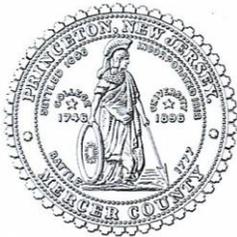


SUMMARY REPORT

Borough of Princeton and Township of Princeton
Joint Consolidation / Shared Services Study Commission

July 2011



Princeton Consolidation and Shared Services Study Commission
c/o Princeton Township Clerk
400 Witherspoon Street
Princeton, NJ 08540
July, 2011

Dear Princeton Community Member,

In 2009 the Borough and Township's governing bodies initiated a process to explore the potential benefits of consolidating into a single municipality and, short of full consolidation, further sharing services in police and public works. A Commission of Borough and Township representatives was formed to examine the issue in depth. Following nearly a year of intensive study, and working closely with our consultant CGR, the Commission adopted the following resolution on May 25, 2011 by a 9-1 vote:

The Princeton Joint Consolidation / Shared Services Study Commission recommends that the Borough of Princeton and Township of Princeton be consolidated into a single municipality to be known as Princeton, and governed under the Borough form of government, with a separately elected Mayor and six (6) member Council to be elected at large with partisan elections and staggered terms of office.

The recommendations by the Commission set forth consolidation across all municipal departments. At full implementation, we expect that these consolidations will produce efficiencies totaling approximately \$3.1 million per year. If the Princetons had been consolidated in 2011 the direct tax impact of consolidation would have resulted in annual savings of \$201 for the average Borough property, and \$240 for the average Township property.

On July 25, 2011, the Borough and Township's governing bodies met jointly to review and accept the Commission's final report. Both governing bodies approved the Commission's recommendation and the proposal to consolidate will appear on the ballot on November 8, 2011.

Attached to this letter is a *summary* of the plan produced by the Commission – it includes an overview detailing our recommendation to consolidate; our specific plan to generate efficiencies and cost reductions through consolidation; and the projected tax impacts of merger. In addition to this summary, a significant amount of additional information is also available to the community through our study website at www.cgr.org/PRINCETON. In particular, we encourage you to review the following:

- ***Baseline Report***
Released in January 2011, this initial report documents all current municipal services and financial matters for the Borough and Township. The report served as the foundation for understanding “what exists” in both governments, and the baseline from which specific options were developed and analyzed.
- ***Options Report***
Released in May 2011, this report examines the impacts of a variety of alternatives for delivering municipal services to a consolidated Princeton. The report also contains the preliminary recommendations of the Commission.
- ***Commission Final Report***
Approved in June 2011, this three-part report details the Commission's recommendation to consolidate; identifies specific changes that would occur in each department; and offers the rationale and justification for each proposal.

- ***DCA Report: Fiscal Aspects of Consolidating Princeton Borough and Princeton Township***

Prepared by the State of New Jersey Department of Community Affairs, Division of Local Government Services, this report helps one to understand the financial issues involved in the consolidation process. The report complements and supplements the report prepared by CGR, the Commission's consultant.

All of the above reports are available on-line at www.cgr.org/PRINCETON or as hard copies in the Princeton Public Library and the offices of the Clerk in both the Borough and the Township.

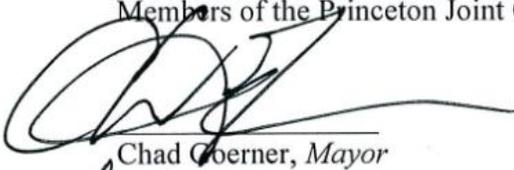
We encourage every member of the Princeton community to spend time with these documents. They serve an essential role in not only understanding the Commission's final recommendations, but in better understanding the community and municipal contexts in which the Commission made its recommendations.

Throughout this process, the Commission strove to gather and analyze information objectively and to develop a plan that we believe is in the best interest of Princeton's collective future. We are humbled by the trust the community has placed in us to develop this plan, and now ask for your thoughtful consideration of our recommendations.

We look forward to discussing this plan with the community throughout the months ahead with the goal that, come November, each voter's decision is fully informed.

Sincerely,

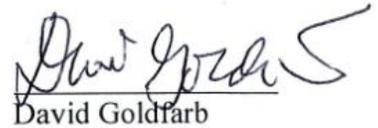
Members of the Princeton Joint Consolidation/Shared Services Study Commission



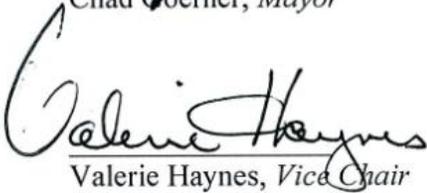
Chad Goerner, Mayor



Carol Golden



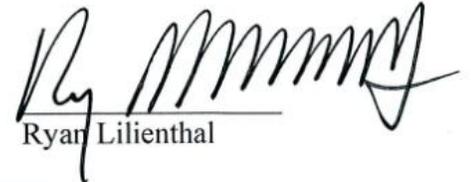
David Goldfarb



Valerie Haynes, Vice Chair



Anton Lahnston, Chair



Ryan Lilienthal



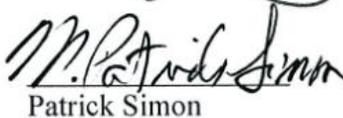
Eugene McCarthy, Ex Officio



William Metro



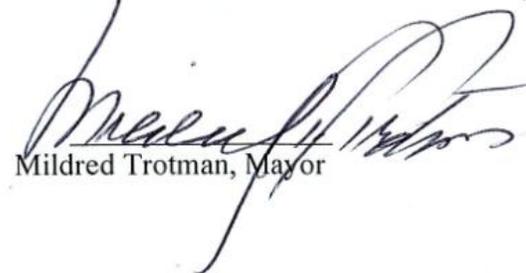
Bernie Miller



Patrick Simon



Alice Small



Mildred Trotman, Mayor

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- Report of Official Recommendations
- Summary of Residential Tax and Non-Tax Impacts from Consolidation

FOREWORD

Our Recommendation to Consolidate

The Joint Consolidation/Shared Services Study Commission was chartered to look objectively at the case for or against consolidation of Princeton Borough and Township or, in the alternative, shared police and public works services. Throughout the process, the Commission had the able assistance of the Center for Governmental Research (CGR), the professional staff of both municipalities, and the Division of Local Government Services of the New Jersey Department of Community Affairs (DCA). The first step in the process was preparation of a Baseline Report which describes the organization and costs of current municipal operations. Once we had the Baseline information, we considered various options for delivery of municipal services, either under a consolidated, or in the case of police and public works, a shared service model. The Options Report contains a detailed description of the alternatives we considered. This final report sets forth our Recommendations - it describes the options we recommend for each municipal function and explains why each option was chosen.

Our overall recommendation is that the two municipalities implement a full consolidation. With respect to public works, we found that consolidation would allow a merger of the public works responsibilities of the engineering offices, the two public works departments, the sewer operating committee and the park maintenance functions now assigned to the recreation department - there are genuine benefits both in cost savings and efficiencies in such a merger. As a shared service, however, it would not be possible to merge the engineering departments, and both recreation and the sewer operating committee are currently shared services operating under their own management structure and housed, respectively, in the Township and the Borough. We concluded that the savings that could be achieved are not sufficient to warrant the managerial reorganization necessary to implement a shared public works operation. With respect to police, however, the service and cost benefits attributable to the creation of a consolidated police department could continue to exist as a shared service. However, both police departments have highlighted the importance of establishing an effective governance structure from the onset to prevent the situation where the police chief is reporting to two masters. The police subcommittee has recommended that if consolidation is not approved, the two governing bodies explore the full legal and operational ramifications associated with the creation of a “Police Authority” as a potential shared service governance structure. Key considerations for such an authority would be that is financially fair to both municipalities and that it is able to meet reporting and policy guidance needs.

Throughout this entire process, the commission has held numerous neighborhood meetings and stakeholder meetings, as well as two formal focus groups, to learn citizens' opinions, concerns, hopes and goals. The information we gained through this process was invaluable. We would be remiss if we did not recognize the misgivings that some residents have shared with us when it comes to the question of consolidation. We have repeatedly heard the concern that the priorities of those now living in one municipality may be different than those living in the other; that a larger government with somewhat fewer representatives per capita may be more impersonal and less responsive to individual residents; that the disruption and cost of consolidation may outweigh any benefits, and that a larger community may not sufficiently value or give necessary

attention to the downtown. These concerns are deeply held and represent genuine issues. The commission has done its best to address these concerns to the extent possible in our recommendations. Given the opportunities we have at present, we believe that on balance, the gains to be derived from a consolidated government outweigh these potential concerns. We are confident that the articulate and engaged citizens of a consolidated Princeton will continue to hold a consolidated government accountable, and that we can have a municipal government that will be sensitive to the needs of individuals and neighborhoods as well as to the overall needs of the whole community.

We expect that voters will base their decision on consolidation on both the financial benefits outlined in this report and on the weight they apply to the qualitative benefits and concerns mentioned above. As a Commission we were sensitive to both. This report contains our detailed cost-saving recommendations. But we have also addressed qualitative concerns through specific recommendations. For example, we recommend that current Borough and Township ordinances be continued, as permitted by governing state law, and we recommend the creation of Advisory Planning Districts to allow residents of neighborhoods a formal mechanism to be heard on proposals affecting their part of town. Specific recommendations recognize the differing needs of different sectors of the community and propose mechanisms to deal with those differing needs. This is particularly evident in the police and public works recommendations, but is not exclusive to those recommendations.

Cost Control and Efficiencies

Specifically, the Commission recommendation will yield quantifiable savings totaling, at full implementation in approximately three years, recurring annual savings of \$3.2 million in 2011 dollars. In addition, we have identified many efficiencies that will improve services and, we believe, lead to additional dollar savings, though we cannot quantify them with the data available. To generate the estimated savings, we have scrutinized, analyzed and evaluated almost every aspect of the delivery of municipal services.

As we worked through this process, we heard two recurring comments from members of the public - "Why are we doing this again - hasn't it already been decided?" and "Consolidation is a no brainer - why didn't it happen years ago?" It is true that the issue of whether the Borough and the Township should consolidate has been studied and put to a vote three times in the past sixty years, and each time the question has been presented to the voters it has been rejected. Nevertheless, in 2009 the Borough and Township governing bodies jointly determined that this new study of the issue was needed and timely. In a joint application to the State the municipalities first noted the many existing shared services, and then went on to cite recent cuts in state aid and continuing imposition of unfunded state mandates as reasons why a new consideration of consolidation was warranted. In addition, after the last vote in 1996, the state made significant changes to the laws governing municipal consolidation, in part in response to specific concerns raised by members of the Princeton community at that time. Since that application was approved, the State has enacted a "hard" 2% cap on property tax increases, and municipal obligations for employee pensions and benefits have continued to increase. These events have occurred against the backdrop of a national economic slowdown of historic proportions, which has had an impact on many residents and businesses. In recent years, both

municipalities have struggled to keep the tax rate steady while maintaining services, and both have been forced to implement some service cuts.

A consolidated Princeton presents many opportunities to streamline and improve the delivery of municipal services we now enjoy. In the past, our communities have chosen shared services over full consolidation, and today we have thirteen shared services. Managing these shared services has been an important learning experience on the road to considering consolidation. We found that having one department serving two masters, while somewhat more cost effective than maintaining two separate departments, can often be difficult, time consuming and can generate its own inefficiencies.

In contrast, we find that consolidation offers three crucial benefits: (1) cost-control and savings; (2) enhanced services; and (3) more effective government. We have become convinced that unified decision making under one governing body and one administration will create a more effective and efficient management of staff which will enable delivery of services to the entire Princeton community without duplication and unnecessary costs. The benefits of having twelve governing body members, duplicate administrators, clerks, attorneys, police and public works departments no longer outweigh the gains available through consolidation.

Today, many, indeed most, community issues transcend the municipal borders defined in the 19th century. The present system for resolving these community-wide issues involves two separate governing bodies meeting on separate days in separate locations, and often the scheduling of special joint meetings of the two governing bodies. This protracted process results in a system that leaves many decisions “on hold” too long. Moreover, elected officials often feel constrained to seek a greater benefit for the perceived gain of their own municipality, obscuring the reality that a resolution will benefit both municipalities. The result has too often been unnecessarily divisive and has generated delay and cost. In some cases, this divided government has been unable to find a common ground, leaving acknowledged community needs unaddressed. An example of this is the need to create improved public works facilities, discussed elsewhere in this report.

Some residents cite the benefits of the checks and balances that two governing bodies provide. We note that the consolidated government will consist of six elected council members and a directly elected mayor who has the power to vote if the council is deadlocked. These elected officials will make policy that is implemented by a professional administrator and other staff working under the administrator's supervision. The form of government, by design, incorporates checks and balances. In addition, in recent years both municipalities have been advised by citizen volunteers, constituted as a Citizens' Finance Advisory Committee in the Township and a Citizen Finance Advisory Taskforce in the Borough. These residents have offered their considerable financial expertise as an additional set of eyes on budget matters and have rendered a valuable service to all taxpayers. We expect these groups to combine and continue in a consolidated community. Further, if consolidation is decided upon, currently unseen opportunities and challenges will present themselves.

Confronting challenges as one larger community with one government presents new opportunities. A larger, consolidated Princeton can have more leverage with other entities such as NJDOT or other state and county decision makers. A single government will also present the

opportunity for a better dialogue with institutions in the community whose changing needs have impacts beyond their boundaries. Fully integrating the planning and zoning of split neighborhoods such as Witherspoon Jackson will benefit the neighborhoods and the larger community; implementation of advisory planning districts, as permitted under the Local Option Municipal Consolidation Law and recommended by the Commission, will allow neighborhood input into decision making. At the same time, the uniqueness of individual neighborhoods can be retained, and even enhanced, in those neighborhoods now split by the municipal boundary.

Consolidation will provide an opportunity to enhance some services provided to the community. The combined Police Department will be able to reinstate a unit that is dedicated to traffic and safe neighborhood policing (both units have been eliminated in the Borough and reduced in the Township in recent years), thereby enhancing the policing that both communities will receive. There will be no confusion about which Police Department should respond to a call for help, and a resident from a border neighborhood will have his/her whole street completely plowed and paved by the same Department of Public Works. Those needing licenses or permits will not be confused about where to apply. Citizens seeking information about affordable housing will be able to go to one office to identify the options available to them. Emergency management services can be much better coordinated. Under the consolidation recommendation, solid waste removal will be extended to the Township, a service that Township residents currently have to contract for privately. Throughout, the Commission has made recommendations that are designed to prevent any further degradation of current services, and to enhance services wherever possible, while generating savings for the taxpayers.

A Sense of Community

The Commission's Community Engagement efforts have revealed that most residents of the Princetons consider themselves as living in Princeton...not Princeton Borough or Princeton Township. People from both the Borough and the Township value the density and vibrancy of the downtown and the parks and open spaces of the outer areas. Residents also cite the cultural opportunities provided by the University and other institutions, the excellent public schools, and the access to mass transit through the Northeast Corridor as reasons why Princetonians love their town. A look at the demographics of each town illuminates the strong similarities of the two municipalities. Both communities have high levels of educational achievement; both have high average incomes and high average housing values. There are slightly more individuals with income below the poverty level in the Township than in the Borough (7.9% vs. 6.1%), and slightly more non-white residents in the Borough than in the Township (28% vs. 24%). Residents of both municipalities express concern that some of the diversity the community formerly enjoyed is being lost due to the pressure of ever-increasing property values and taxes.

Currently, the system forces the two municipal governments to function independently in many ways where cooperation or a single government department would better serve the community. For example, a single governing body could negotiate more effectively with Princeton University on issues related to voluntary payments and land use. No longer would the university be able to engage in a 'divide and conquer' strategy and a combined municipality would command a larger budget base to challenge any perceived threats of losing voluntary payments, allowing it to negotiate from a position of strength. This would be equally applicable to other tax exempt institutions in town.

Issues of Identity and Control

Some residents have expressed a concern that in a consolidated Princeton they will lose their voice and representation in local government because 1) the voters in the former Township will vote as a block and thus outvote those in the former Borough due to the 2:1 voting population ratio; and 2) those votes will usually be to the detriment of the residents living within the boundaries of the former Borough. These residents believe that a government with more elected representatives per capita is more responsive to the specific concerns of individuals and neighborhoods, and this responsiveness will be lost in a consolidated Princeton. Those who raise this concern point to the fate of certain Borough or Township ordinances that take differing approaches to similar issues.¹ Under governing state law, existing Borough or Township ordinances may remain in effect within the boundaries of the former municipalities, subject to the requirement that the new governing body review them at least every five years to determine if changes are needed. But concern has also been raised about future ordinances which will govern the entire municipality, and whether any of these could be more favorable to one area of the community rather than another. Clearly there is no guarantee that this cannot become an issue, but we are confident that citizens of the consolidated Princeton will, as they do today, hold their elected officials accountable for the decisions they make. We believe that a somewhat larger community (22,000 full-time non-student residents in a combined Princeton) will still be small enough that elected officials will be responsive to voters regardless of where they live within the community.

Moreover, based on our engagement with the community over the past few months, we feel that these concerns rest on assumptions that do not accurately reflect the current attitudes of residents in either municipality. Universally, Princeton residents of both municipalities consistently cite the downtown as an important asset that is key to the character of Princeton, and all recognize that it must be preserved. Similarly, residents from throughout the town report that they use and enjoy the parks and open space in the community. These assets are cited by residents who reside in Borough neighborhoods or on the outskirts of the township as reasons why they have chosen to live in Princeton. The long history of cooperation through multiple shared services and our extensive discussions with residents throughout the community has demonstrated to us that residents of both Borough and Township share the same values and priorities.

The 1990's debate about whether a new library should be located in its current location downtown or at the Princeton Shopping Center is often mentioned as proof of the differing perspectives of Borough and Township voters. But many of those involved in this debate have told us that it did not separate voters solely along municipal lines. There were voters in the Borough who favored the Shopping Center location, and voters in the Township who favored keeping the library downtown. The unifying issue was accessibility – especially parking. By developing adequate parking adjacent to the Library, the concerns of all residents were ultimately addressed.

Consolidation will unite neighborhoods that are currently divided. One only has to look at the areas of the Township that border the Borough and resemble the Borough in terms of density and proximity to the downtown to recognize that these areas have many commonalities. Residents

¹ See Baseline Report, page 110, for an itemization.

living on the Township portions of streets such as Jefferson, Moore, Witherspoon, and others walk to the downtown and generally have many of the same priorities and concerns as their neighbors in the Borough.

While citizens of both municipalities prize the downtown, there are other important destinations as well. Many Borough children walk or bike to their elementary schools and to the middle school - all located in the Township; many Township students walk to the high school in the Borough. Residents of both communities walk and bike to the recreation facilities at Community Park, Grover Park and Marquand Park; or to the Princeton Shopping Center or the offices located in the Township Municipal Complex and the school administration building. Princeton is a walkable (and bikable) town for many of its residents, whether they live in the Borough or the Township.

Transition Issues

As with any merger, there are associated financial costs and in the staff time necessary to combine two entities into one. In certain cases, notably the police department merger, the Commission has recommended a phased implementation of the consolidated staffing model to allow this transition work to be accomplished without a disruption to this vital public safety service. Our study of municipal operations has convinced us that the long-term efficiencies and savings to be gained from consolidation outweigh the finite transition costs and the work necessary to complete a merger. As provided for by State law, the Commission has requested financial assistance from the State to defray transition costs, and we are assured of a prompt response to our request. We are cautiously optimistic that the State will assist with at least some of the monetary costs of a transition to one Princeton.

REPORT OF OFFICIAL RECOMMENDATIONS

The Commission issues this document as its final report and recommendations, in accordance with the requirements of New Jersey law governing the municipal consolidation process. The Commission makes the following primary recommendations:

1. The Borough of Princeton and Township of Princeton should be consolidated into a single municipality, to be called “Princeton.”
2. The referendum on consolidation should occur in November 2011.
3. If consolidation is approved by voters,
 - a. The consolidated municipality would be governed by the Borough form of government, with a directly elected mayor, six (6) member council elected at-large and partisan elections with staggered terms;
 - b. The election of new officers would occur in November 2012, with the installation of those officers occurring on January 1, 2013;
 - c. The consolidated municipality would assume responsibility for existing debt of both municipalities;
 - d. All real and personal property of Princeton Borough and Princeton Township would be transferred to the consolidated municipality;
 - e. The consolidated municipality would implement departmental and facility reorganizations as recommended herein, and by doing so, at full implementation intend to generate \$3.16 million in annual savings, as compared to the combined Borough and Township 2011 budgets;
 - f. A transition team would be appointed in January 2012 by the governing bodies to facilitate implementation of the recommendations contained herein;
 - g. The consolidated municipality would retain both the Township Municipal Building and Borough Hall, enabling the future governing body to make a decision regarding repurposing and/or resale, with the Township Municipal Building becoming the primary center of municipal government;
 - h. The consolidated municipality would retain boundary lines of the former Borough and Township to continue local ordinances that existed prior to consolidation, consistent with the provisions of NJSA 40A:65-26;
 - i. The consolidated municipality would extend municipal solid waste collection to cover its entirety; and
 - j. The governing bodies would, during the transition year, develop a framework for implementation of advisory planning districts in the consolidated municipality.
 - k. A.) Under New Jersey State law, the Princeton Regional School District would become a local district since it would be serving a single municipality, and the

Board of Education members would be elected at-large by the consolidated Community. The non-voting member from Cranbury Township would be unaffected. B.) The property tax apportionment formula used by the regional district changes to the formula used by a local school district. This means changing from using the state equalization ratio to the new total assessed property value. The apportionment of school taxes for an individual property owner may change as a result of no longer applying the equalization process currently used in the regional school district.

SAMPLE BALLOT QUESTION:

Shall the Borough of Princeton and Township of Princeton be consolidated into a single municipality to be known as Princeton, and governed under the Borough form of government, with a separately elected Mayor and six (6) member Council to be elected at large with partisan elections and staggered terms of office?

For consolidation Against consolidation

INTERPRETIVE STATEMENT:

A vote FOR CONSOLIDATION will join the Borough of Princeton and the Township of Princeton to create one new municipality. The consolidated Princeton will be governed by a Mayor and six (6) Council members. All financial, physical and other assets and liabilities of both current municipalities will be assumed by the newly consolidated municipality. The newly consolidated municipality will be responsible for providing all municipal services to the residents of Princeton. A vote AGAINST CONSOLIDATION will retain the current separate municipalities of Princeton Borough and Princeton Township.

SUMMARY OF RESIDENTIAL TAX AND NON-TAX IMPACTS FROM CONSOLIDATION

Note: The following report was prepared by the Commission's consultant, CGR (Center for Governmental Research Inc.).

Summary of Residential Tax and Non-Tax Impacts from Consolidation

Borough and Township of Princeton, NJ

June, 2011

1 South Washington Street
Suite 400
Rochester, NY 14614
585.325.6360

90 State Street
Suite 1436
Albany, NY 12207
518.432.9428

www.cgr.org



SUMMARY OF RESIDENTIAL TAX AND NON-TAX IMPACTS FROM CONSOLIDATION

Consolidation of the Borough and Township would impact property taxpayers in Princeton. There are two basic categories of impact:

- First, *direct property tax impacts* resulting from recommendations made by the Commission in its final consolidation plan.

At full implementation in approximately three years, the direct property tax impact of consolidation would result in annual savings of \$201 for the average Borough property, and \$240 for the average Township property.

- Second, *secondary impacts* – tax and non-tax – that indirectly result in part from the process of consolidating the Borough and Township into a single tax base. Among these are the distribution of the County tax, County open space tax, regional school tax and municipal open space tax, each of which would experience “equalization” impacts from bringing the two municipal tax bases into a uniform whole.

When the secondary impacts of consolidation are factored in, the average Borough property would see total savings (i.e. tax and non-tax) of \$591, while the average Township property would see total savings of \$416. This estimate is based on 2011 data and includes the impact of equalizing county and school taxes. The effect of equalization will change over time and cannot be predicted with reasonable certainty.

Note: The impacts presented in this summary are based on the *average valued property* in the Borough and Township. The actual impact on individual properties would differ based on whether the property is above or below the average value in either jurisdiction.

Longer-Term and Non-Tax Considerations

Although the following analysis looks explicitly at the financial impact of consolidation, it is important for the Commission to look at other potential long-term considerations beyond the immediate fiscal effects. A municipal consolidation could potentially offer additional budget flexibility; staffing/operational efficiencies (as detailed further in the Options Report); joint facility planning; cost avoidance; expansion of

improvement districts beyond the current municipal boundaries; and more. In sum, the financial impacts of consolidation are critical to evaluating its appropriateness, but these longer-term factors bear equal consideration.

Calculating the Financial Impact

Calculating the financial impact of consolidation is an iterative process based on current spending and tax levels and assumptions about future costs. It begins with a calculation of the “current state” in both municipalities, based on 2011 budget data and assessed valuations. Next, it builds in the impact of *direct property tax impacts* that result from recommendations made by the Commission in its final consolidation plan. Finally, it factors in a series of *secondary impacts*, both tax and non-tax in nature, that indirectly result from the consolidation of the Borough and Township into a single municipal tax base.

It is essential to note that the calculation of actual financial impacts resulting from consolidation is subject to a number of “moving parts,” and any variation – in municipal budget trends, county equalization ratios or other factors – could impact the end result. In the event consolidation is approved, the impact on taxpayers will also be subject to decisions made during the 2012 budget year in both the Borough and Township.

The following steps detail the calculation process.

Step 1: The Current State

At present, the average residential property owner in the Borough pays \$3,222 in municipal taxes, and the average residential property in the Township pays \$3,596. These figures are derived from two basic numbers: first, the 2011 property tax “levy” (*i.e.* the amount of money both governing bodies decide to generate through property taxes to fund their respective budgets), and second, the 2011 taxable assessed valuation (*i.e.* the assessed value of all taxable properties within each municipality). Dividing the levy into the assessed valuation determines a *tax rate*. In the Borough, the 2011 tax rate is 0.431 (per \$100 of assessed value); in the Township, it is 0.435. That rate is then applied to individual properties to determine the property tax bill for each.

Table 1: Current State	Borough	Township
Property Tax Levy	\$9,457,716	\$20,070,600
Taxable Assessed Value	\$2,196,649,214	\$4,617,801,381
Tax Rate	0.431	0.435
Average Property Value	\$747,665	\$826,636
Average Tax Bill (municipal tax only)	\$3,222	\$3,596

Step 2: Remove Borough Solid Waste Costs

One of the key service distinctions between the Borough and Township regards solid waste collection. In the Borough, residents pay for collection through their municipal taxes and the service is included in the municipal budget. By contrast, residents in the Township do not receive municipal collection nor pay for it in their taxes. In the event of a municipal consolidation, the Commission is recommending an extension of solid waste collection to the entirety of the merged community.

To account for this service cost accurately, we have to remove that portion of Borough taxes attributable to solid waste collection (totaling \$468,528) and spread the new total cost proportionally across all properties in the consolidated community. The following table shows the removal of the Borough costs; the addition of the new community-wide cost is addressed in a later step.

Table 2. Adjustment for Borough Solid Waste	Borough	Township
Remove Borough Solid Waste	(\$468,528)	-
Revised Borough Tax Levy	\$8,989,188	-
Revised Borough Tax Rate	0.409	-
Revised Borough Tax Bill	\$3,058	-
Net Reduction Attributable to Solid Waste	(\$164)	-

Step 3: Current Combined State, Minus Borough Solid Waste Costs

With the Borough's solid waste costs netted out, we can now show a combined current state that assumes merger of the Borough and Township without any changes attributable to consolidation. The following table combines the property tax levies of the two municipalities; combines their taxable assessed value; and derives a combined tax rate.

Table 3. Current State, Combined (Minus Solid Waste)	Combined
Combined Tax Levy	\$29,059,788
Combined Taxable Assessed Value	\$6,814,450,595
Subtotal: Revised Combined Tax Rate	0.427

Step 4: Direct Tax Impacts of Consolidation

As part of its study and plan, the Commission has recommended a series of changes to be implemented in the event of a municipal consolidation of the Borough and Township. Regarding recommendations that yield *direct impacts on the property tax levy*, there are two key items:

- First, the Commission has recommended changes that have potential savings associated with them (*i.e.* efficiency savings). Those savings are attributable to a variety of factors: the elimination of certain duplicate positions; the repurposing of certain duplicate high-level administrative positions into lower-paying support staff positions; the reduction of certain outsourced services; and certain other workforce consolidations due to efficiencies from consolidation. At full implementation in approximately three years, the total estimated value of these savings is \$3.1 million.
- Second, the Commission has recommended solid waste collection (currently provided as a municipal service only in the Borough) be extended townwide. The estimated full cost of providing townwide solid waste collection to the entire merged community is \$1.6 million. This estimate was generated based on data provided by the Borough’s current vendor.

Table 4a: Direct Tax Impacts of Consolidation	Combined
Starting Combined Tax Levy (from Table 3)	\$29,059,788
<i>Apply Efficiency Savings from Consolidation</i>	(\$3,161,000)
<i>Apply Cost of Townwide Solid Waste Collection</i>	\$1,648,528
Revised Combined Tax Levy	\$27,547,316
Subtotal: Revised Combined Tax Rate	0.405

Using the “Revised Combined Tax Rate” derived in Table 4a, we can determine the *direct impact of consolidation* on the average property tax payer in the former Borough and Township. Note that one additional adjustment is made regarding a slight shift in the distribution of the library tax. As shown in Table 4b, based *only* on the direct tax impacts of consolidation, at full implementation the direct impacts of consolidation would result in savings of \$201 for the average Borough property, and \$240 for the average Township property.

Table 4b: Direct Tax Impacts of Consolidation	Former Borough	Former Township
Average Tax Bill (Start)	\$3,222	\$3,596
Average Tax Bill (End)	\$3,028	\$3,348
<i>Adjustment: Distribution of Library Tax</i>	(\$7)	\$8
DIRECT MUNICIPAL TAX IMPACT OF CONSOLIDATION	(\$201)	(\$240)

Step 5: Secondary Impacts of Consolidation

Beyond the direct impacts of consolidation discussed in Step 4, there are a series of secondary impacts – both tax *and* non-tax in nature – that indirectly result in part from the process of consolidating the Borough and

Township into a single, uniform municipal tax base. Among these are the distribution of the County tax, County open space tax and regional school tax, municipal tax and municipal open space tax, each of which would experience “equalization” impacts from bringing the two municipal tax bases into a uniform whole. The adjustment on municipal open space tax recognizes that the Borough and Township currently have different rates (0.010 and 0.020, respectively), with the Commission recommending a “revenue neutral” rate (0.017) for the consolidated municipality. In addition to the equalization impacts, Township taxpayers would also realize a non-tax savings on their private vendor solid waste costs, since those costs would now be allocated through the municipal budget.

Table 5: Secondary Impacts/Adjustments of Consolidation	Former Borough	Former Township
<i>Subcategory 1 (Equalization Impacts)</i>		
Adjustment: Distribution of County Tax	(\$157)	\$99
Adjustment: Distribution of County Open Space Tax	(\$8)	\$8
Adjustment: Distribution of Regional School Tax	(\$277)	\$141
<i>Subcategory 2 (Municipal Open Space)</i>		
Adjustment: Distribution of Municipal Open Space Tax	\$52	(\$24)
<i>Subcategory 3 (Solid Waste Savings)</i>		
Township Savings on Private Solid Waste (non-tax)	-	(\$400)
Subtotal	(\$390)	(\$176)

Step 6: Final Calculation – Direct and Indirect Impacts

When the final direct and indirect impacts of consolidation are accounted for, the full (*i.e.* tax and non-tax) impact on the average Borough property is a savings of \$591. On the average Township property, it is a savings of \$416.

Table 6: Final Calculation, Direct and Secondary Impacts	Former Borough	Former Township
Direct Impact (<i>i.e.</i> average municipal property tax savings)	(\$201)	(\$240)
Secondary Impact (<i>i.e.</i> all other adjustments)	(\$390)	(\$176)
Net Impact on Total Taxes and Costs	(\$591)	(\$416)

	Borough	Township
Current State		
Property Tax Levy	\$9,457,716	\$20,070,600
Taxable Assessed Value	\$2,196,649,214	\$4,617,801,381
Tax Rate	0.431	0.435
Average Property Value	\$747,665	\$826,636
Average Tax Bill (municipal tax only)	\$3,222	\$3,596
Adjustment for Borough Solid Waste		
Remove Borough Solid Waste	(\$468,528)	-
Revised Borough Tax Levy	\$8,989,188	-
Revised Borough Tax Rate	0.409	-
Revised Borough Tax Bill	\$3,058	-
Net Reduction Attributable to Solid Waste	(\$164)	-
Current State, Combined (Minus Borough Solid Waste)		
Combined Tax Levy	\$29,059,788	
Combined Taxable Assessed Value	\$6,814,450,595	
Subtotal: Revised Combined Tax Rate	0.427	
Direct Tax Impacts of Consolidation		
Combined Tax Levy	\$29,059,788	
<i>Apply Efficiency Savings from Consolidation</i>	(\$3,161,000)	
<i>Apply Cost of Townwide Solid Waste Collection</i>	\$1,648,528	
Revised Combined Tax Levy	\$27,547,316	
Subtotal: Revised Combined Tax Rate	0.405	
Average Tax Bill (Start)	\$3,222	\$3,596
Average Tax Bill (End)	\$3,028	\$3,348
<i>Adjustment: Distribution of Library Tax</i>	(\$7)	\$8
DIRECT MUNICIPAL TAX IMPACTS OF CONSOLIDATION	(\$201)	(\$240)
Secondary Impacts/Adjustments from Consolidation		
<i>Subcategory 1 (Equalization Impacts)</i>		
Adjustment: Distribution of County Tax	(\$157)	\$99
Adjustment: Distribution of County Open Space Tax	(\$8)	\$8
Adjustment: Distribution of Regional School Tax	(\$277)	\$141
<i>Subcategory 2 (Municipal Open Space)</i>		
Adjustment: Distribution of Municipal Open Space Tax	\$52	(\$24)
<i>Subcategory 3 (Solid Waste Savings)</i>		
Adjustment: Township Savings on Private Solid Waste (non-tax)	-	(\$400)
Subtotal	(\$390)	(\$176)
Final Calculation, Direct and Secondary Impacts		
Direct Impact (<i>i.e.</i> average municipal property tax savings)	(\$201)	(\$240)
Secondary Impact (<i>i.e.</i> all other adjustments)	(\$390)	(\$176)
Net Impact on Total Taxes and Costs	(\$591)	(\$416)