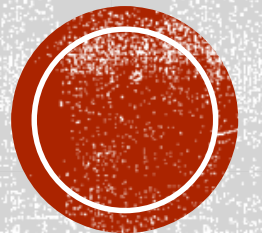


BOROUGH PROPERTY

50 NORTH EAST STREET

FEASIBILITY STUDY
FUNDING SCENARIOS



BACKGROUND

**PUBLIC MEETING HELD
MAY 7, 2018**

7 May 2018

**FEASIBILITY STUDY
INITIATED MAY 21, 2018**

21 May 2018

**STUDY PRESENTED TO
COUNCIL DURING
PUBLIC MEETING ON
SEPTEMBER 4, 2018**

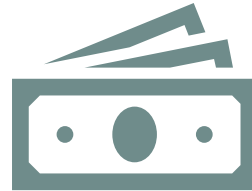
4 Sep. 2018



BACKGROUND



**BOROUGH IS CURRENTLY
RESPONSIBLE FOR ALL
BUILDING AND MAINTENANCE
COSTS**



**RENTAL INCOME MINIMALLY
COVERS EXPENSES - AND IS
NOT SUFFICIENT TO FUND
FUTURE MAINTENANCE COSTS**



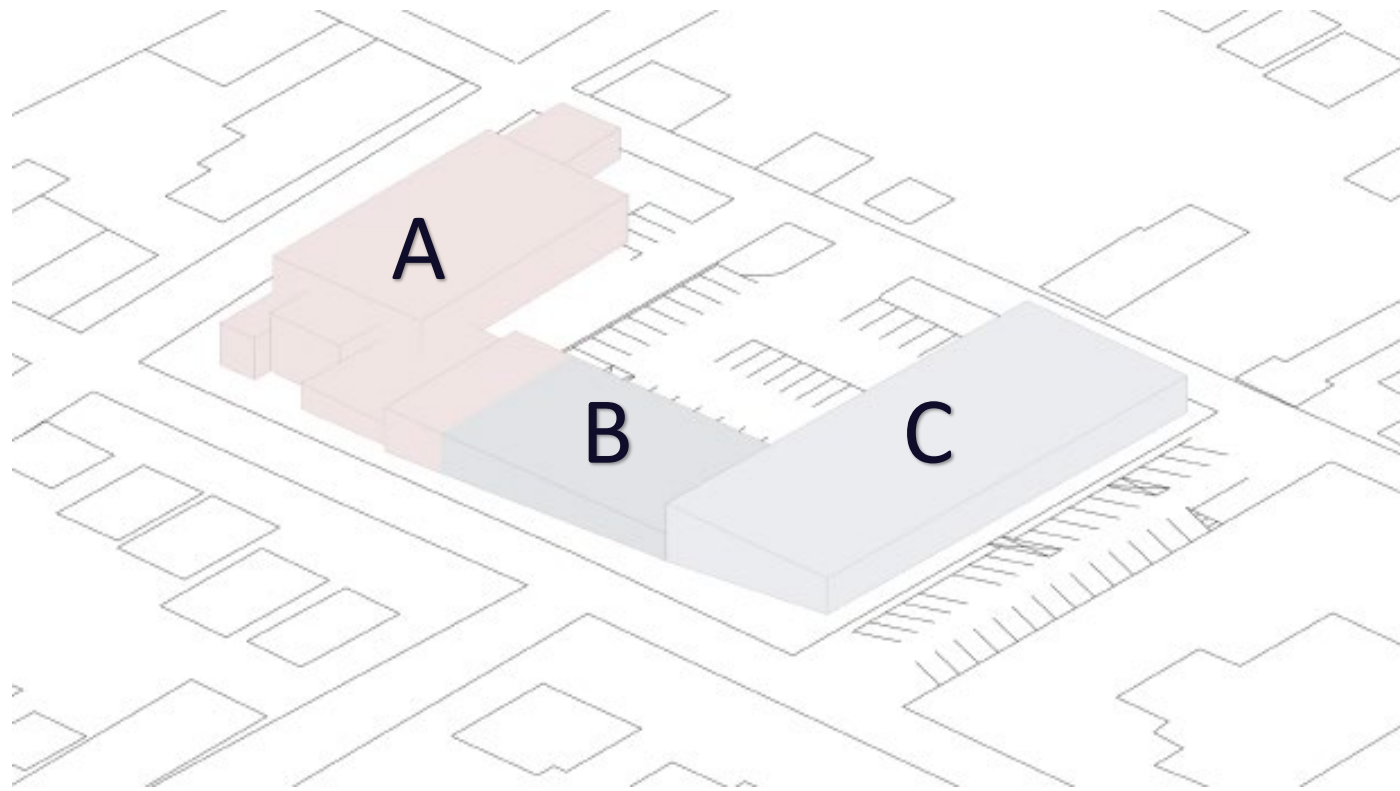
**LEASES WITH ORGANIZATIONS
AND TENANTS OCCUPYING
THE BUILDING HAVE BEEN
RENEWED FOR 2019**



AERIAL VIEW



FEASIBILITY STUDY RESULTS



- **FOUR OPTIONS**

- **OPTION 1 – RENOVATE AND REMODEL THE EXISTING BUILDING IN ITS ENTIRETY**
- **OPTION 2 – DEMOLISH ‘B’ BUILDING, RENOVATE BUILDING ‘A’ & ‘C’**
- **OPTION 3 – DEMOLISH ‘B’ BUILDING, RENOVATE BUILDING ‘A’, SELL OFF BUILDING ‘C’**
- **OPTION 4 – DEMOLISH ‘B’ AND ‘C’ BUILDING, RENOVATE BUILDING ‘A’**

FEASIBILITY STUDY RESULTS

ASSUMPTIONS

01

3% INTEREST
RATE

02

REPAYMENT
TERM OF 20
YEARS –
UNLESS
OTHERWISE
NOTED

03

ISSUANCE AND
CLOSING
COSTS OF AN
ADDITIONAL
2.5%

04

REPAYMENT
FROM THE
BOROUGH'S
GENERAL
FUND

05

ANNUAL
RENTAL
INCOME NOT
INCLUDED IN
CALCULATION



OPTION 1 - SUMMARY

- **RENOVATE AND REMODEL ENTIRE BUILDING**
 - **ROOF, WINDOWS, DOORS, WATERPROOFING, MECHANICAL, ELECTRICAL, PLUMBING, NUMEROUS CODE IMPROVEMENTS, AND EXTERIOR LANDSCAPING**
 - **TOTAL INVESTMENT OF \$3,143,000**
 - **LARGEST FINANCIAL COMMITMENT FROM THE TAXPAYERS OF THE BOROUGH**



OPTION 1 – FINANCIAL IMPACT

RENOVATE AND REMODEL ENTIRE BUILDING

INVESTMENT NEEDED	\$3,143,000
TOTAL INTEREST	\$1,032,804
MONTHLY PAYMENT	\$17,434
ANNUAL PAYMENTS	\$209,208
INCREASE PER PARCEL (AVERAGE)	\$241
MILLAGE INCREASE	1.75
AVERAGE MUNICIPAL TAX BILL	\$901



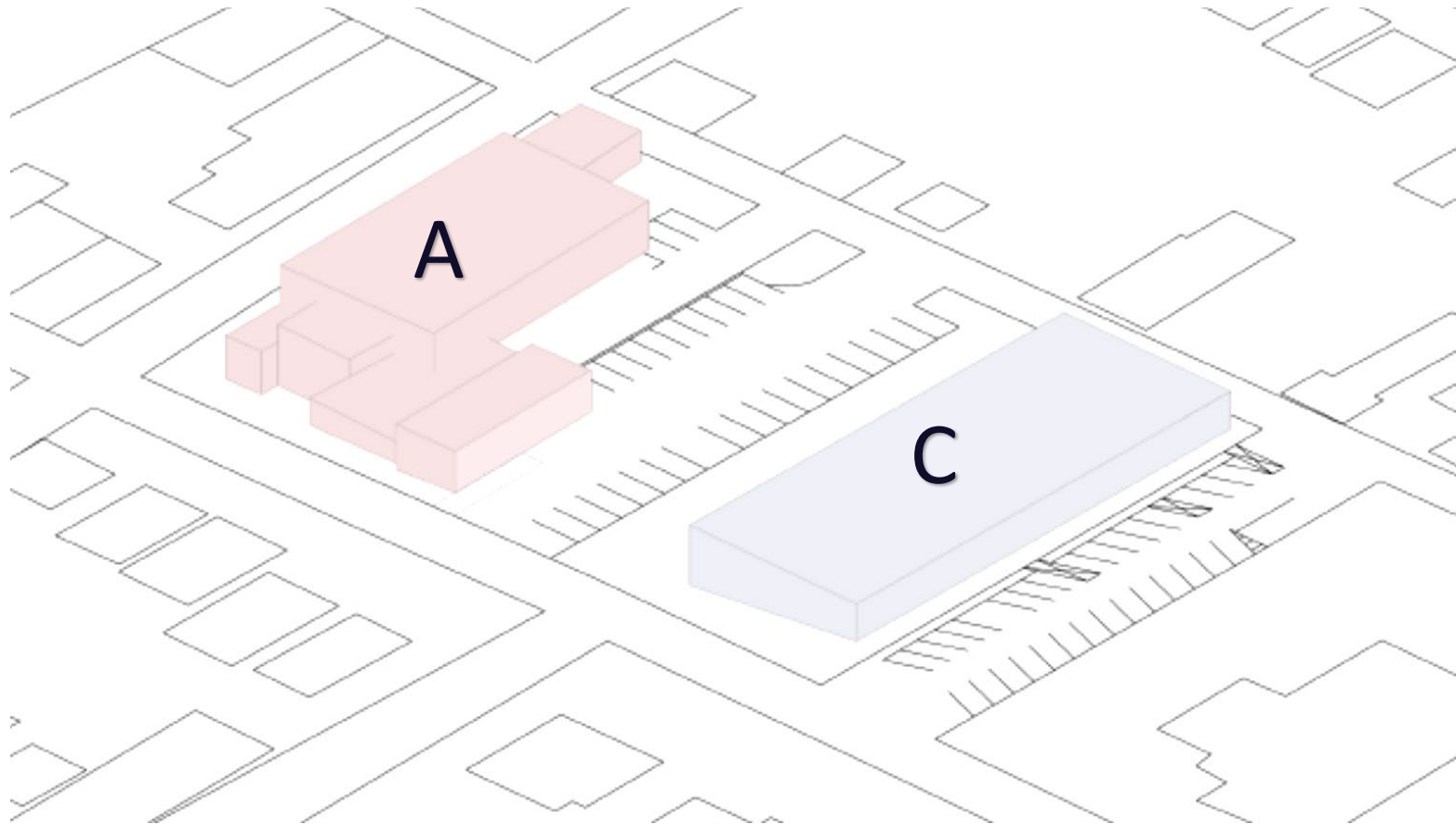
OPTION 2 SUMMARY

- **DEMOLISH BUILDING 'B'**
 - **REPLACE WITH PARKING AREA AND GREEN SPACE**
 - **RENOVATE BOTH 'A' AND 'C' BUILDINGS IDENTICAL TO OPTION 1**
 - **TOTAL INVESTMENT OF \$2,687,256**
 - **SECOND LARGEST FINANCIAL COMMITMENT FROM THE TAXPAYERS OF THE BOROUGH**



OPTION 2 – RENDERING

DEMOLISH BUILDING 'B'



OPTION 2 – FINANCIAL IMPACT

DEMOLISH BUILDING 'B'

INVESTMENT NEEDED	\$2,687,256
TOTAL INTEREST	\$882,876
MONTHLY PAYMENT	\$14,903
ANNUAL PAYMENTS	\$178,836
INCREASE PER PARCEL (AVERAGE)	\$206
MILLAGE INCREASE	1.50
AVERAGE MUNICIPAL TAX BILL	\$866



OPTION 3 SUMMARY

- SIMILAR TO OPTION 2
 - SUBDIVIDE AND SELL OFF BUILDING 'C'
 - NO COST TO RENOVATE BUILDING 'C'
 - TOTAL INVESTMENT OF \$1,239,382
 - LEAST EXPENSIVE OPTION
 - DOES NOT INCLUDE THE UNKNOWN EXPENSE OF SUBDIVISION AND ANY REVENUE FROM A POTENTIAL SALE



OPTION 3 – FINANCIAL IMPACT

DEMOLISH BUILDING ‘B’ – SELL BUILDING ‘C’

20 YEAR REPAYMENT

INVESTMENT NEEDED	\$1,239,382
TOTAL INTEREST	\$407,189
MONTHLY PAYMENTS	\$6,874
ANNUAL PAYMENTS	\$82,488
INCREASE PER PARCEL (AVERAGE)	\$95
MILLAGE INCREASE	.75
AVERAGE MUNICIPAL TAX BILL	\$755

10 YEAR REPAYMENT

INVESTMENT NEEDED	\$1,239,382
TOTAL INTEREST	\$193,650
MONTHLY PAYMENTS	\$11,968
ANNUAL PAYMENTS	\$143,616
INCREASE PER PARCEL (AVERAGE)	\$165
MILLAGE INCREASE	1.25
AVERAGE MUNICIPAL TAX BILL	\$826



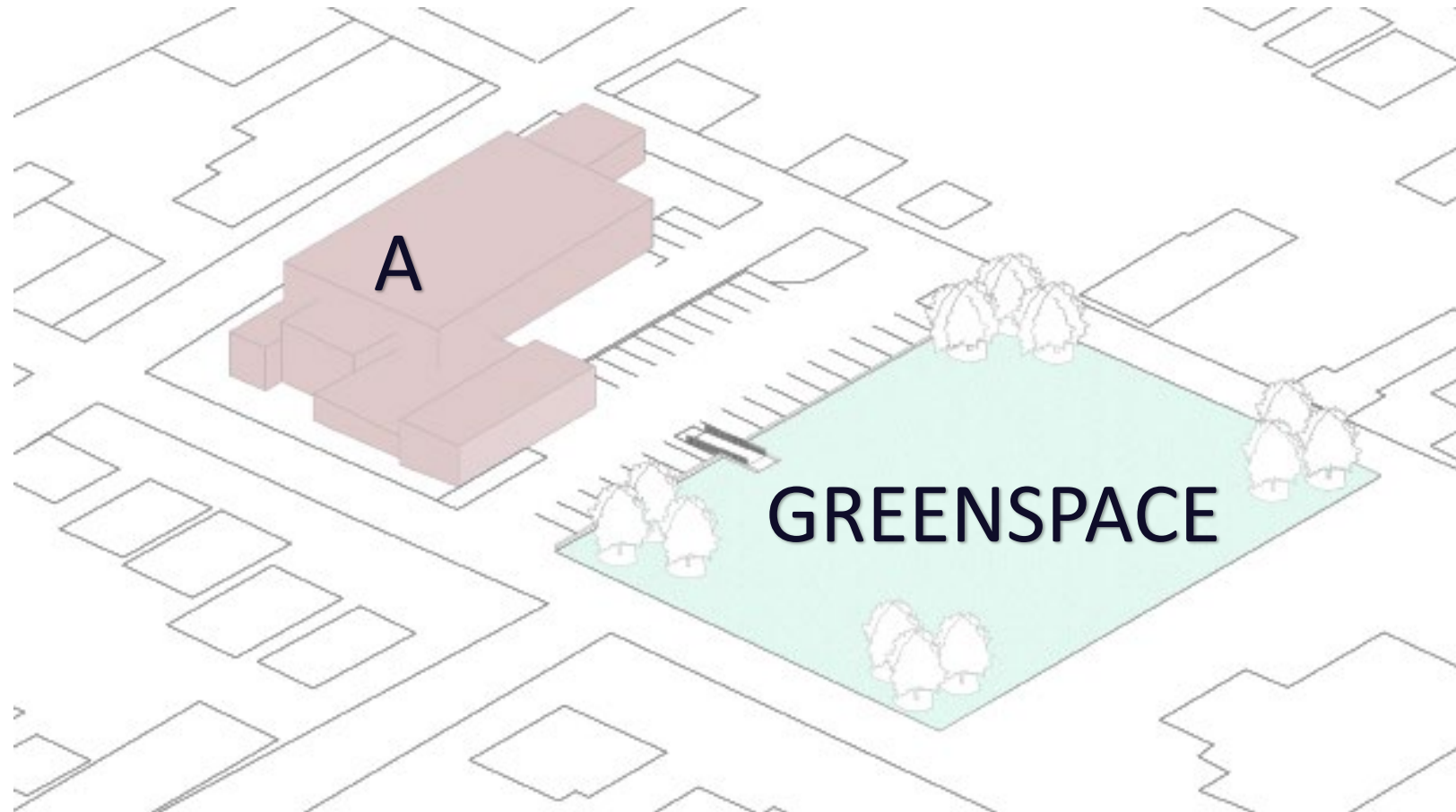
- **DEMOLISH BOTH BUILDING 'B' AND 'C'**
 - **ELIMINATES NECESSARY REPAIR COSTS AND LONG TERM MAINTENANCE**
 - **CAPABILITY TO UTILIZE NEW GREENSPACE WITH AN OPTIONAL PLAYGROUND**
 - **ABILITY TO STILL GENERATE RENTAL INCOME FROM GYMNASIUM AND COMMUNITY ROOMS**
 - **TOTAL INVESTMENT OF \$1,683,977**
 - **SECOND LEAST EXPENSIVE OPTION**

OPTION 4 SUMMARY



OPTION 4 – RENDERING

DEMOLISH BOTH BUILDING 'B' AND 'C'



20 YEAR REPAYMENT	
INVESTMENT NEEDED	\$1,683,977
TOTAL INTEREST	\$553,257
MONTHLY PAYMENTS	\$9,339
ANNUAL PAYMENTS	\$112,068
INCREASE PER PARCEL (AVERAGE)	\$129
MILLAGE INCREASE	1.00
AVERAGE MUNICIPAL TAX BILL	\$789

10 YEAR REPAYMENT	
INVESTMENT NEEDED	\$1,683,977
TOTAL INTEREST	\$263,116
MONTHLY PAYMENTS	\$16,261
ANNUAL PAYMENTS	\$195,132
INCREASE PER PARCEL (AVERAGE)	\$225
MILLAGE INCREASE	1.75
AVERAGE MUNICIPAL TAX BILL	\$885

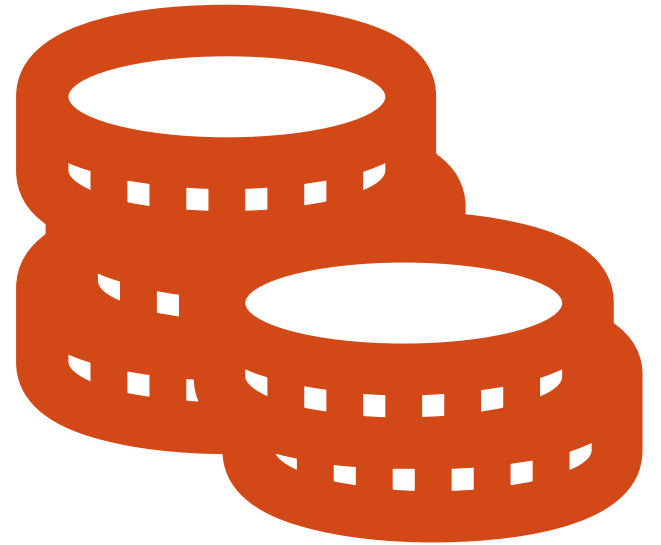
OPTION 4 – FINANCIAL IMPACT

DEMOLISH BOTH BUILDING ‘B’ AND ‘C’



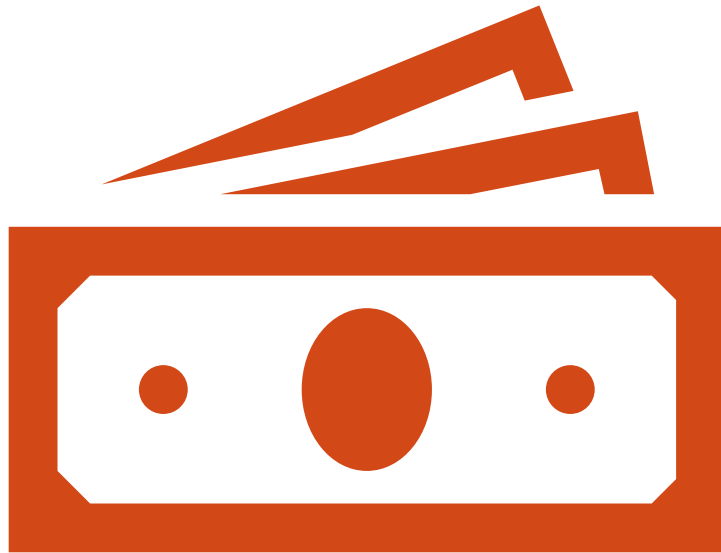
POTENTIAL FUNDING SOURCES

- **COMMONWEALTH FINANCING AUTHORITY (CFA)**
 - GREENWAYS, TRAILS, AND RECREATION PROGRAM
 - MAXIMUM GRANT AWARD OF \$250,000
- **DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT (DCED)**
 - LOCAL GOVERNMENT CAPITAL PROJECT LOAN PROGRAM
 - MAXIMUM LOAN OF \$100,000
- **DEPARTMENT OF RECREATION & NATURAL RESOURCES**
 - COMMUNITY PARK REHABILITATION AND DEVELOPMENT
 - 50% GRANT MATCH REQUIRED
 - ONLY APPLIES TO AREA UTILIZED BY PARKS & RECREATION



POTENTIAL FUNDING SOURCES

HIGHEST FUNDING OPTION



- PENNSYLVANIA OFFICE OF THE BUDGET
 - REDEVELOPMENT ASSISTANCE CAPITAL PROGRAM
 - MINIMUM PROJECT AMOUNT OF \$1,000,000
 - REQUIRES 50% GRANT MATCH
 - GRANT ROUND OPENS YEARLY
 - APPROXIMATELY \$125 MILLION AWARDED EACH YEAR
 - DRAWBACKS:
 - PROGRAM IS POLITICALLY SUPPORTED
 - MULTIPLE APPLICATIONS ARE PROBABLE



ABSOLUTE SALE ENTIRE PROPERTY



BOROUGH OWNED PROPERTY MUST BE PUBLICLY BID



BOROUGH LEGALLY MUST RECEIVE THE APPRAISED VALUE OR HIGHER



AFTER TWO UNSUCCESSFUL ATTEMPTS THE BOROUGH MAY ENTER INTO A PRIVATE SALES AGREEMENT



PROCESS WILL COST THE BOROUGH APPROXIMATELY \$3,500



DEMOLISH ENTIRE BUILDING

- **ESTIMATED COST OF \$425,000**
- **WOULD STILL REQUIRE A TAX INCREASE OF .25 MILLS**
- **AVERAGE ASSESSED PROPERTY WOULD PAY AN ADDITIONAL \$56 ANNUALLY (10 YEAR)**
- **ELIMINATES ANY FUTURE MAINTENANCE COSTS AND CONCERNS**
- **POSSIBILITY TO ADD MUNICIPAL PARKING**



BUILDING WILL REMAIN OUT OF DATE

**STRUCTURE DETERIORATION WILL
OCCUR WITHOUT NECESSARY FUNDS**

**A TAX MILLAGE INCREASE OF .25 MILLS
(GENERATING \$30,000 ANNUALLY) IS
REQUIRED TO MAINTAIN THE BUILDING
AND SAVE FOR FUTURE PROJECTS**

STATUS QUO





BACKGROUND



**FOUR OPTIONS
PRESENTED IN THE
FEASIBILITY STUDY**



FUNDING OPTIONS



**COMPLETE SALE
OF THE PROPERTY
& STATUS QUO**

SUMMARY





**EMERGENCY
SERVICES**



**EQUIPMENT
REPAIRS**



**ROAD REPAIR
PROJECTS**



**MAIN STREET
REHAB PROJECT**



**BUILDING
UPKEEP &
MAINTENANCE**



**OTHER NORMAL
INCREASES**

BUDGET CONCERNS



NEXT STEPS



FEEDBACK FROM
RESIDENTS AND PROPERTY
OWNERS



PLEASE COMPLETE SURVEY
VIA SURVEY MONKEY



COUNCIL WILL COLLECT
THE RESPONSES AND
WEIGH BEST OPTIONS



BOROUGH WILL CONTINUE
TO COMMUNICATE WITH
TENANTS AND RESIDENTS





THANK YOU!

QUESTIONS?

