

**Questions and Answers Concerning
Collegetown's Proposed Tax Increase for 2023**

11/21/2022

1. How much have rising costs impacted the running of the Borough in 2022?

Prices in the U.S. increased 9.1 percent over the year ended June 2022, the largest increase in 40 years. Just as all of us have been impacted by inflation, the borough is also experiencing rising costs in the day-to-day running of our town. The increased cost of supplies, fuel, labor, and utilities are reflected in higher vendor invoices for most of the Borough's services. Because we budget carefully for all costs, despite the increases, we have been able to balance our budget for 2022. However, there are two major price increases we are planning for in 2023, which will require us to increase borough taxes by 1.35 mills.

2. What is causing you to raise Borough Taxes in 2023?

In addition to our general cost increases, significant increases in two key areas will substantially affect our 2023 budget:

- First, our contract with Whitetail Disposal for resident trash removal expires at the end of the year. We were fortunate to have bid a five-year contract in 2017 and have benefitted from that fixed price, especially over the last two years, as recycling costs have skyrocketed and labor and fuel have drastically increased. The Borough currently pays \$224,000 per year for our resident trash and recycling. But in this year's bidding process, the lowest bidder for a comparable trash service was \$453,044.00--a \$229,044.00 increase.
- Second, EMS Services around the country have been experiencing shortfalls in their revenues. To address that, our EMS service is in currently the process of being regionalized. The good news is that we will continue to be serviced by Trappe Ambulance, with Limerick and other nearby town ambulance services as our back-up. The bad news is that in order to continue our ambulance service, the borough needs to pay an additional \$80,000 each year starting in 2023. And over time, we expect our contribution to go up.

Trash removal and ambulance services are two must-have services for our residents. To cover this total additional cost of \$309,044 starting in 2023, we are proposing a .35 mill Ambulance Tax and a 1 mill addition to our real estate tax, for a total millage of 7.55.

3. What caused the trash removal costs to skyrocket? What were the other bids you received?

Now that China does not accept US recycling, it has become quite costly. Also, with more people working from home following COVID, the average amount of resident trash has increased by 25%. The cost of equipment has also gone way up, and there is now a scarcity of disposal trucks for the companies to purchase. And even if the disposal companies can find enough people to work for them, labor costs have increased significantly in order to attract workers.

The Borough received three bids for trash disposal: For a three-year contract, Mascaro quoted \$647,748 a year, Republic offered \$568,890 a year, and Whitetail, who wanted to keep the Borough as a customer, bid \$453,044.

The new contract with Whitetail will provide each borough household with a new 96-gallon trash can and recycle tote that become the property of the borough. Physical injuries to disposal personnel are high due to the repeated lifting and fast pace of the job along with sharp objects in peoples' trash. Whitetail's new trash trucks will provide automated pick up via a secure arm which lifts and dumps each can, reducing the manual labor needed.

4. Are there any benefits to Borough residents from having the borough pay a significant cost for our EMS services?

We are currently in discussions with Freedom Valley Medical Rescue, the new regionalized ambulance service that is being formed. Previously, to help raise money, Trappe Ambulance sent out mailings to our residents offering them subscriptions per household. Our goal is to see if we can negotiate a lower cost for our residents for ambulance services similar to the subscriptions.

5. What is the percentage usage of ambulance services by Borough residents vs. Columbia Cottage and Ursinus College?

Columbia Cottage accounts for roughly 13% of the ambulance visits. Ursinus College is also about 13%. The remaining 74% of usage was by borough households. Columbia Cottage pays taxes, and their patients are considered residents. Ursinus College currently provides a donation to the Trappe EMS for their services. In light of the higher EMS costs, we will be discussing the College's donation with them to ensure that it covers their usage.

6. What is the millage rate Collegeville Borough currently charges, how much is the average homeowner's borough taxes, and how much will my tax increase be in 2023?

The borough's millage rate is currently 5.2 for the general-purpose tax plus 1.0 for the Fire Tax for a total millage of 6.2. With a 1 mill tax increase for trash disposal, plus a .35 mill Ambulance Tax in 2023, Collegeville's millage rate will be 7.55. See the chart below for how much the tax increase will likely be for homeowners in different areas of the Borough.

ADDRESS	ASSESSMENT	Current tax w/Fire	EMS	Trash	Total	Increase	County increase
Freeland Dr	183,470	1,137.51	64.21	183.47	1,385.20	247.68	\$56.88
Shakespeare Dr	225,060	1,395.37	78.77	225.06	1,699.20	303.83	\$69.77
Clahor Ave	130,800	810.96	45.78	130.80	987.54	176.58	\$40.55
6th Ave	141,020	874.32	49.36	141.02	1,064.70	190.38	\$43.72
Park Ave	140,570	871.53	49.20	140.57	1,061.30	189.77	\$43.58
Independence Ct	124,780	773.64	43.67	124.78	942.09	168.45	\$38.68
Carmen Dr	143,840	891.81	50.34	143.84	1,085.99	194.18	\$44.59

7. Where does the millage that Collegeville charges for taxes fall when compared with other nearby boroughs and townships? Are we lower or higher?

With an addition of a 1 mill tax, plus a .35 mill Ambulance Tax, Collegeville's tax rate becomes 7.55.

The average millage for Boroughs in Montgomery County for 2022 is about 7.4. Some towns are much higher, and others are lower. Obviously, towns such as Upper Providence with large corporations can keep their municipal millages low at 2.5. So can towns which offer no police and bare bones services, such as Trappe, with millage of .97.

A comparison of a similar sized towns to Collegeville with a police force and minimal commercial taxes are:

- Ambler 7.86
- Hatboro 10.02
- Jenkintown 10.053
- Royersford 8.7
- Schwenksville 6.94
- Souderton 6.4
- Telford 6.99

8. Didn't Collegeville Borough recently receive a \$2.5 million state RACP grant? Why can't the money from that grant be used to offset the higher costs of EMS and trash disposal?

The \$2.5 million grant we received in 2022 and the \$500,000 grant we received in 2021 are highly *restricted and require a 100% match*. The money can only be used for infrastructure projects related to our Main Street which stimulate revitalization and create jobs. These are also reimbursement grants, which means that the borough only receives the money after we submit invoices showing that the work has been done. Because of the \$3 million match required, the only way we can use that money is if Ursinus College and/or developers partner with us to provide the match.

9. Why don't you float a bond or take out a low-interest loan?

If we float a bond or take out a low-interest loan, we then will not have the funds in the borough budget to make the monthly payments. We would still have to raise taxes to do so, and we would also have to pay the additional interest rate.

10. Are Montgomery County and the PV School District also increasing taxes for 2023?

Montgomery County recently announced they were proposing an 8% tax increase for 2023. They will be holding public hearings on Dec. 1 and will vote on the increase at their commissioner's meeting on Dec. 15. The current county tax rate is 3.923 mills. The proposed 8% increase brings the mills up to 4.237. The amount of the County taxes is included in the chart under *Question 6*.

The largest tax burden for Collegeville residents by far is our school taxes, which are currently 35.45 mills. On June 13, 2022 the Perkiomen Valley School District Board of Directors approved a General Fund Budget in the amount of \$120,487,986.00 for 2022/2023. This included a tax increase of 1.73%. Our school tax bills were mailed to us in July, so we have already paid this higher tax. For a house in Collegeville Crossing, this tax was over \$6,000.00. To see the tax rates for all the townships in Montgomery County, click on <https://www.montcopa.org/622/County-Municipality-Millage-Rates>

