snow removal budget dictated how many roads we could repave. To get caught up, we should be spending a minimum of \$250,000 per year, and optimally, more to keep our roads in good repair.

5. We Have Begun to Anticipate Building Maintenance Needs.

There is no current plan or budget for Borough Hall maintenance. Currently the borough parking lot needs base repairs and resurfacing. We are not sure when the roof was put on the building or the heat/ac was put in because we can't find records. We believe that both the roof and HVAC are both original to the 7-11 building that later became borough hall.

Need for a Tax Increase Prompts Public Meetings and Budget Scenarios

Late this fall when the full impact of our infrastructure needs set in, we held two Public Sessions to discuss the Borough's proposed 2022 budget and our essential infrastructure repairs. The first was a meeting advertised through the local newspapers, the borough website, and our Community Park sign that was held on Nov. 8 at 7 p.m. The second was a borough workshop advertised on the Community Park sign on Nov. 30 at 6:30 p.m.

At the two budget meetings, four tax scenarios were presented with the financial impact shown over 10 years for a 1 mil tax increase, a .75 mil, a .5 mil, and 0 tax increase. A 1 mil tax increase was shown to deliver the best financial coverage for our most urgent infrastructure needs. It also showed that several years in we could start to build up a capital maintenance account for the borough's future needs.

What the 1 mil Tax Increase Means to the Average Homeowner

Collegeville Borough taxes are actually a small part of your total real estate tax bill. For most residents, borough taxes are currently less than \$1,000 a year.

For example, an average 2021 annual tax bill for a house assessed at \$182, 240 in Collegeville Crossing is:

- \$733.00 for the County and special MontCo Community College taxes
- \$947.65 for Collegeville Borough and Fire taxes
- \$6,117.57 for the PV School District tax

For the 2022 1 mil increase, that house would pay \$182.24 in additional tax.

You can learn more about Collegeville Borough's taxes here <https://www.collegeville-pa.gov/services/taxes/>

Conclusion

The current Manager and Council are focused on running the borough as effectively and as efficiently as possible, including anticipating needed expenses. Good maintenance of our infrastructure now will lead to cost savings down the road. After meeting with our Borough Engineer, holding two Public Meetings and discussing our infrastructure needs with residents, as well as looking at as many budget scenarios that made sense, we made the decision to increase resident taxes by 1 mil.

The additional tax funds, which we will begin to receive in 2022, will help us:

- Begin replacement the 8th Ave. culvert in 2022 and begin the repairs needed for the 6th and 5th Ave. culverts.
- Meet the requirement of PA DEP for our stormwater permit to install pollution control measures by 2023;
- Start a program of repairing and replacing our storm inlets/drains to keep them in working order
- Step up our maintenance of our borough roads. It costs around \$200-250,000 to mill and overlay a mile of roadway. We should strive to do about a mile and a half in road repair/repaving each year.
- Establishing and grow savings funds for future capital repairs and replacements.