

On behalf of Columbia Borough Council, I would like to acknowledge receipt of the petition that was signed by so many of you and the degree of public involvement invested. As you know, the signees request that the 2019 tax increase be rolled back to the previous rate of 6.6 mils and also request the repeal of the ordinance associated with the Columbia Borough business loan program. We have heard your voices on this issue. The budget that was approved was the result of much soul-searching on Council's part. During the four public budget meetings held from September through December and in many other discussions we all looked at the budget, literally line by line. It hurts to cut funding for programs that we know are important to our community. It hurts to eliminate managers' cost of living increases. We have heard what you have said and are not insensitive to the effect a higher millage rate has on us all. We went through this process in an effort to keep the increase as low as possible. As a council, we feel that we have acted responsibly and in the Borough's best interest. The 2019 budget and millage increase will remain as approved by Council and as affirmed by the Mayor.

There has been much public and private discussion about whether or not increases should have come incrementally over the years. The past 10 or so years, since the 2008 recession, have been tough on the national economy and especially hard on our local economy. Jobs have been lost and home values have declined. School taxes have substantially increased. Being sensitive to these realities, Borough officials have kept the millage rate stable. As the saying goes, "Hindsight is 20/20 vision." Whether that was a good decision or not, now the fan has been hit and we have responded.

It is important to understand how Borough funds are allocated. There are two separate "accounts" and the monies in the two accounts may NOT be commingled. First, there is the General Fund, where residents' tax dollars are deposited. This fund is used to cover day-to-day operating costs of the Borough, including building and equipment maintenance and salaries paid to our managers and our union work force, both Borough

and Police Department employees. The tax increase will provide sustainability for the General Fund. The second fund is the Capital Fund, which covers, among other things, new equipment purchases, equipment upgrades, repairs to public property and facilities, and road repair and repaving projects. These items are funded by monies generated from the borough's bond issue and from invested proceeds of the sewer system sale, not directly from taxes. Consequently, the Capital Fund balance depends on proceeds from investments. Monies from the Capital Fund also pay for funding support of various community development initiatives, revitalization efforts and the establishment of a vital parks and recreation program. Due to wise investments and management, the Capital Fund is healthy and sustainable.

So, here we are today. As I have said and as we all know, even though the economy has been stable over the past several years, costs have continued to rise. Even through a hard economy, we still have to negotiate labor costs and have had to fill much needed employee positions. Costs of natural gas, electric, water, fuel, insurances, pensions have all increased. It is now necessary to adjust our tax rate to ensure that our obligations continue to be fully covered by taxes received. Think General Fund. There is a cost of doing business, but there is also a cost of not doing business. We have added personnel to our codes department and there is a larger police presence in the Borough. These are areas that are visible improvements to our community. The cost of doing business.

When Council voted to establish the Business Loan Program in 2017, it was done with the approval of our bond counsel. The idea was that it could be set up to use funds from the bond issue to help attract business to Columbia. The program was established with a total loan commitment of \$1.5 million. There are many conditions and terms which a borrower must meet under the guidelines of the program we established. The program is administered by Community First Fund (CFF), a professional organization based in

Lancaster who handles these types of programs. Applications for use of the fund were not received until 2018, almost a year after the fund was established, and to date only \$300,000 total has been allocated to CFF for administering fund loans. Thus far, one loan has been approved and applied, for the restoration project at Hinkle's restaurant.

For many years Columbia Borough has applied for and received grants and other funding for Borough projects from funds provided by State, County and Federal programs. In our discussions with them, our state, local, and county legislators have reminded us of this and while still very supportive of our programs, the time has come for Columbia to assume some responsibility for funding projects that benefit Columbia, to have some local skin in the game. Due to the relative liquidity resulting from the bond issue and income from the sale of the sewer system (think Capital Fund) we are in a strong position to leverage those funds into successful grant requests. Again, the cost of doing business.

It is a fact that several programs such as Local Economic Revitalization Tax Assistance (LERTA) and Keystone Opportunity Zone (KOZ) already exist to provide support for businesses to come to Columbia. The reality is that a business owner can choose to open shop anywhere. We want to make Columbia an attractive stopping point. Projects such as a hotel, a parking facility, potential expansion of the River Park, as well as improvements to our roads, infrastructure and downtown streetscape can be viewed as an incentive. Why is all this important? One very good reason is that when we attract businesses and their tax dollars to Columbia the tax burden on residents is, over time, stabilized. While the loan program does come with some risk, the idea is to identify strong projects and developers/investors up front with the intent of receiving back in full (with interest attached) the amounts loaned.

Another reality is that Columbia Borough is land locked with no possible expansion of its borders. Therefore, the main source of income for our General Fund operating costs is through taxation of its residents and businesses. Programs such as the CHIHL home

improvement/purchase program have been initiated to encourage residents to consider fixing up their home, or encourage a renter to stay in the Borough and purchase a home here, at advantageous interest rates. The business loan program will encourage new development of and/or improvements to established businesses within the borough and consequently help alleviate tax burden on residents. The outcome will, over time, vastly improve our existing tax base by bringing new businesses to town, enabling established businesses to consider site upgrades and new job creation. The bottom line is that the more residents and businesses paying taxes, the lighter the tax burden is for everyone. We can't create more land but we can offer support to residents to improve their homes, we can support business owners that are here and those who are looking for a place to set up shop. And, we can especially support visitors who want to come to Columbia to spend their dollars!

I would like to point out that from 2007 to 2008, the first year I took office as a councilor, we were given a budget that at that time from a previous council that increased the tax millage rate from 6.26 mils to 7.75 mils, so while not popular or perhaps not in our best interests, this type of increase is not unique and has happened in the past. Again, I would like to thank you for your strong involvement in this issue. It is not a popular decision and it was a difficult one to come to. Frankly, it isn't pleasant to be the target of such ill will. However, we councilors and the Borough office doors are always open to those of you who have questions and would like an official answer or explanation. Thank you for your time.

Kelly Murphy,  
Columbia Borough Council President  
*On Behalf of All Council*