

**MINUTES OF SPRING GROVE BOROUGH
SPECIAL MEETING
August 16, 2021**

The Spring Grove Borough Council met at the Borough Office for a Special Session on Monday, August 16th, 2021. President James D. Graham called the meeting to order at 6:00 PM.

BOROUGH COUNCIL PRESENT

James D. Graham
Robert Whyland
Larry McConnell

BOROUGH COUNCIL ABSENT:

Vince Catalano
Rebecca Stauffer
Peter Lombardi
Joshua Moore

ALSO PRESENT:

Beverly Hilt, Mayor
Kim Hackett, Borough Manager
Becky Magnani, Adm Asst/Recording Secretary
Scott Miller, Director of Community Development
Matt Warfel (ARRO Inc.) - via Zoom
Carey Vargo (ARRO Inc./PEL)
Phil Klotz (PEL)
Adam Szumski (PEL)
Beverly Hutzal (DCED) - via Zoom

ALSO ABSENT:

None

Public Comment/Visitors

None.

PEL Strategic Plan Presentation

PEL staff members Phil Klotz and Adam Szumski presented the strategic plan to Council, Borough Staff, and zoom attendees. The presentation is included with the minutes.

Treasurer's Report

June 2021 expenses totaling \$262,717.48 and July 2021 expenses totaling \$326,356.46. Motion made by Robert Whyland to accept Treasurer's report with a second by Larry McConnell; motion carried unanimously.

The meeting adjourned at 8:30 P.M. The next meeting is scheduled for September 14, 2021, at 7:00 P.M. in person at the Borough Building.

Respectfully Submitted,

Kim Hackett
Borough Manager

August 16, 2021

**Borough of
Spring Grove
Strategic
Management
Planning
Program**



**PENNSYLVANIA
ECONOMY LEAGUE**

Information, Insight, Integrity.



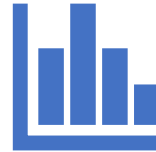
Pennsylvania Economy League

- Pennsylvania's leading independent, nonprofit, public policy research organization for over 80 years.
- PEL provides technical assistance and consulting to municipalities of all sizes and types throughout the state.
- PEL works to foster good government that provides the most efficient core public services that meet local resident needs at the lowest cost.
- We believe healthy local governments assist in creating a sustainable Pennsylvania economy that can keep and attract residents and businesses.

ARRO Consulting

- ARRO Consulting is a full service, engineering, environmental, information technology, and management consulting firm.
- ARRO traces its roots to 1946, becoming an employee-owned firm in 2001.
- Headquartered in Lancaster County, ARRO serves the mid-Atlantic region from five strategically located offices.
- ARRO's positive work environment, fueled by teamwork and coupled with attentiveness to technical accuracy, results in commitment to client satisfaction.

Scope of Work



Analyzed Spring Grove's demographics and financial history



Projected revenues and expenditures



Reviewed administration, public safety and public works

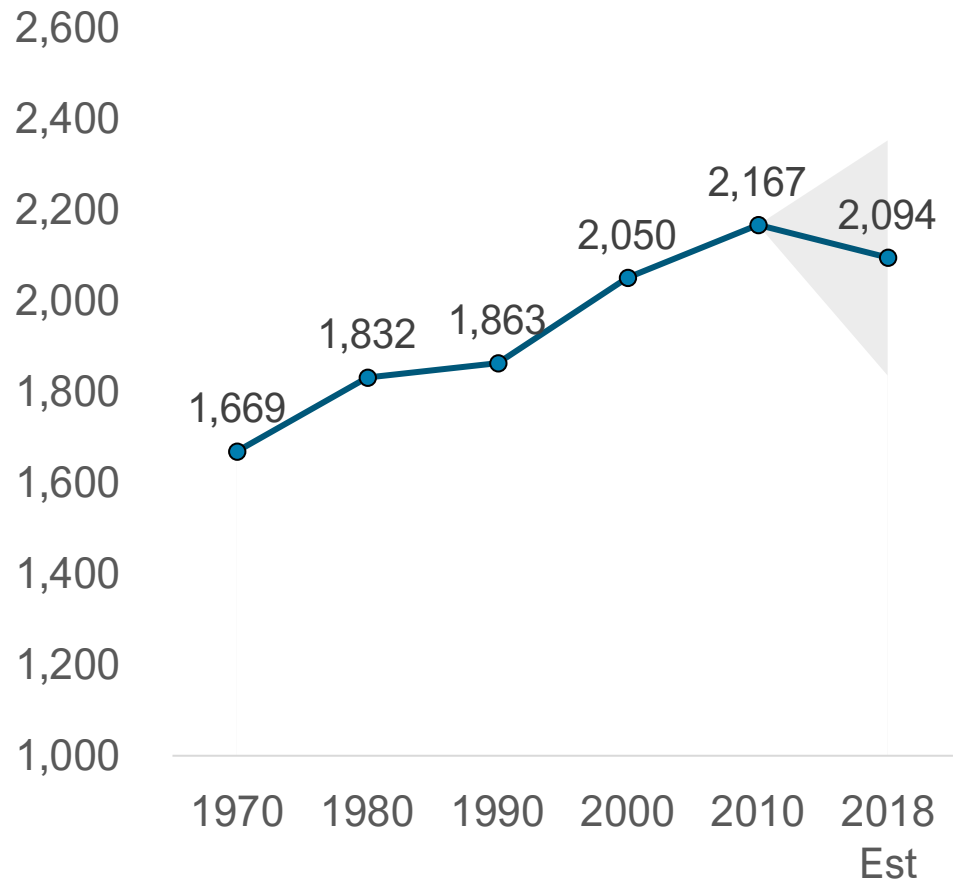


Compiled recommendations for all areas

Demographics

Population 1970 to 2018

- Spring Grove's population increased in each decennial Census from 1970 to 2010
 - Largest increase in 1990s
 - (+187 persons or 10%)
- 2018 Census estimate of 2,094 suggests a slight decline since 2010 but margin of error is large (± 258)

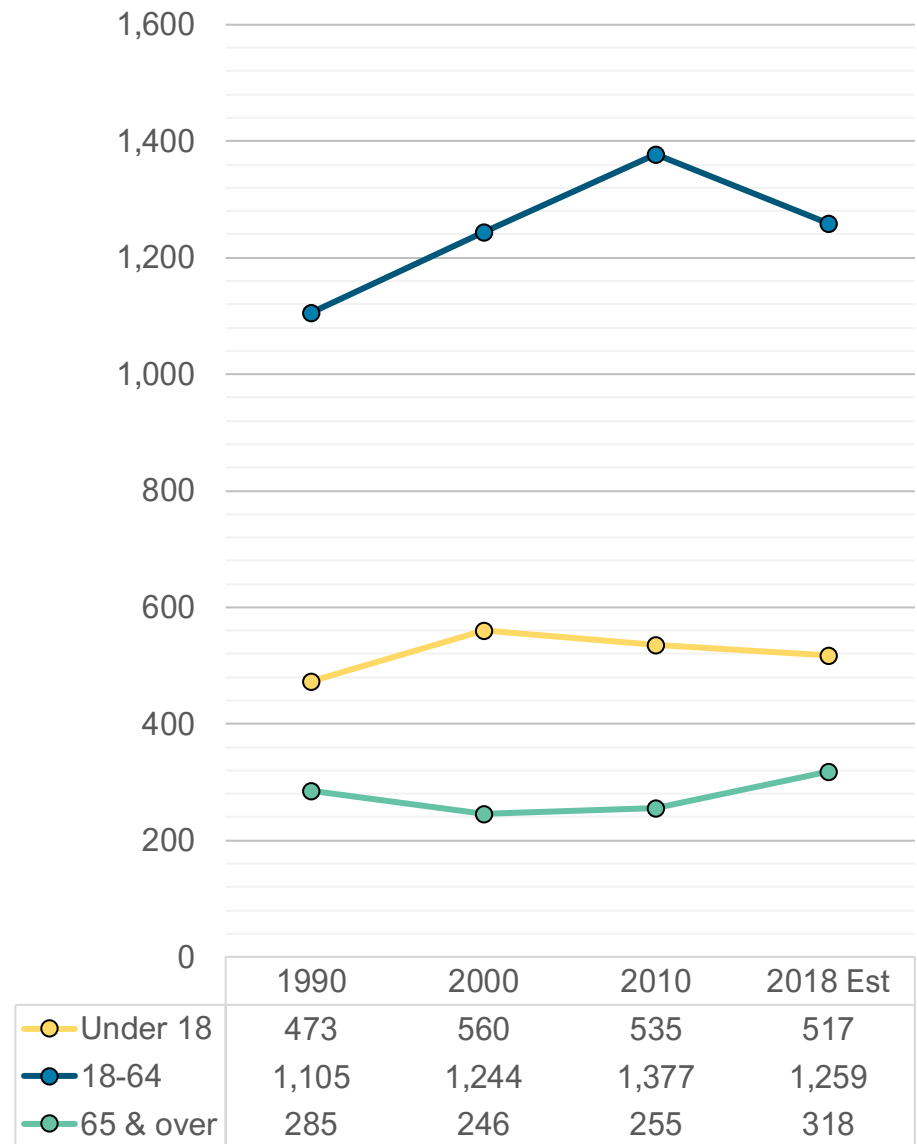


Demographics

Population by Age

1990 to 2018

- Estimates suggest population aged 18 to 64 peaked around 2010
 - 18 to 64 population are primary municipal taxpayers (Property + Earned Income)
- Under 18 population has declined since 2000
- 65 & over population the only cohort estimated to have grown since 2010



	1990 to 1999	2000 to 2009	2010 to 2018	1990 to 2018
Total Population (start)	1,863	2,050	2,167	1,863
Total Population (end)	2,050	2,167	2,094	2,094
Total Population Change (a)	187	117	-73	231
Births	239	391	264	894
Deaths	145	167	154	466
Natural Pop. Change (b)	94	224	110	428
Net Migration (a minus b)	93	-107	-183	-197

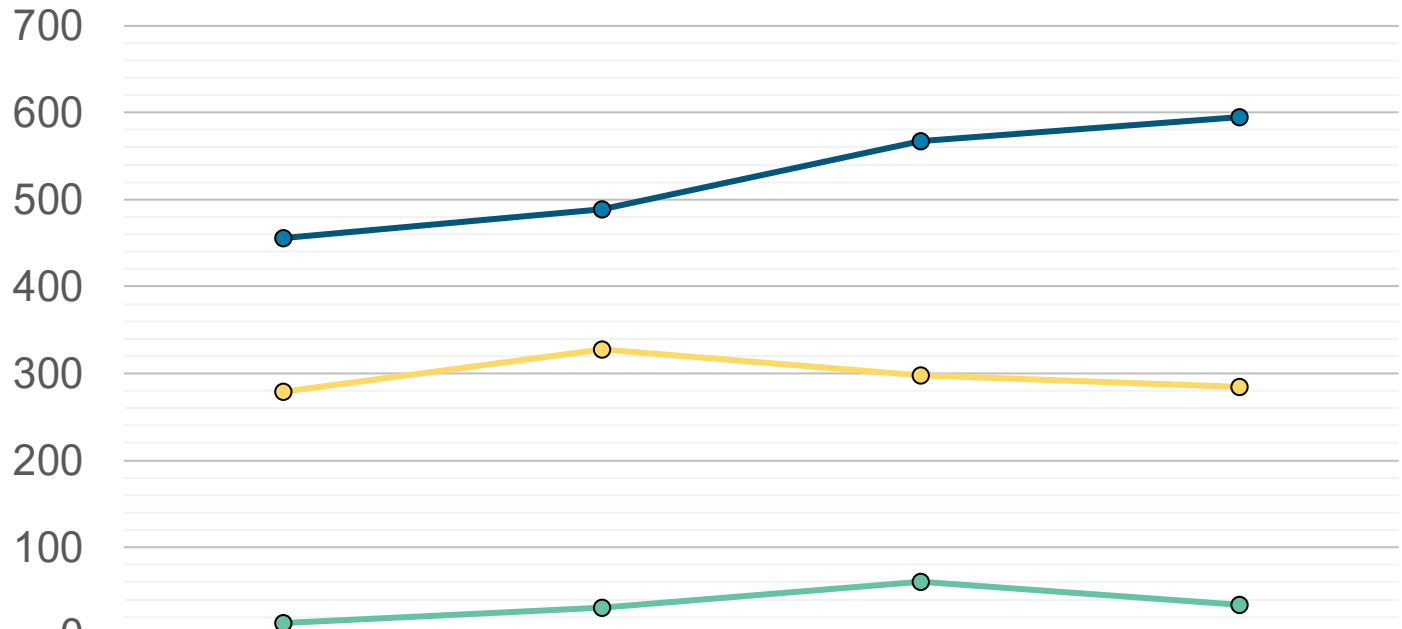
Demographics

Net Migration

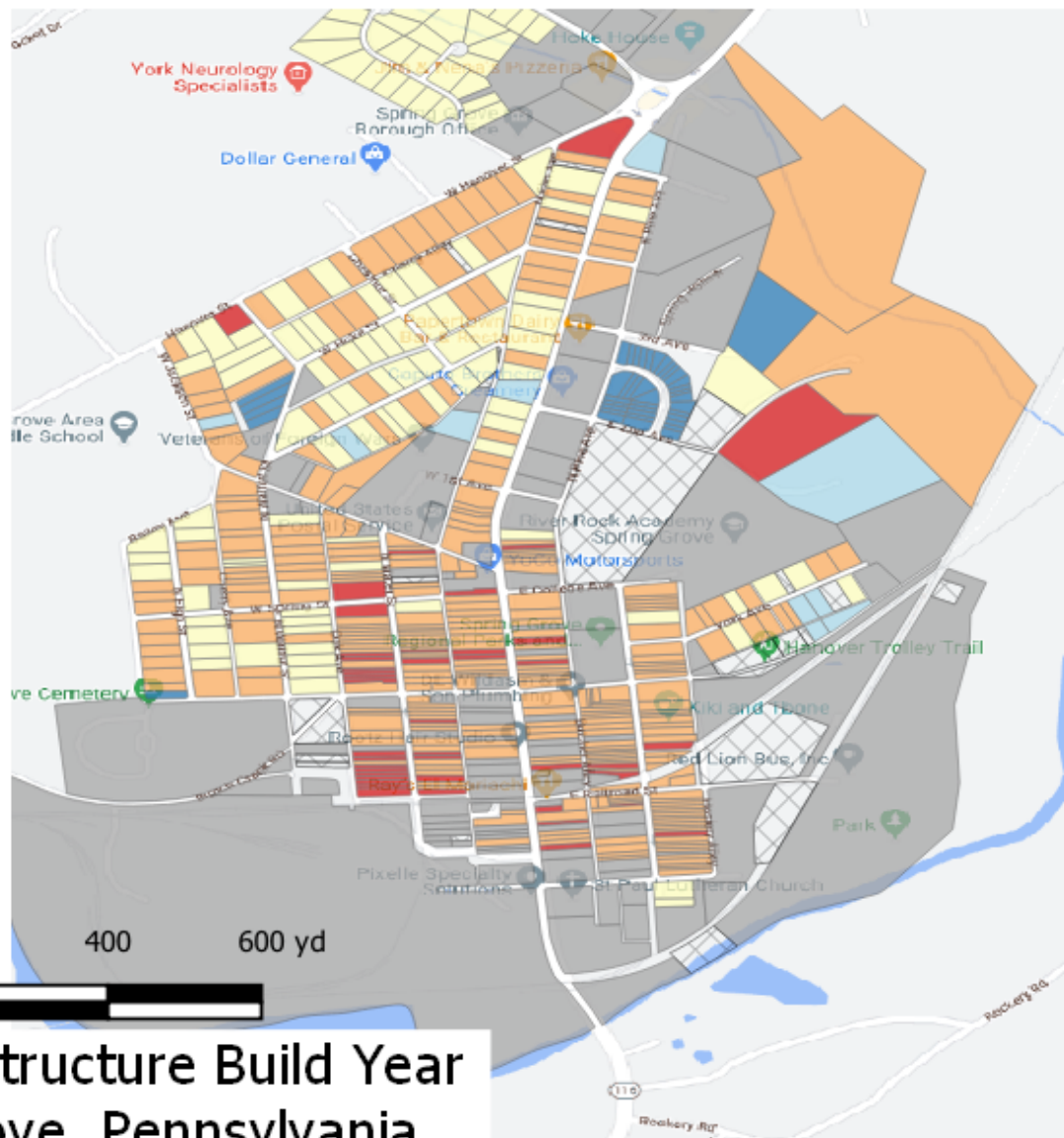
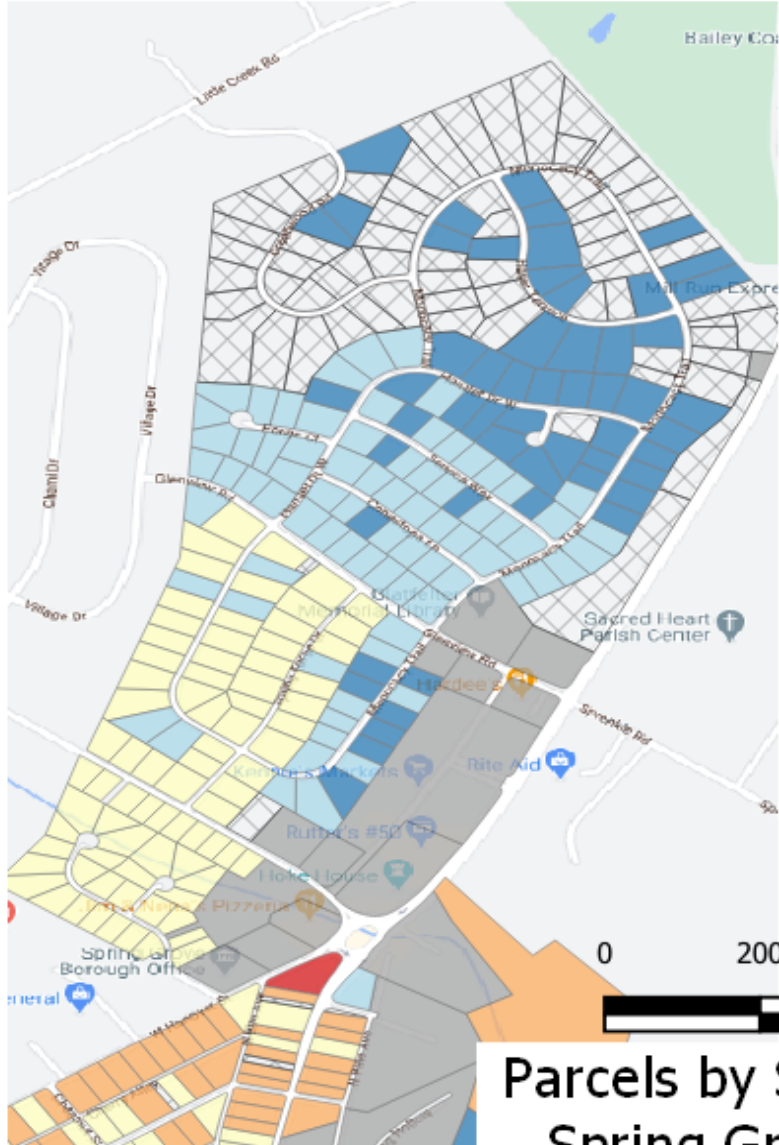
- Birth and death records show natural population growth each decade since 1990
- Overall population growth muted by out-migration since 2000

Demographics Housing Units

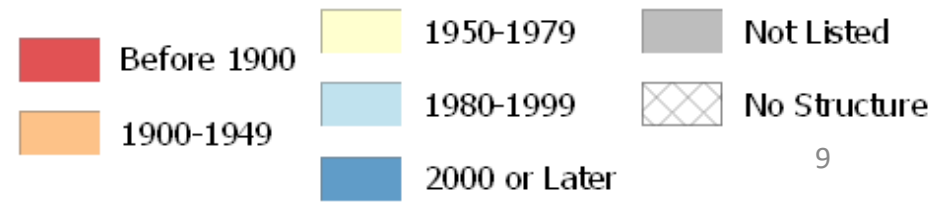
- Owner-occupied housing growth consistent with population trends.
- Renter-occupied units relatively flat historically
- Low estimated vacancy



	1990	2000	2010	2018 Est
Owner Occupied	456	489	567	595
Renter Occupied	279	328	298	285
Vacant	13	31	61	34



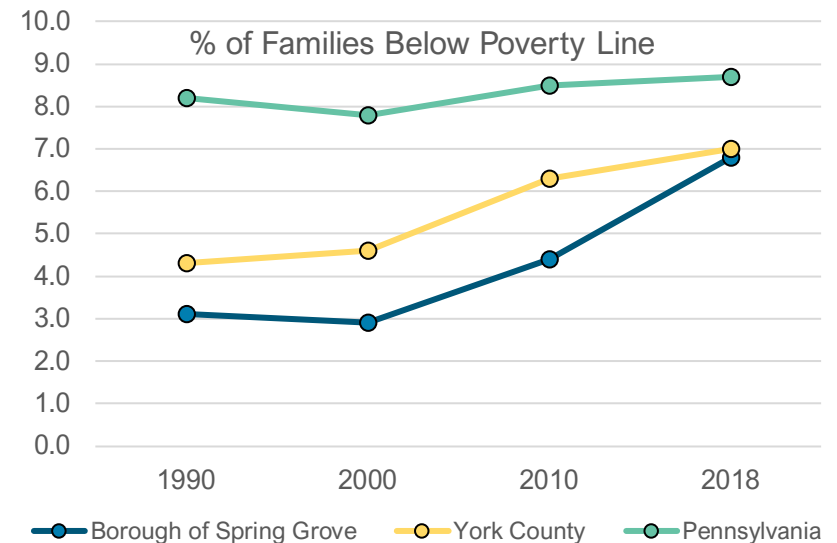
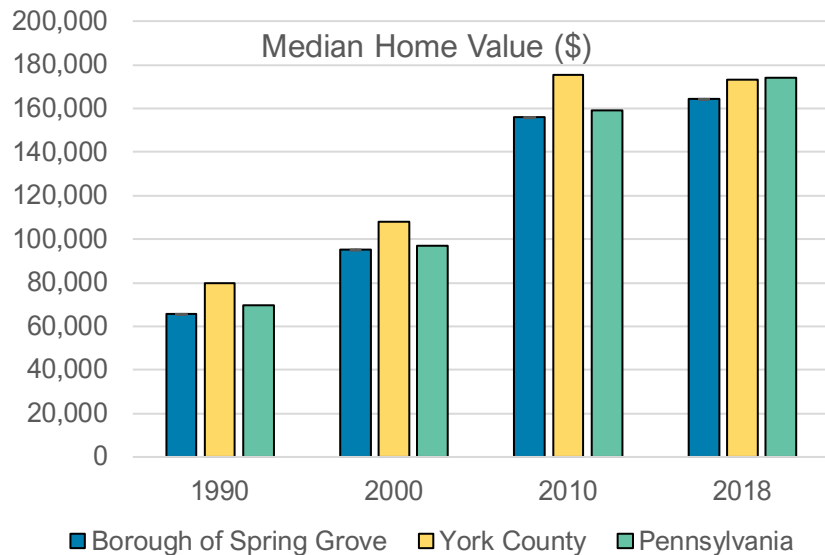
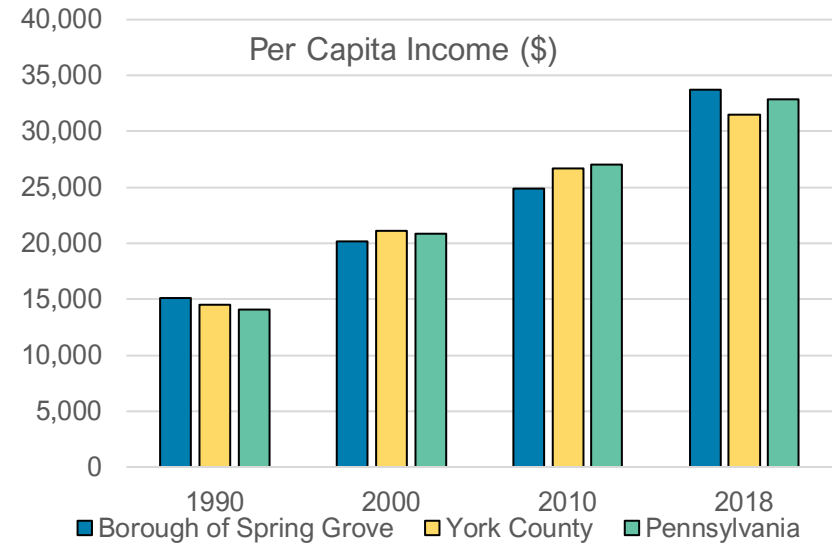
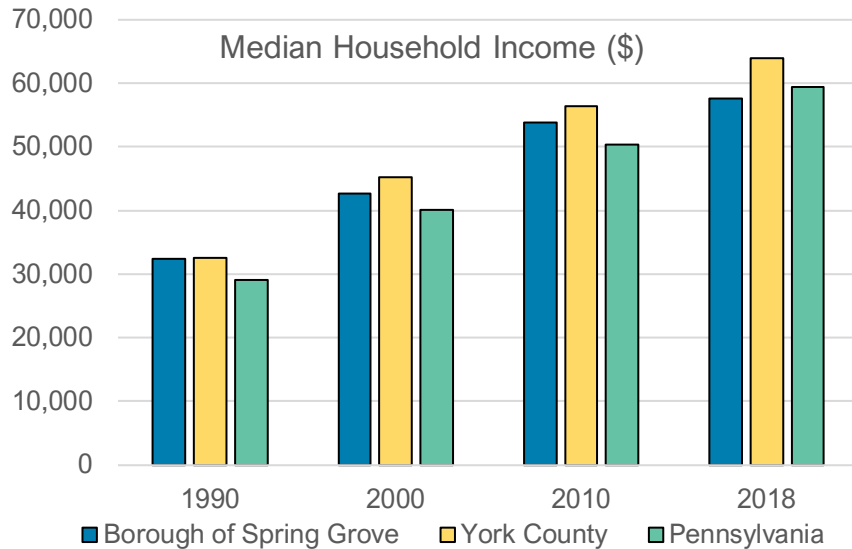
Parcels by Structure Build Year Spring Grove, Pennsylvania



Data: York County Assessment Office
Records as of Jan 14 2021
Google Street View basemap

Demographics

Income, Wealth and Poverty

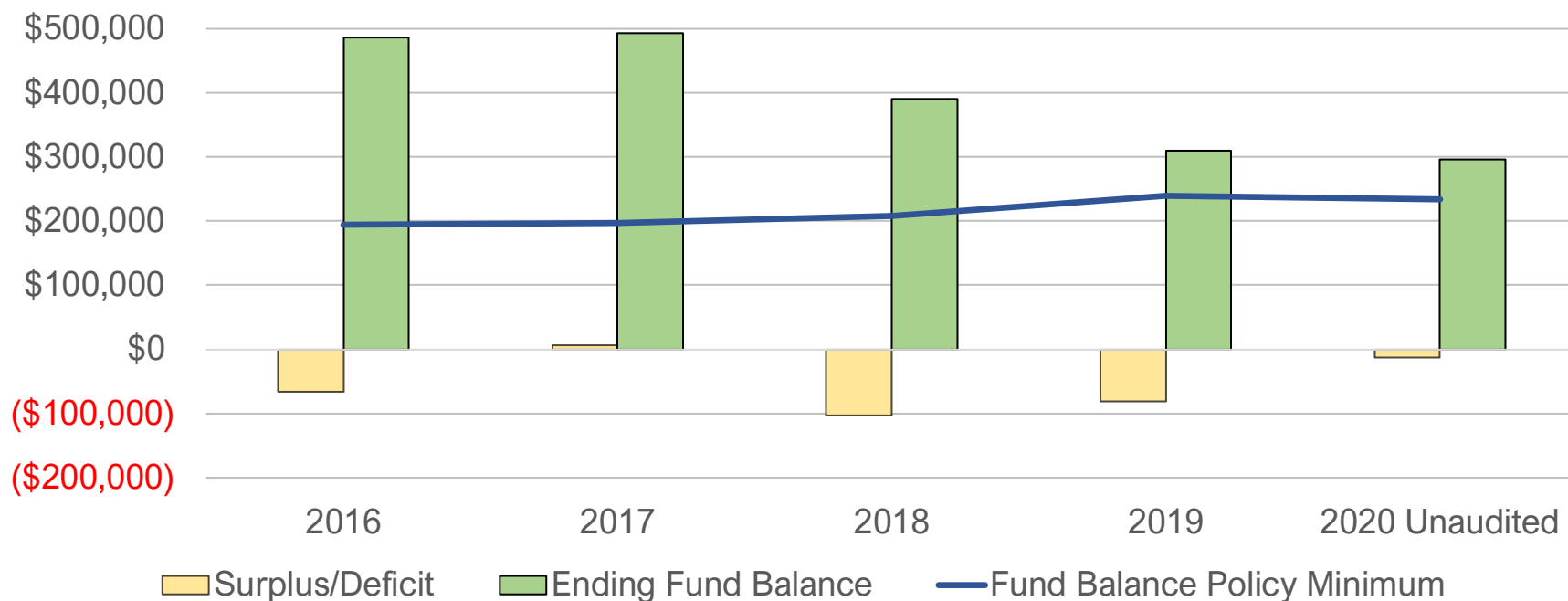


Demographic Findings and Tax Base Implications

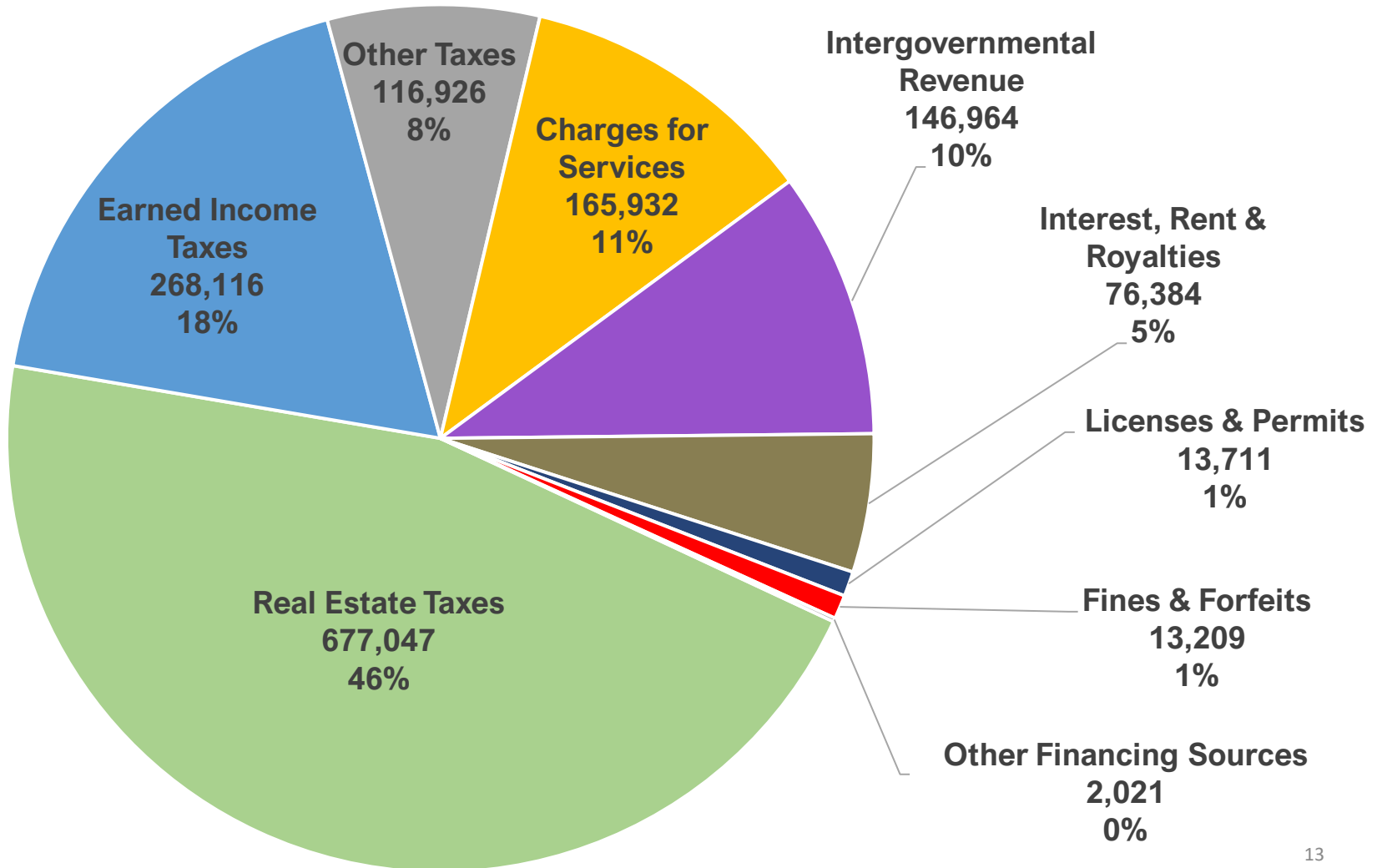
- Population may have peaked around 2010 after several decades of modest growth.
- Working-age population estimated to have declined slightly since 2010.
- Transition from in-migration to out-migration since 2000.
- Low housing vacancy rates.
- Wealth indicators consistent with region and state averages.
- Indicators collectively point towards a relatively stable but static tax base with small growth potential remaining in northern subdivision.

Historical Financial Summary

	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Unaudited	Change 2016-20	
						\$	%
Revenues	1,749,371	1,182,057	1,241,147	1,430,790	1,480,310	-269,061	-15.4
Expenditures	1,815,833	1,175,779	1,343,980	1,511,341	1,493,471	-322,362	-17.8
Surplus/(Deficit)	-66,462	6,278	-102,833	-80,551	-13,161		



Revenue Summary (2020)



Historical Tax Revenue

	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Unaudited	Change 2016-20 \$	%
Real Estate Taxes	550,965	562,413	571,682	665,018	677,047	126,082	22.9
Earned Income Taxes	268,628	270,251	276,201	283,061	268,116	-512	-0.2
Local Services Taxes	65,050	63,259	62,937	70,200	64,109	-941	-1.4
Real Estate Transfer Tax	19,462	44,916	41,205	80,030	52,817	33,355	171.4
Mechanical Device Tax	100	0	0	0	0	-100	-100.0
Total	904,204	940,839	952,024	1,098,308	1,062,089	157,885	17.5

- Real Estate Millage:
 - 2016 -2018: 4.75 mills | 2019-2020: 5.75 mills | 2021: 6.0 mills
- EIT: COVID-19 impact set revenue stream back to 2016 levels
- LST: dependent upon jobs in municipality. Pixelle major driver.
- Real Estate Transfer: 2017-2020 double the 2006-2015 average

Market vs Assessed Property Values

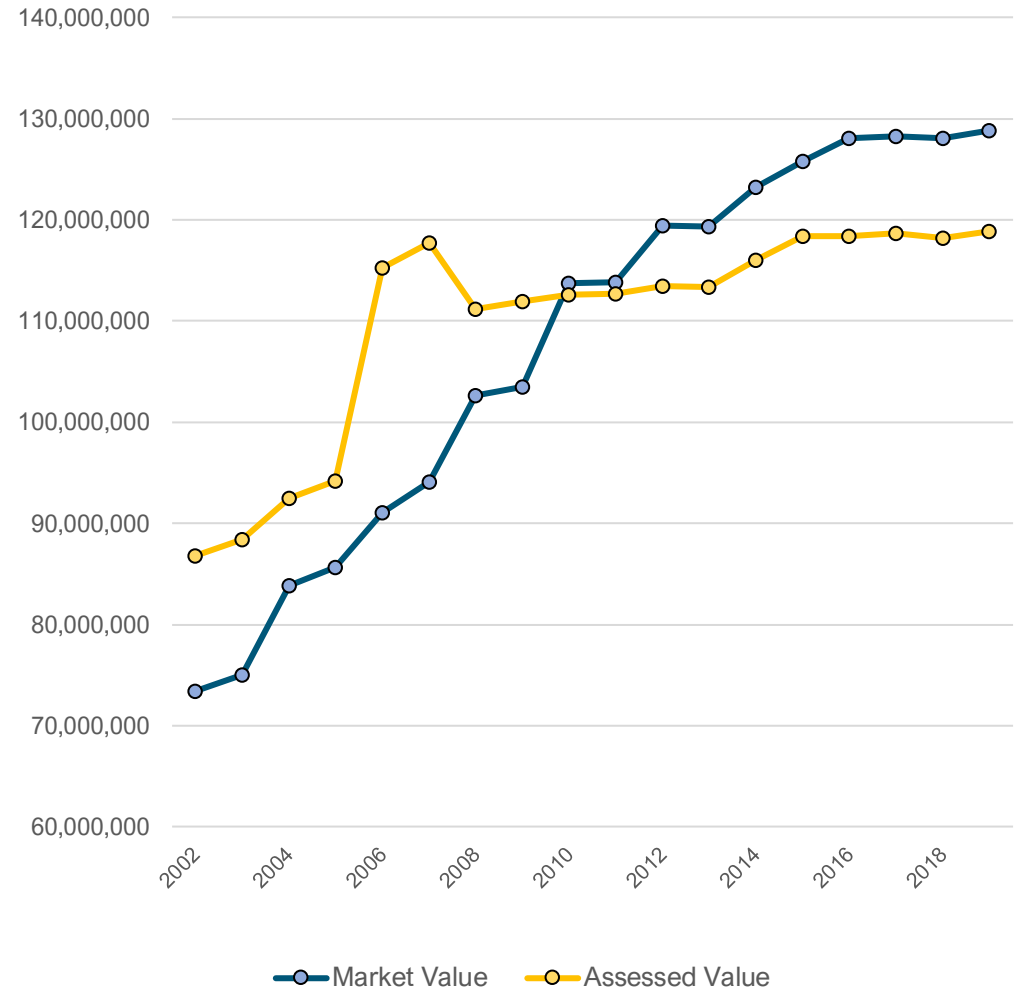
Last Reassessment effective 2006

Market Value

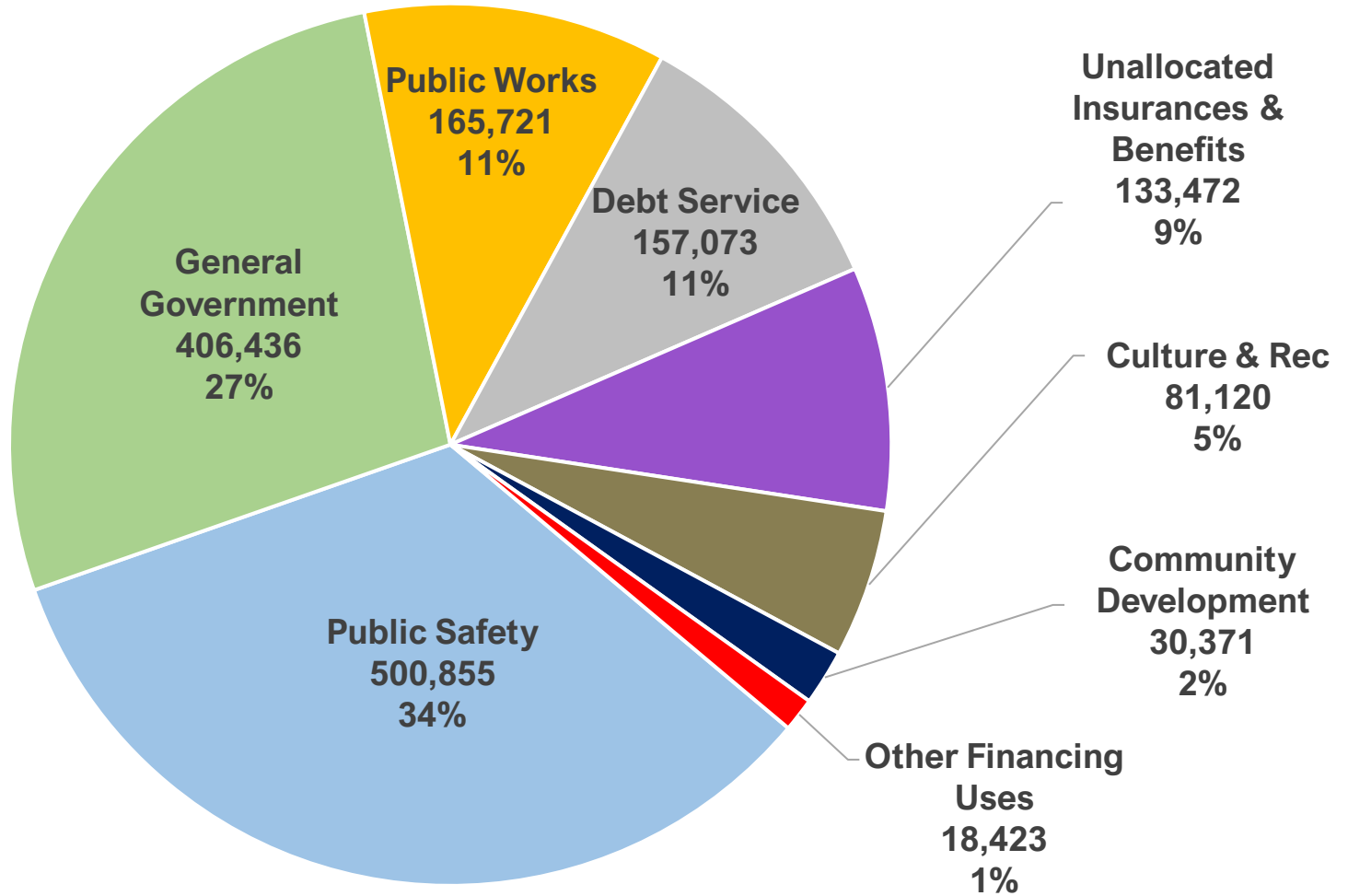
- 2006 – 2019: 41.5% growth

Assessed Value

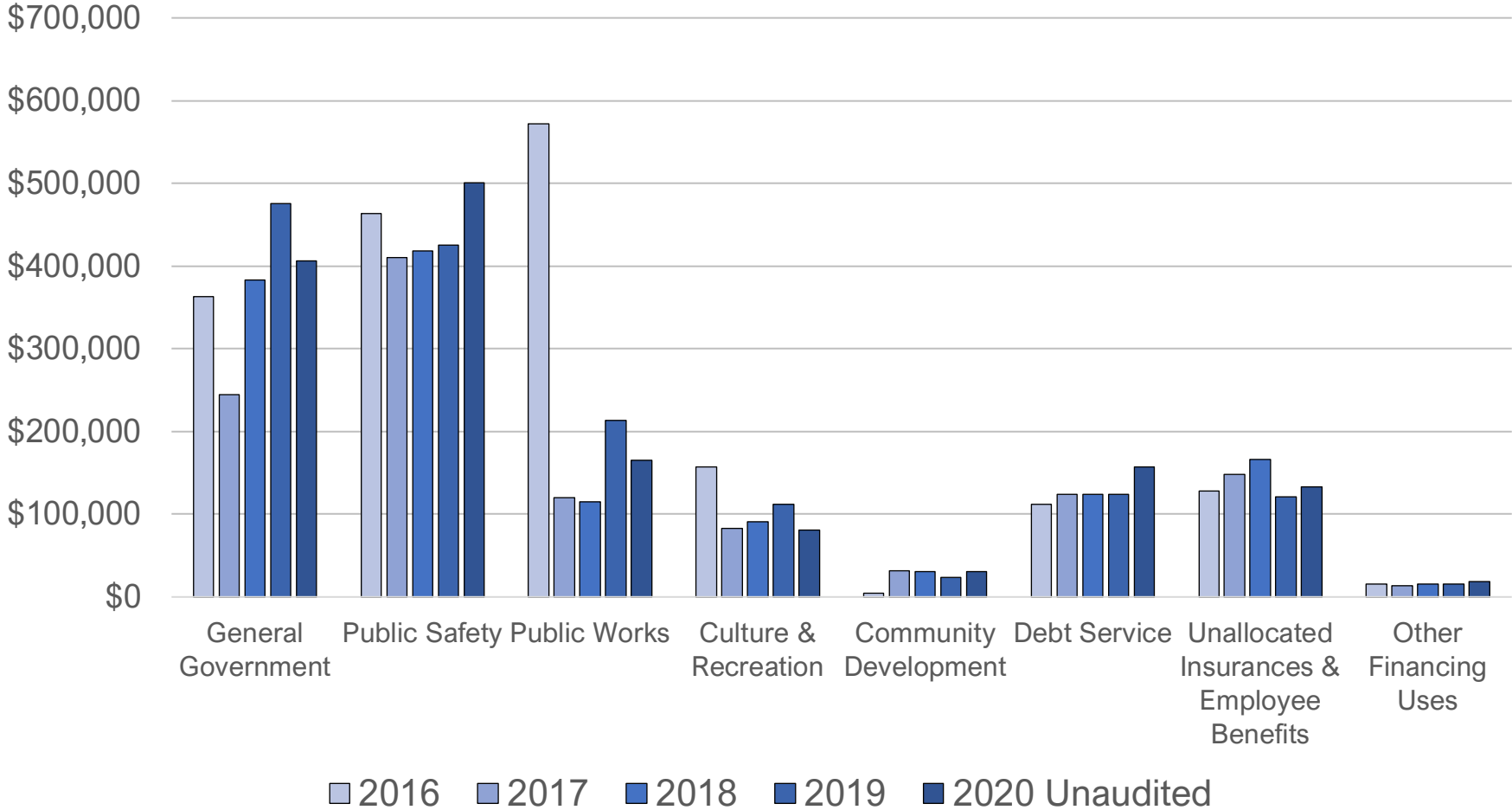
- 2006 – 2019: 3.1% growth
 - Large Glatfelter appeal (2008)
- Assessments 92.3% of estimated market value as of 2019 STEB.



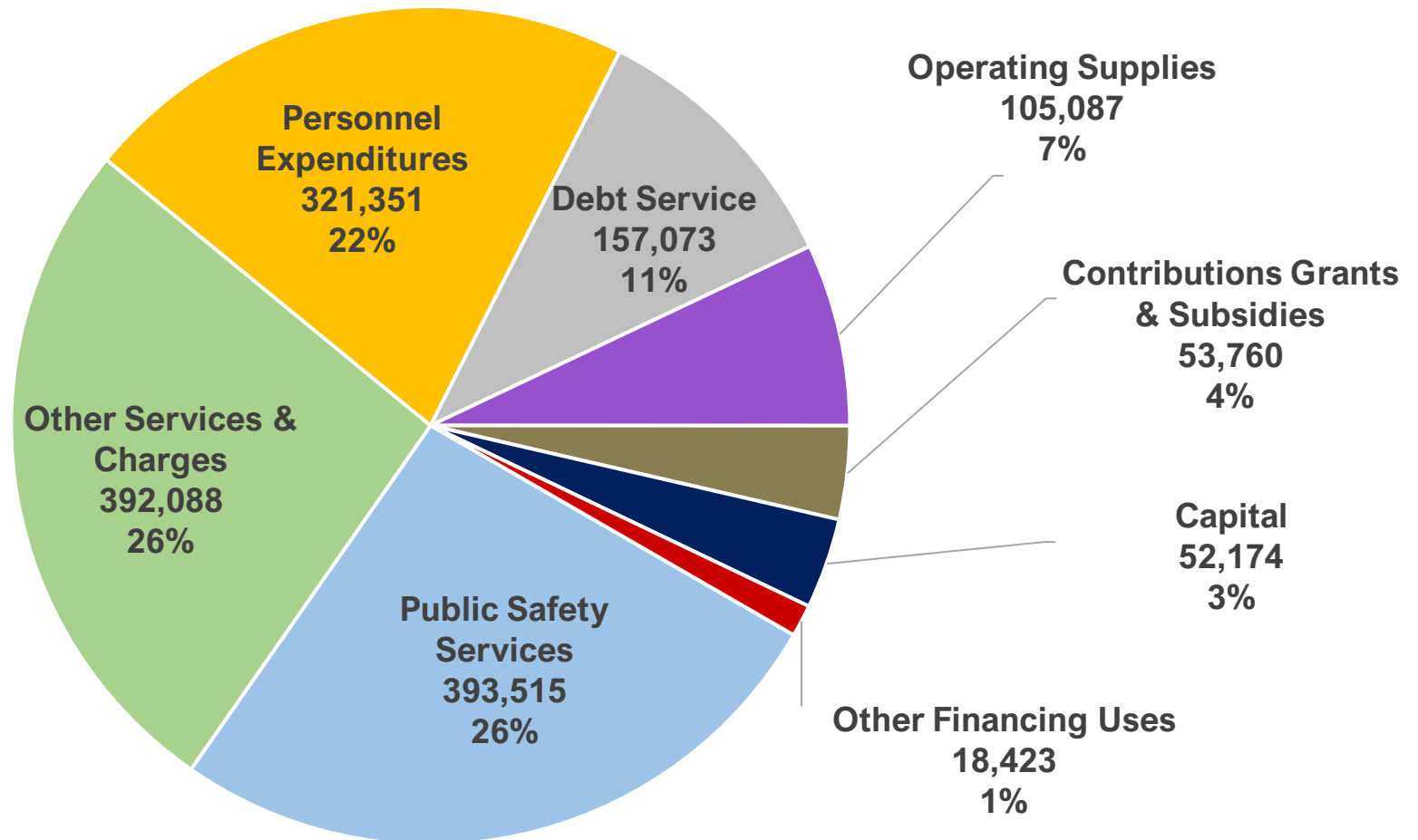
Expenditure Summary by Function (2020)



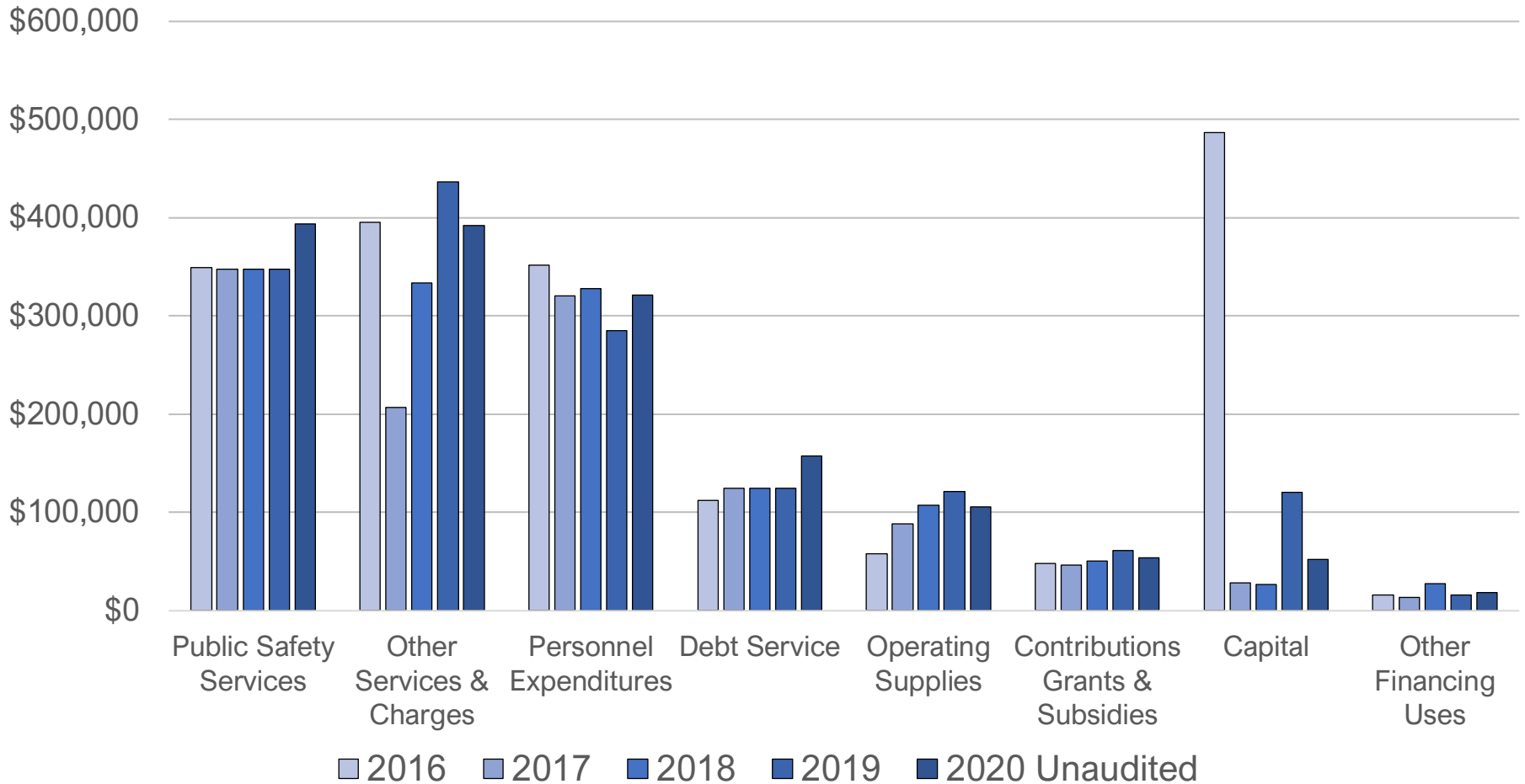
Historical Expenditures by Function



Expenditure Summary by Type (2020)



Historical Expenditures by Type



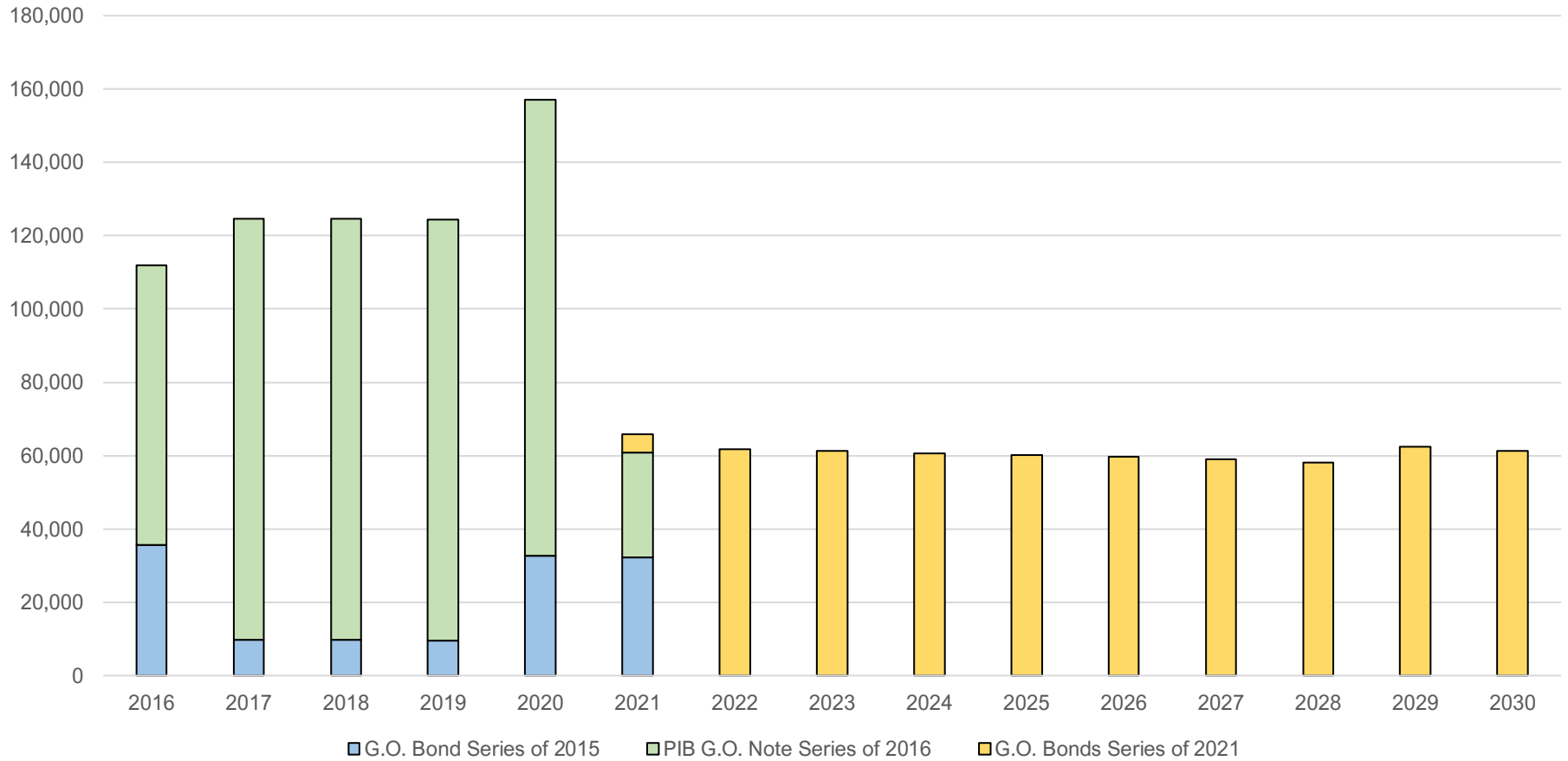
**BOROUGH OF SPRING GROVE
SUMMARY OF 2015 REFUNDING**

1

SERIES OF 2021			
	REFUNDING	NEW MONEY	TOTAL
Principal	\$7,830,000	\$505,000	\$8,335,000
Est. Settlement	February 17, 2021		
Structure	Upfront Savings	Level Debt Service	
Purpose	Refunds the Series of 2015 Bonds	New Money	
Net Savings (\$)	\$807,569	N/a	\$807,569
Net Savings (%)	10.49%	N/a	10.49%
Available for Projects	N/a	\$500,000	\$500,000

2	3	4	5	6
Fiscal Year Ending	Existing Debt Service	Debt Service Savings	New Money Debt Service	Net Debt Service
12/31/2021	797,212	309,557	5,062	492,718
12/31/2022	749,457	314,825	61,800	496,432
12/31/2023	749,599	72,825	61,250	738,024
12/31/2024	696,950	43,075	60,700	714,575
12/31/2025	695,950	42,475	60,150	713,625
12/31/2026	633,838	813	59,600	692,625
12/31/2027	632,338	4,613	59,050	686,775
12/31/2028	635,000	225	58,225	693,000
12/31/2029	631,663	63	62,400	694,000
12/31/2030	633,050	2,450	61,200	691,800
12/31/2031	632,750	3,350		629,400
12/31/2032	632,000	4,000		628,000
12/31/2033	635,400	4,000		631,400
12/31/2034	632,800	3,300		629,500
12/31/2035	634,400	2,000		632,400
TOTAL	10,022,406	\$807,569	\$549,437	\$9,764,274

General Fund Debt Service Schedule



Other Funds

Capital Reserve Fund

- Debt service ~\$11,000/yr through 2025.
- Only one purchase (replacement of 2006 Ford F350 truck) on schedule between 2021-2023.

Sewer Fund

- Four rate increases since 2016 to fund improvements.
- Upfront debt service savings from 2021 refinance.

Stormwater Fund

- Successful implementation of stormwater fee to fund state/federal Chesapeake Bay mandates.
- Benefitted from 2019 DEP and NFWF grants.

Sanitation Fund

- Switch to once-weekly pickup, relieving pressure on rates.

Historical Review Summary

- Capital improvements = investment in community.
- However, increase in rates (sewer) and imposition of new fee (stormwater) required to finance these improvements.
- Stormwater fees to fund system maintenance relieves pressure on taxes to fund environmental mandates.
- Personnel costs kept in check.
 - Favorable recent healthcare trends.
 - Relatively well-funded pension.
 - Appropriate allocation of staff costs across funds.
- Leveraged staffing capacity and competencies into revenues to partially offset costs (JCJSA, street sweeping and leaf collection services, etc.)
- Limited revenue growth and paper mill's long term plans main long-term concerns.

2021-2025 Projection Assumptions

Revenue Assumptions

- 2021 Budget used as baseline.
- Tax rate and fee structure remains at 2021 levels.

Tax Revenue

- No anticipated growth in assessed values.
- EIT flat 2020 - 2021; ~ 1.5% annual growth thereafter.
- No LST growth.

Non-Tax Revenue

- State aid: 1.5% annual growth after 2021.
- Intermunicipal / JCJSA fees: 2.0% growth
- Other revenues held constant.

2021-2025 Projection Assumptions

Expenditure Assumptions

Personnel

- Employee count remains at 2021 budget level
- Salary & Wages increase 2.5% annually
- Health Insurance: 5.4% annual growth per CMS projections

General Fund Debt Service

2021

- Final PIB loan payments
- Budgeted 2015 Bond Series payments
- 2021 Bond Series “new money” interest payment

2022-2025

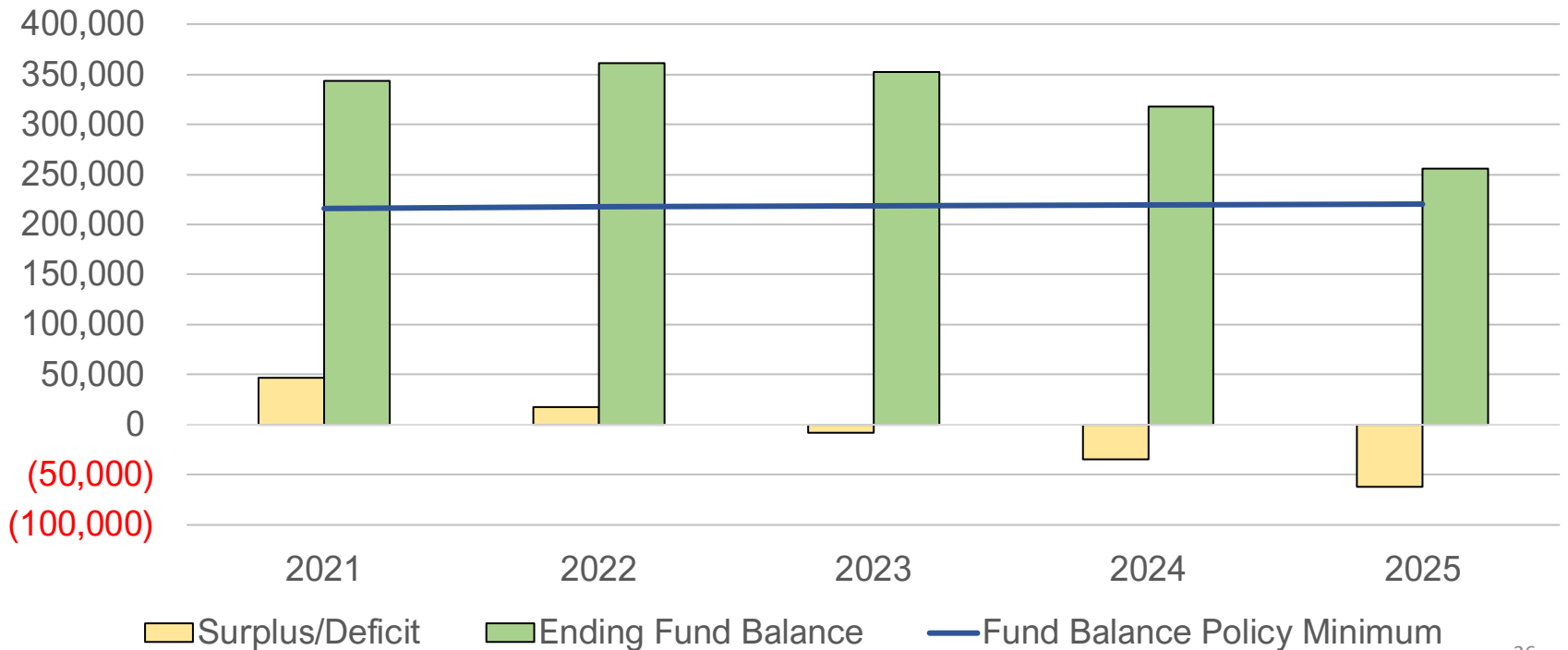
- Based on “new money” portion of 2021 Bond Series debt schedule

Other Expenditures

- Supplies and services: 2.1 – 2.2% annual growth per Philadelphia Federal Reserve Survey of Professional Forecasters

Projection Summary

	2021	2022	2023	2024	2025	Change 2021-2025	
	Estimated	Projected	Projected	Projected	Projected	\$	%
Revenues	1,973,141	1,304,571	1,309,167	1,313,827	1,318,552	-654,588	-33.2
Expenditures	1,926,049	1,287,071	1,317,376	1,348,601	1,380,778	-545,272	-28.3
Surplus/(Deficit)	47,091	17,500	-8,209	-34,774	-62,225		



Projection Summary: One-Time Revenue/Expenditure

	2021	2022	2023	2024	2025	Change 2021-2025	
	Estimated	Projected	Projected	Projected	Projected	\$	%
Revenues	1,973,141	1,304,571	1,309,167	1,313,827	1,318,552	-654,588	-33.2
<i>Less: Proceeds from Debt</i>	500,000	0	0	0	0	-500,000	-100.0
<i>Less: Grants</i>	177,653	0	0	0	0	-177,653	-100.0
Net Revenues	1,295,488	1,304,571	1,309,167	1,313,827	1,318,552	23,065	1.8
Expenditures	1,926,049	1,287,071	1,317,376	1,348,601	1,380,778	-545,272	-28.3
<i>Less: Capital Construction</i>	615,000	0	0	0	0	-615,000	-100.0
<i>Less: Grant-Funded Activities</i>	45,306	0	0	0	0	-45,306	-100.0
Net Expenditures	1,265,743	1,287,071	1,317,376	1,348,601	1,380,778	115,034	9.1

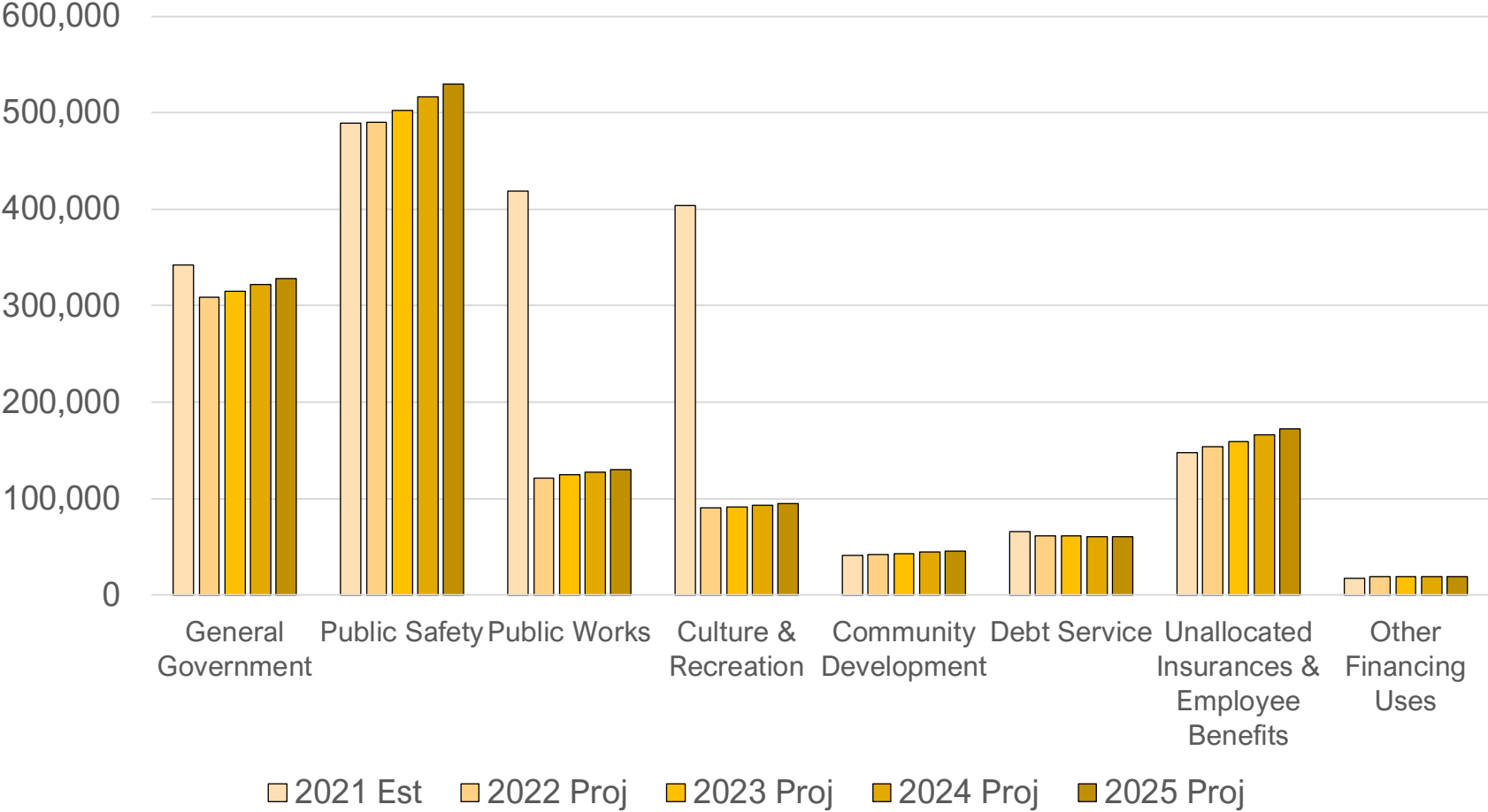
Projected Revenues

	2021	2022	2023	2024	2025	Change 2021-2025	
	Estimated	Projected	Projected	Projected	Projected	\$	%
Real Estate Taxes	714,000	714,000	714,000	714,000	714,000	0	0.0
Earned Income Taxes	264,239	272,136	275,525	278,957	282,431	18,192	6.9
Local Services Taxes	61,545	61,545	61,545	61,545	61,545	0	0.0
Real Estate Transfer Tax	18,000	18,000	18,000	18,000	18,000	0	0.0
Total Tax Revenues	1,057,784	1,065,681	1,069,070	1,072,502	1,075,976	18,192	1.7
Licenses & Permits	11,000	11,110	11,221	11,333	11,447	447	4.1
Fines & Forfeits	12,850	12,850	12,850	12,850	12,850	0	0.0
Interest, Rent & Royalties	14,004	14,004	14,004	14,004	14,004	0	0.0
Inter-gov't Revenue	231,128	53,775	54,080	54,389	54,702	-176,426	-76.3
Charges for Services	144,375	145,151	145,943	146,750	147,573	3,198	2.2
Other Financing Sources	502,000	2,000	2,000	2,000	2,000	-500,000	-99.6
Grand Total	1,973,141	1,304,571	1,309,167	1,313,827	1,318,552	-654,588	-33.2

Projected Expenditures by Function

	2021	2022	2023	2024	2025	Change 2021-2025	
	Estimated	Projected	Projected	Projected	Projected	\$	%
General Government	341,888	308,449	314,958	321,613	328,416	-13,472	-3.9
Public Safety	489,504	490,007	502,881	516,136	529,785	40,281	8.2
Public Works	418,594	121,438	124,351	127,334	130,389	-288,205	-68.9
Culture & Recreation	403,541	90,032	91,554	93,109	94,697	-308,844	-76.5
Community Development	41,250	42,281	43,338	44,422	45,532	4,282	10.4
Debt Service	65,936	61,800	61,250	60,700	60,150	-5,786	-8.8
Unallocated Insurances & Employee Benefits	147,836	153,564	159,543	165,787	172,308	24,472	16.6
Other Financing Uses	17,500	19,500	19,500	19,500	19,500	2,000	11.4
Grand Total	1,926,049	1,287,071	1,317,376	1,348,601	1,380,778	-545,272	-28.3

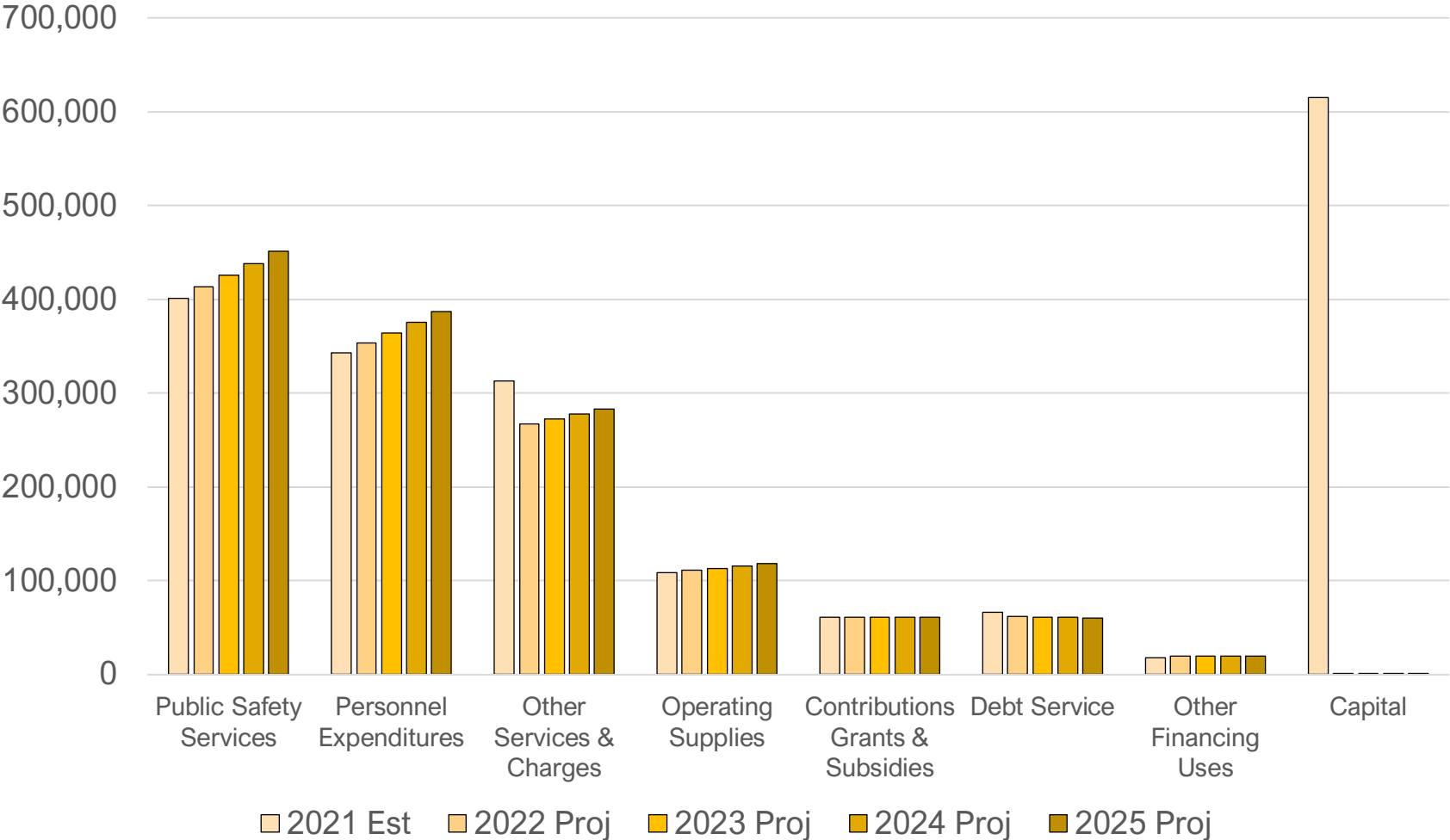
Projected Expenditures by Function



Projected Expenditures by Type

	2021	2022	2023	2024	2025	Change 2021-2025	
	Estimated	Projected	Projected	Projected	Projected	\$	%
Public Safety Services	401,000	413,030	425,421	438,184	451,329	50,329	12.6
Personnel Expenditures	343,125	353,583	364,412	375,628	387,247	44,122	12.9
Other Services & Charges	313,380	266,748	272,032	277,429	282,939	-30,441	-9.7
Operating Supplies	108,575	110,877	113,227	115,628	118,079	9,504	8.8
Contributions Grants & Subsidies	61,033	61,033	61,033	61,033	61,033	0	0.0
Debt Service	65,936	61,800	61,250	60,700	60,150	-5,786	-8.8
Other Financing Uses	17,500	19,500	19,500	19,500	19,500	2,000	11.4
Capital	615,500	500	500	500	500	-615,000	-99.9
Grand Total	1,926,049	1,287,071	1,317,376	1,348,601	1,380,778	-545,272	-28.3

Projected Expenditures by Type



Projection Findings

- Conservative 2021 budget provides solid foundation for financial trajectory.
- However, low tax growth will put pressure on ability to fund current service levels long-term.
- Currently project fund balance to decline slightly by end of projection period (2025), nearing policy minimum.
- Services costs (police, engineering, legal, auditing, etc.) constitute a projected 53 percent of expenditures in 2025. Personnel expenditures, by contrast, will only make up 28 percent.
- Thus, Spring Grove has slightly more flexibility in its future budgets than the average PA borough, but still has service-level pressures long-term.
- Merger of York Area and Northeast Regional Police Departments may provide short-term cost relief from what is assumed in baseline projections.

Management Audit

- Interviewed
 - Borough mayor.
 - Council president / General Government Committee chair.
 - Council vice president / Personnel Committee chair.
 - Council President Pro Tempore / Health and Sanitation Committee chair.
 - Council Persons and Property Committee chair.
- Interviewed borough manager, director of community development, public works staff, and wastewater treatment plant operator.
- interviewed SGRPRC executive director and YARPD chief.
- Reviewed policies, plans and ordinances, intergovernmental agreements, and employee benefits.

Assets

- Pixelle Specialty Solutions
- Proximity to other large employers
- Quality of life
- Well managed; efficient services
- Director of Community Development
- Diverse housing stock
- Main Street Project
- Hanover Trolley Trail
- Potential Codorus Creek Connector Greenway
- Congressionally-designated Susquehanna National Heritage Area
- Other – school district, recreation, nearby shopping, proximity to Hanover and York, middle income community

Constraints

- Small and compact
- Landlocked; almost built out
- Outdated comprehensive plan and land use ordinances
- Maintaining reserve
- Maintaining emergency repair fund balances for the stormwater and sewer
- One company town; sale of company
- Main Street less of business district; shop more in York and Hanover
- Inadequate parking in area with row houses

Immediate Recommendations

- \$ Prepare for use of American Rescue Plan funds.
 - \$ Track lost revenue from COVID-19.
 - \$ Consult Pennsylvania State Association of Boroughs website.
- \$ Prioritize planning, and community and economic development efforts.
- \$ Review and update all license, permit and related fees.
- \$ Conduct a stormwater fee study update.
 - Replace the existing SCADA system and consider additional IT upgrades at the wastewater treatment plant.
 - Formalize services for JCJSA with intergovernmental cooperation agreement.
 - Supplement Personnel Policy and Procedures Manual.



Planning and Economic Development

- Update/prepare comprehensive plan.
- Prepare strategic plan for economic development.
- Perform parking analysis and Complete Streets evaluation.
- Update land use ordinances.
- Consider Keystone Communities Program.

Short-Term Recommendations

- Develop and maintain comprehensive multiyear capital improvement program and asset inventory.
- Consider drafting and adopting an accounting policies and procedures manual.
- Consider drafting continuity of operations plan.
- Consider drafting health and safety manual.
- Consider drafting a public works policy and procedures manual.
- Consider drafting appropriate wastewater-related plans.
- Encourage SGRPRC to consider developing parks and recreation plan.

Long-Term Recommendations

\$ Government Structure

- Consider Home Rule
- Consider other method to reduce council size
- Reevaluate and negotiate agreement for police services.
- Continue to periodically reevaluate employee health insurance coverage.
- Provide ongoing training for employees.
- Provide training for newly elected officials.
- Continue evaluation of flow meters and/or budget for additional sewer televising

Next Steps and Questions



Finalize draft STMP report



Recommendations indicate timeline and implementation responsibility



Work with DCED representative on STMP Phase II funding



Questions?