

CHAPTER 4—SECTION 1

CASE STUDIES

West Chester Borough

Located in southeastern Pennsylvania, West Chester Borough is the county seat of Chester County. West Chester is approximately 25 miles west of Philadelphia and 92 miles southeast of Harrisburg. Although West Chester retains a small town atmosphere, it is an urban center in the heart of the Philadelphia metro area. The communities which immediately surround it generally have a suburban composition. The Borough encompasses approximately 1.8 square miles.

Population Characteristics

Between 1990 and 2000 West Chester Borough experienced a decrease in population from 18,041 to 17,861, a decline of 180 or 1.0 percent. Chester County's population increased from 376,396 in 1990 to 433,501 in 2000, an increase 57,105 or 15.2 percent. (See Exhibit 1.)

In 1990, West Chester Borough had 10,022.8 persons per square mile; in 2000 the population per square mile decreased by 100 or 1.0 percent to 9,922.8 persons per square mile. Chester County persons per square mile grew by 75.5 or 15.2 percent from 497.9 to 573.4. (See Exhibit 2.)

The number of individuals residing in group quarters in West Chester Borough decreased from 3,410 in 1990 to 3,383 in 2000, a decline 27 or 0.8 percent. In 1990 18.9 percent of West Chester Borough's total population resided in group quarters, and in 2000 it remained at 18.9 percent. In 1990, 3.4 percent of the County's population resided in group quarters and remained at 3.4 percent in 2000. (See Exhibit 3.)

The high percentage of Borough residents living in group quarters reflects university students living in university housing located in the Borough.

The primary component of West Chester Borough's population, "household population" (the population exclusive of those residing in group quarters) decreased from 14,631 in 1990 to 14,478 in 2000, a decline of 153 people or 1.0 percent. In 1990, household population represented 81.1 percent of West Chester Borough's total population remained at 81.1 percent in 2000. The household population in Chester County in 1990 represented 96.6 percent of the county's total population and remained at 96.6 percent in 2000. (See Exhibit 4.)

In 2000, 13.4 percent of the population in West Chester Borough was under 18 years of age, 77.6 percent was between the ages of 18 and 64, and 9.0 percent was age 65 and over.

West Chester Borough's 2000 population under the age of 18 (13.4 percent) was below the County's total of 26.2 percent. The proportion of the Borough's population in the 18-64 age group (77.6 percent) was above that of the County (62.1 percent), and the proportion of West Chester Borough's population age 65 and older (9.0 percent) was below the County (11.7 percent). In 2000, the median age in West Chester Borough was 24.6 (down from 25.3 in 1990); the County median age was 36.9 (up from 33.8 in 1990). In the Commonwealth, the median age in 2000 was 38.0 (up from 35.0 in 1990). (See Exhibit 4-A.)

In 2000, West Chester Borough had 3,600 persons or 20.2 percent of its population in the 18 to 21 years of age category. The corresponding County percentage is only 3.7 percent. This difference is attributed primarily to the West Chester University students. The younger median age of the Borough reflects those in the 18 to 20 category located at the University. Thus, both the percentage of persons in group quarters and the percentage of population in the 18 to 21 age group is skewed because of university students. (See Exhibit 4-B.)

U.S. Census Bureau estimates that as of July 2004 the population of West Chester Borough had decreased by 160 persons or 0.9 percent since 2000. The County's population is estimated to have increased by 32,294 or 7.4 percent during this period. (See Exhibit 5.)

Housing Units

In 2000, the Borough had 2,331 owner-occupied housing units, a decline of 74 from 2,405 in 1990. The number of renter-occupied units in the Borough in 2000 totaled 3,934 an increase of 229 units or 6.2 percent over the 3,705 renter-occupied units in 1990. The percentage of renter units was 60.1 percent of the total housing units, an increase from the 1990 percentage of 57.4 percent. Further, 62.8 percent of the total occupied units was rental housing. This large percentage of renter-occupied units is mentioned as a cause for concern in West Chester Borough's Urban Center Revitalization Plan because of the perception that renter-occupied units tend to be less stable than owner-occupied units. Based on discussions with municipal officials, students comprise a large part of the renter occupied units. (See discussion under Code Enforcement below.)

For the County in 2000, owner-occupied housing was 73.5 percent compared with 71.2 percent in 1990. For County renter-occupied units the relevant numbers are 22.9 percent in 2000 and 24.3 percent in 1990. There is a significance difference between the Borough and the County in the percentage of renter-occupied housing units. (See Exhibit 6, 7, and 8.)

The median value for Borough owner-occupied housing in 2000 was \$140,400 an increase from the 1990 value of \$116,300 or 20.7 percent. In the County, the median value of owner-occupied housing for 2000 was \$182,500, compared to the 1990 value of \$155,900, an increase of 17.1 percent. (See Exhibit 6.)

Income Measures

In 1990, the per capita income in West Chester Borough was \$13,082. By 2000 it had increased by \$5,991 or 45.8 percent to \$19,073. The County's per capita income in 2000 was \$31,627 an increase of \$11,206 or 53.5 percent from \$20,601 in 1990. (See Exhibit 9.)

Proportionally, the Borough's per capita income for 2000 was 60.3 percent of the per capita income for the County.

Median household income for the Borough in 2000 was \$37,803 an increase from \$31,262 in 1990. The County median household income for 2000 was \$65,295, an increase of \$19,653 or 43.1 percent from \$45,642 in 1990. The percentage of Borough's median household income to the County was 57.9 percent. (See Exhibit 10.)

Median family income for the Borough in 2000 was \$51,018, an increase from \$39,351 in 1990. For the county median family income was \$76,916 in 2000, an increase from \$52,325 in 1990. The ratio of the Borough to the County for the 2000 median family income was 66.3 percent. (See Exhibit 11.)

The ratio of median family income of the Borough to the County should be greater than the median household income ratio because student income is not generally included in the family income measure but is included in household income. For example, students not living in group quarters would be in the household group data set. This, in fact, seems to be the case with the difference in percentages.

West Chester Borough Operational Profile

Compared to many other boroughs in the Commonwealth, West Chester Borough is a dynamic, and affluent municipality. Reasons for this include a location in the affluent and growing suburban Philadelphia area, the preservation and marketing of its history and period architecture, a very aggressive downtown revitalization program, and the role played by the University in the cultural, educational, and economic vitality of the region.

The Borough is governed under a Home Rule Charter. It has seven council members who appoint a Borough Manager. The Borough also has an elected Mayor who has the right of veto over Borough legislation and who may vote in order to break a tie vote of Council.

The Manager is in charge of all administrative activities of the Borough except for the Police Department. The Police Department and the Police Chief are supervised by the Mayor.

The Borough provides police and fire coverage, code enforcement, refuse collection and disposal, sewer collection and treatment, storm waste collection, street and road maintenance and cleaning, parks facilities, and recreation programs. Because of the high traffic flow and related parking issues, the Borough has built and maintained a number of parking garages, as well as various meter and residential permit parking plans.

Police Department

In 2005 the Police Department had 45 sworn officers, including the Chief of Police. The budgeted salary expenditure for these officers was approximately \$2.8 million. The sworn officers were complemented by about ten support staff, whose base wages totaled just over \$375,000. The number of sworn officers has increased from 2001, when there were 42 sworn officers. (See Table West Chester - Police 1 for departmental complement.)

In addition to providing police coverage to the Borough, West Chester Police also provides coverage under a contract for services to East Bradford Township. The Department dedicates about six officers of its total to provide this coverage.

Fire Department

Fire Service in the Borough is provided through the West Chester Fire Department which is comprised of three separate volunteer fire companies: First West Chester Fire Company, the Goodwill Fire Company, and the Fame Fire Company.

Each company owns its buildings but the equipment is owned by the Borough and includes five engines and a ladder truck. In addition to providing service to the Borough, the Fire Department provides coverage to all or parts of various neighboring townships. The Volunteer Companies have about 120 members. According to the comprehensive plan, the average response to a call is 13 volunteers with 62 firefighters responding to a structure fire.

Public Works

The Public Works Department maintains and repairs the Borough's streets. About 28 miles of streets are owned by the Borough, six miles are owned by the Commonwealth, and there are about 11 miles of Borough-owned alleys. In addition, the Department collects refuse and maintains the parks throughout the municipality. To carry out these functions the Department retains about 35 full-time employees at a 2005 budgeted cost of \$1.301 million.

Sewer Service

The Borough owns and operates about 40 miles of sewer lines in the municipality as well as related connectors (in excess of 4,000 connections) and more than four pumping stations. In addition, the Borough operates one treatment plant and purchases treatment capacity at another. The Borough employs about 19 people to maintain the sewer service at a base wage cost in 2005 of just over \$805,000.

Parking Facilities and Control

Available and convenient parking is a critical issue in the Borough. The "shortage" of parking spaces results in part from the historical street configuration of the Borough, its position as the County seat and the center of County services, and the need for student parking. To address this situation, the Borough has engaged in an aggressive parking violation enforcement campaign, and has instituted a parking permit program especially in the off-campus student rental housing area. In addition, the Borough operates four parking garages; two of which were built in cooperation with the University and are used for university related parking. In order to administer and staff a parking system the Borough employed approximately nine persons at a base wage cost of just over \$319,000 in the 2005 budget.

Code Enforcement

The Borough has initiated a strong code enforcement and inspection program with the goals of regulating the high renter occupancy, preserving the historical integrity of various neighborhoods, and to provide safety for its resident tenants. The Code Enforcement function is carried out by a staff of about five employees at a 2005 budget wage cost of approximately \$232,000.

Recreation

The Borough has full-time personnel to carry out its recreational programs. These positions are supplemented with part-time employees. For 2005, the budgetary cost for the full-time employees wages was about \$124,000.

Management and Finance

The Borough retains six employees (including the Borough Manager) to provide overall financial and management direction. The 2005 budgeting wage cost for this function was approximately \$329,000.

Borough of West Chester's Fiscal Status (2004 Audit)

Governmental Funds

The 2004 Audit enumerates four major governmental funds: the General Fund, the Capital Operating Revenue Fund, the Highway Aid Fund, and the Capital Improvement Fund. The latter three funds utilize grants and other sources for roads/streets as well as capital improvements. Exhibit West Chester-Finance 1.1 provides the Balance Sheet. Exhibit West Chester-Finance 1.2 provides the Statement of Revenues, Expenditures, and changes in Fund Balances.

In summary the 2004 General Fund relevant items are:

Revenues:	\$9.810 million
Expenditures:	(12.086) million
Net Other Sources:	<u>1.649 million</u>
Net Change in Fund Balance	(626) million
Fund Balance Beginning Year	<u>0.979 million</u>
Fund Balance End of Year	\$ 0.352 million

- For 2004 there was more than a half million dollar reduction in fund balance.
- Total revenues were utilized to cover about 81 percent of General Fund Expenditures in 2004.
- Total Tax Revenue supported approximately 49 percent of General Fund Expenditures
- Net Other Sources paid for approximately 14 percent of 2004 General Fund Expenditures. This category is comprised of transfers from the other governmental funds and from the Sewer and Parking enterprise funds.
- Fines, forfeits and costs paid for approximately 10 percent of total General Fund expenditures.
- Charges for Services contributed approximately 15 percent toward expenditures. Within this category police service contracts and fire protection contracts to other municipalities make up almost 8 percent of the total charges for services.
- Public Safety expenditures (excluding employee fringe benefits) account for almost 40 percent of total 2004 General Fund expenditures.
- Spending for police services amounts to about 32 percent of Public Safety Expenditures, with Housing Code Enforcement, Fire, and Parking, respectively, in the 2 to 2.5 percent range of the total Public Safety Expenditures.

- The second largest expenditure category after public safety is insurance and employee benefits, which comprise almost 17 percent of total expenditures. Much of this cost could be attributed to Public Safety if benefits were allocated by department.
- Public Works make up about 18 percent of total expenditures.
- The remaining categories of total expenditures are: General Government at nine percent; Culture and Recreation at nine percent and Debt Service at seven percent.

Taxes and Tax Base

Total taxes, amounting to \$5.881 million, provide only 49 percent of General Fund Expenditures and 60 percent of total General Fund revenues (excluding other sources). Total tax revenue is the largest single revenue source for the General Fund. For 2004, the following factors are important:

- The Real Estate Tax for 2004 (current and delinquent) totaled about 48 percent of total taxes. Current real estate taxes for 2004 were levied at 4.44 mills on an assessed valuation of \$617 million.
- The Earned Income Tax generated about 40 percent of total tax revenue. The earned income tax is levied on the earned income of municipal residents at the rate of one-half percent. The tax is also levied on those who work in the Borough and do not have a tax in their municipality of residence. Residents of the Borough who work in Philadelphia pay their earned income tax to the City of Philadelphia and not the Borough pursuant to the Sterling Act.
- Other Borough Tax revenues as a percent of total tax revenue:

<u>Category</u>	<u>%</u>
Real Estate Transfer Tax (Deed Tax)	7.0
Occupational Privilege Tax (OPT)	3.0
Amusement Tax	≥ 1.0
Business Privilege/Mercantile Tax	3.0

A small proportion of total tax revenue is received from business activity under the Business Privilege and Mercantile Tax. This is a result of a tax cap of \$150 for each business. Consequently, an increase in sales of an individual business does not result in additional revenue to the Borough and growth is limited to the creation of new enterprises.

Prior to 2005, the OPT was levied at \$10 per employee in the Borough regardless of their residence. Beginning in 2005 the OPT Tax was replaced with the Emergency and Municipal Service Tax (EMST) at a rate of \$52.

The tax revenue sources of the Borough remain quite limited. One of the principal goals mentioned in the Urban Center Revitalization Plan was to enhance the Borough’s tax base and tax revenue stream. Real estate tax base growth is limited since the Borough has little available land for development. Only if significant redevelopment were to occur would taxable assessed value of real property increase in the Borough.

The Borough can generate additional real estate tax revenue by increasing the rates of taxation, however this action creates a competitive disadvantage with adjacent communities.

Proprietary (Enterprise) Funds

The 2004 Audit for Borough lists two Enterprises Funds which account for business type services provided to Borough residents. These Funds are the Sewer Fund and the Parking Fund. Detailed information for these Funds from the 2004 audit is provided as Exhibits West Chester-Finance 2.1 and 2.2.

Each of these Funds is utilized to account for the Sewer Services and Parking Operations. These operations are generally structured so that that the revenue produced through charges for services cover expenses, including interest expense and depreciation.

In summary format below:

<u>Borough of West Chester</u>	<u>Sewer Fund</u>	<u>Parking Fund</u>
Operating Income	\$ 607,628	\$ 786,321
Total Nonoperating Rev. (Exp.)	(322,140)	579,308
Transfer Out	<u>580,000</u>	<u>395,000</u>
Change in Net Assets	\$ (294,512)	\$ 970,629
Net Assets Beg. of Year	<u>19,276,789</u>	<u>1,959,206</u>
Net Assets End of Year	\$18,982,277	\$2,929,835

The revenue derived through charge for services should be sufficient to meet income before transfers. If not indirect transfers from other sources would be necessary to meet the deficiency. Both Enterprise Funds provided transfers to the General Fund. For the six-year history between 1999 and 2004, transfers from the Enterprise Funds to the General Fund ranged between \$560,000 to \$580,000 from the Sewer Fund and between \$375,000 to \$395,000 from the Parking Fund. The transfer from the Parking Fund was to increase significantly in the 2005 budget.

Case Study—West Chester University Profile

Introduction

West Chester University's "Main Campus" (North Campus) is located in the southern section of West Chester Borough with some areas located in West Goshen Township. The "Southern Campus," comprised of the Health and Physical Education Complex, playing fields, university stadium, and a student housing complex is located in West Goshen and East Bradford Townships. The Southern Campus is approximately one mile from the main campus.

According to the Borough's Comprehensive Plan, the University occupies 388 acres with 97 acres located within the Borough, about nine percent of the Borough's total area.

West Chester University was founded in 1871 as a Normal School to train teachers. In 1927 it became a four-year teachers' college. In 1960 it became West Chester State College and subsequently became West Chester University. It is one of the 14 Pennsylvania state owned universities.

Enrollment

Exhibit 12 provides enrollments for the spring of 2003 through 2005, and for the fall of 2002 through 2004. Exhibit 13 presents various differentiations of the 2004 fall enrollment by undergraduate/graduate; female/male; full-time/part-time; Pennsylvania resident/non resident; and minority/nonminority.

Exhibit 14 lists the top three Pennsylvania counties of residence for West Chester students.

Exhibit 15 converts the 2004 enrollment to full-time equivalents (FTE) for the fall of 2004. The original 12,822 enrollment is a full-time equivalent enrollment of 10,740.

- Full-time students total about 9,900 or 77 percent of total enrollment. However, almost 3,500 students are from Chester County and many may be commuter students.
- Female students outnumber male students by a 1.7 multiple.
- Almost 89 percent of students are Pennsylvania residents.

Student/Faculty Ratio and Cost Per Full-time Equivalent Student

The student-faculty ratio has increased from the period 1999-00 through 2003-04. Exhibit 16 provide the yearly ratios and related statistics.

Exhibit 17 provides the cost per full-time equivalent student for West Chester University as well as similar costs for the state system as a whole. For the period, FTE costs increased from \$11,763 in 1999-00 to \$13,111 in 2003-04, an increase of about 2.8 percent per year.

Facilities

The physical assets of West Chester University are depicted in Exhibit 18. These data are compared to the state system as a whole. These data includes the physical education fields, stadium, and apartment complex in the South Campus located in West Goshen and East Bradford Township. The dorm capacity is 3,535 students, which is set as an upper limit “resident on campus students” as of the fall 2004. (See Exhibit 18.)

University Employment

An important regional economic benefit provided by the University is employment. Exhibit 19 depicts the number of full-time salaried and hourly employees for both West Chester University and for the state system.

Case Study—West Chester Town and Gown Relationship

Key Areas/Issues

The intricate relationship between the University and the Borough makes it difficult to examine the role that the University plays in the fiscal structure of the Borough. The key municipal/university relationships which affect the fiscal status of the Borough are borough

revenue sources, public safety response and service, off-campus housing, parking, and infrastructure development.

- Statistical Deficiency

The *State Fact Book for 2005* indicates that the University enrollment in 2004 was 12,822 students. University provided data for 2004 indicates 4,010 students were university residents and 8,812 students live either in or outside the Borough. The University did not provide data on how many of those 8,812 students reside within the Borough. The inability to determine where these students reside places a significant burden on analyzing major fiscal issues affecting the Borough.

Revenue

- Real Estate Tax Revenue

The University is a tax-exempt institution and pays no real estate tax to the Borough. The Borough's 2003 real estate assessments are shown in Exhibit 20. Total assessed valuation for 2003 was approximately \$857.8 million. Of this total, the exempt valuation was \$248.2 million with the University's assessed valuation at \$91.9 million. The University owns just over one-third of the total tax-exempt valuation, and approximately 11 percent of the total municipal valuation. The University's share of assessed valuation is relatively low compared to the common view that the University dominates non-assessed property. Some possible explanations are:

1. West Chester is the county seat and therefore has a number of tax-exempt county government parcels.
2. The Borough is also the home of a number of nontaxable properties such as hospitals, public and private schools, etc.
3. Tax Exempt parcels are not normally assessed and therefore their true assessed value that reflects improvements or changes in use may not be accurately measured and will result in a lower percentage of the total assessment base.

Payments in Lieu of Taxes

Although not required by law to pay real estate taxes, some nontaxable entities make payments-in-lieu-of-taxes (PILOT). These payments are a method of compensation to the municipality for the municipal provided services.

With respect to the West Chester University and indeed for the entire State System of Higher Education (SSHE), University officials have told PEL that no such payments are made. Further, PEL has been told that the SSHE legal counsel has issued an opinion that because the University System is part of the Commonwealth, and because there is no specific state legislature authority for in-lieu-of payments, the University is precluded from making such in-lieu-of payments. (This position was also expressed by the other university representatives.)

Other Payments

West Chester University has in the past made contributions to the municipality for public safety services. The last was in January 2004 and amounted to \$3,325.

University Employees and Tax Payments

- Tax Contributors

The University has reported in 2004 it had 232 employees living in the Borough consisting of 78 faculty and 154 other staff. The total number of full-time salaried and hourly employees as given in the State Data Book is 1,238. Thus, about 19 percent of these full-time salaried and university employees would pay some combination of real estate tax, and/or earned income tax, to the Borough.

The large majority of University employees do not live in the Borough. In fact, the tax resources provided to the surrounding communities would appear to be substantially larger than to the Borough.

As a cross reference the Borough also provided data on the number of university employees who are Borough residents. For 2003 this number was 273, and for 2004 was 239. Although somewhat different than the University's count, the numbers are generally comparable.

- Earned Income Tax (EIT)

According to data provided by the Borough, EIT collections from University employees for 2003 totaled \$99,734 and total Borough EIT collections were about \$2.397 million. The Borough received about four percent of its total EIT from University employees in 2003.

Students pay EIT to their “home” municipality. Since students usually list their place of parental/family residence as their permanent address, earnings derived from a student’s university employment does not go to the host municipality unless the host municipality is the students listed domicile. (Note: 2003 data was used because only one-half year of 2004 EIT data were available.)

- Occupational Privilege Tax (OPT)

The Occupational Privilege Tax is paid by all persons who are employed within the Borough. For 2003, 1,277 persons employed by the University were reported for OPT payment purposes. The tax payment equals \$12,770. For 2003 the total OPT collected from University employees for the Borough amounted to \$142,116 (nine percent of the total Borough OPT). The corresponding percentage for 2004 was approximately eight percent.

- 2005—Emergency and Municipal Service Tax (EMST)

The OPT tax was “transformed” into a new tax, the Emergency and Municipal Service Tax (EMST) by the State Legislature in late 2004. The tax limit can be as high as \$52 per employee. For 2005, the Borough enacted the full \$52 per employee. (Various tax forgiveness features are possible depending on income levels).

The principal focus of the new tax was to provide additional revenue to pay for certain municipal services from those employed in the Borough. The EMST is applicable to students and other employees who work at the University but who are not Borough residents for other tax purposes. For 2005, the Borough received approximately \$677,954. If the number of university employees held at about the same rate as 2004 the amount attributed to the University would be approximately \$54,236. This is before any income level forgiveness was applied based upon the Borough’s ordinance.

Police/Crime Service Issues:

The police department has 45 sworn officers approximately six of whom cover East Bradford Township. The University has 20 sworn police officers and approximately another 20 security officers.

Under Pennsylvania law, the University officers have full police powers including the right to fully prosecute offenders. Interpretations by the SSHE's legal counsel as communicated to PEL by University officials, permit University police to have primary jurisdiction only on the University campus. Further, nonprimary jurisdiction cannot generally be utilized in nearby off-campus areas with municipality. Assistance in emergency cases, however, is permissible when requested by Borough police.

There is at present no written "municipal cooperation services agreement" between the Borough and the University police. There had been a prior agreement but with mutual aid "agreement" the advent of Acts 48, and Section D of the Municipal Police Jurisdiction Act and the SSHE's interpretation, the University believes that such an agreement is no longer warranted. (See below for further discussion of this issue.)

According to the Urban Center Revitalization Plan, crime calls in 2001 were 19,233. Exhibit West Chester - Police 2 provides a breakdown of crime for 2001 by classification.

From the Borough's police chief perspective, a significant portion of the drunkenness, disorderly, and like crimes are related to the 18-21 year category.

From late August of 2005 through January 1, 2006, the Borough's police department carried out a special program called "Operation Vigilance". During this period, 550 persons were arrested who were between the ages of 18 to 26 and were not known as criminal offenders. During the same period, total persons arrested for all age groups was 940, making the percentage of Operational Vigilance arrests 58.5 percent. See Exhibit West Chester -Police 3.

The largest percentage of arrests dealt with alcohol and disorderly conduct. In fact, alcohol and disorderly conduct comprise 89 percent of the arrests.

The Police Chief believes that these incidents place an added demand on the Department's response effort and manpower. In an effort to address this issue, the Chief in 2004 requested that three university officers pair with three municipal officers to conduct bike patrols in the "trouble spot areas." The proposal was rejected based on the State System's interpretation of Act 48 and the Statewide Municipal Police Jurisdiction legislation.

Fire Calls

For the period of January 1 through November 11, 2005, there were 642 fire calls for the Borough. Of this number, calls to the student neighborhood were 118 or 18.38 percent. The exact number of calls to the University itself was not available.

Code Enforcement/Housing

As previously mentioned, there is significant concern about the large number of rental housing units within the Borough. There is additional concern that these units be maintained in conformance with the applicable building and other safety codes. The Borough has put into place a significant code enforcement program to ensure that the rental units meet the code standards.

According to Borough officials, there seems to have been a significant improvement in the maintenance and care of the rental structures since these codes and enforcement were implemented.

Exhibit West Chester-Housing 1 provides 2005 counts for rental units in the Borough. Of the total 4,769 rental units enumerated by the Borough, 1,934 are student units comprising just over 40 percent of all rental units.

An important issue to the Borough is the increase in the number of rental units. University officials believe that because of the opening of new student housing on the South Campus as well as other new student rental housing in West Goshen there will not be a significant increase in the number of off campus student rentals and the demand for conversion of single family housing to rental units within the Borough.

Parking:

In the past number of years, vehicle parking became a significant problem in the Borough. It is particularly acute in the University area and in the peripheral student housing sector. The parking problem has escalated because of the conversion of single family housing to multi unit apartments which have multiple vehicles.

The Borough has attempted to further parking control by using its zoning power through limitations on further student housing growth. In addition, a permit parking program was instituted during the 1970s. At present, Borough officials estimate 1,200 parking permits are

issued with approximately 80 percent in the University related housing areas. About 20 percent of the permits are in the central business district.

The Borough and the University have cooperated in the building of the Sharpless and Matlack Parking structures (totaling over 880 spaces). These parking facilities have been a positive factor in providing relief to the parking demand. The building of a new parking facility off the western part of the North Campus is presently under discussion.

Infrastructure/Sewers:

The Borough provides sewer service to the University. Over time, the University has assisted with various financial arrangements to aid in sewer service improvements which have benefited the University. In addition, the University as a major sewer user provides part of the general revenue stream for sewer collection and treatments.

For 2004, sewer charges for the University were approximately \$223,300 or 5.3 percent of the Borough total. Total charge for sewer from all sources per the 2004 audit was about \$4.2 million.

Other Areas:

According to both the Borough and University officials, there is a generally a cooperative spirit between the Borough and the University. There are periodic Town and Gown meetings at which various issues are discussed. The University has historically expressed interest in the transfer of Church Street to the University.

The street is used essentially as a part of the campus. In 1988 there was citizen opposition to such action. If private interests can be accommodated, an abandonment to the University should not be rejected out of hand.

The acquisition of taxable parcels by the University decreases further the taxable resources for the municipality and should generally be limited. In like manner, any University action which would promote further conversion of single-family units to multi unit rentals does not seem to be in the best interest of the Borough.

CHAPTER 4—SECTION 2

CASE STUDIES

Town of Bloomsburg

Located in East Central Pennsylvania the Town of Bloomsburg is the county seat of Columbia County. Bloomsburg is approximately 137 miles northwest of Philadelphia and 77 miles northeast Harrisburg. Bloomsburg is a small town in a rural setting, although the area does include some industrial sites. The Town encompasses approximately 4.4 square miles. It is the largest in terms of square miles of the host municipalities examined in these case studies.

Population Characteristics

Between 1990 and 2000 the Town of Bloomsburg experienced a decrease in population from 12,439 to 12,375—a decline of 64 or 0.5 percent. Columbia County’s population increased from 63,202 in 1990 to 64,151 in 2000, an increase of 949 or 1.5 percent. (See Exhibit 1.)

In 1990 Bloomsburg had 2,827.0 persons per square mile; in 2000 it decreased by 14.5 persons per square mile or 0.5 percent to 2,812.5. The County’s density grew by 2.0 persons per square mile or 1.5 percent from 130.2 to 132.1 persons per square mile. (See Exhibit 2.)

The number of individuals residing in group quarters in the Town of Bloomsburg decreased from 3,195 in 1990 to 3,003 in 2000, a decrease of 192 (6 percent). In 1990, 25.7 percent of Bloomsburg’s total population resided in group quarters. In 2000, group quarter’s population fell to 24.3 percent. In 1990, 5.8 percent of the county’s population resided in group quarters; in 2000 this population increased slightly to 5.9 percent. (See Exhibit 3.)

The high percentage of Town residents living in group quarters reflects students living in university housing located within the Town.

The primary component of Bloomsburg’s population—“household population” (that is, the population exclusive of those residing in group quarters) increased from 9,244 in 1990 to 9,372 in 2000, 128 people or 1.4 percent. In 1990 household population represented 74.3 percent of the Town’s total population. By 2000 the proportion had increased to 75.7 percent. The household population in Columbia County in 1990 represented 94.2 percent of the county’s total population and decreased to 94.1 percent in 2000. (See Exhibit 4.)

In 2000, 12.3 percent of the population in the Town of Bloomsburg was under 18 years of age, 76.8 percent was between the ages of 18 and 64, and 11.0 percent was age 65 and over.

The Town's 2000 population under the age of 18 (12.3 percent) was below the County's figure (20.8 percent). The proportion of the Town's population in the 18-64 age group (76.8 percent) was above that of the County (63.3 percent), and the proportion of Bloomsburg's population age 65 and older (11.0 percent) was also below the County (15.9 percent). In 2000, the median age in Bloomsburg was 22.4 (down slightly from 23.0 in 1990); in the County the median age was 37.5 (up from 34.1 in 1990). Statewide, the median age in 2000 was 38.0 (up from 35.0 in 1990). (See Exhibit 4-A)

In 2000 the Town of Bloomsburg had 3,202 persons or 25.9 percent of its population in the 18 to 21 years of age category. The County percentage was 7.6 percent. The percentage of people in group quarter persons and the percentage of population in the 18 to 21 age group reflects the presence of university students residing in the Town. (See Exhibit 4-B.)

For the Town of Bloomsburg the U.S. Census Bureau estimates that, as of July 2004, population had increased by 430 persons or 3.5 percent over 2000. The County's population is estimated to have risen by 864 or 1.3 percent during this same period. (See Exhibit 5.)

Housing Units

In 2000 Bloomsburg had 1,602 owner-occupied housing units, a decline from 1,753 in 1990. The number of renter-occupied units in 2000 totaled 2,478 an increase of 305 units or 14.0 percent over the 2,173 units in 1990. The percentage of renter units compared to total units was 56.3 percent, an increase from the 1990 percentage of 51.8 percent. Further, 60.4 percent of the total occupied units was rental housing. Renter-occupied units make up the majority of occupied units and the percentage has increased over the decade. Students comprise a large part of the renter occupied group. (See discussion under Code Enforcement below.) The Columbia County statistics for owner-occupied units were 65.0 percent in 2000 and 67.4 percent in 1990. For the County, renter-occupied units were 24.8 percent in 2000 and 24.8 percent in 1990. (See Exhibits 6, 7, and 8.)

The median value the Town's owner-occupied housing in 2000 was \$86,000, an increase from the 1990 value of \$55,000 or 56.4 percent. The respective values for the County were a median value for 2000 of \$87,300 compared to the 1990 median value of \$54,800, an increase of 59.3 percent. (See Exhibit 6.)

Income Measures

In 1990 the Town of Bloomsburg's per capita income was \$9,571. By 2000 per capita income had increased by \$3,248 or 33.9 percent to \$12,819. The County's per capita income in 2000 was \$16,973 an increase of \$6,014 or 54.9 percent from \$10,959 in 1990. (See Exhibit 9.)

The ratio of the per capita income of the Town to that of the County for 2000 was 75.5 percent.

Median household income for Bloomsburg in 2000 was \$24,868 an increase from \$20,871 in 1990. The County's median household income for 2000 was \$34,094 an increase of \$9,883 over \$24,211 in 1990. The ratio of the Town's median household income to that for the County is 72.9 percent. (See Exhibit 10.)

Median Family income for the Town in 2000 was \$39,806, an increase of \$11,074 or 38.5 percent from the \$28,732 in 1990. The County median family income was \$41,398 in 2000 and \$29,355 in 1990. The ratio of the Town to County for the 2000 median family income was 96.2 percent. (See Exhibit 11.)

The median family income ratio of Town to County should be higher than the corresponding median household income ratio because lower student income is not generally included in the family income, but is included in the household group income. For example, students not living in group quarters would be in the household group data set. The town to county median family income ratio of 96.2 percent is about 23 percent greater than 72.9 ratio for household income. Student income plays a large role in determining Bloomsburg's income statistics.

Town of Bloomsburg Operational Profile

The Town of Bloomsburg appears to PEL to be well managed, has manufacturing employment opportunities, features a small town ambiance, and possesses a major fairground. The University has a significant cultural, educational, and economic impact on the Town.

Bloomsburg is the only "Town" in Pennsylvania and follows special legislation for its governmental functions. The Town Council, the governing body is made up of six members plus a presiding officer, the Mayor. The terms for the Mayor and Council Members are four years with three council members elected every two years. The Mayor presides at all meetings, participates in debate, and has a vote on all issues. The Mayor does not have veto power. All

officials are elected at-large. The Town has a Manager to manage the daily administration of the Town's government.

The Town provides police and fire coverage; code enforcement; sewer collection and treatment (in conjunction with the Sewer Authority); storm water collection; street and road maintenance; parks and recreation facilities and programs. Refuse collection and disposal are carried out by private haulers. The Town has a recycling program which is governed by Town ordinance.

Police Department

In 2005 the Police Department had a sworn officer compliment of 15 full-time officers including the Chief of Police, and about 12 part-time officers. The sworn officers were assisted by three civilian employees who performed clerical functions and one full-time and one part-time employee who enforce parking regulations. The total budgeted wages for these police personnel were approximately \$785,000 in 2005. The number of total personnel for police operations has increased over the past few years, especially in the part-time category. See Bloomsburg-Police1.

Fire Department

Fire Service in the Town is provided through the Bloomsburg Fire Department which is comprised of four consolidated volunteer fire companies: Friendship, Rescue, Winona and Liberty. The consolidated company operates from the new (2000) joint fire complex on Market Street. Although the Town provides some minor compensation to the volunteers; the principal Town payments are utilized for the payment of fire hydrant fees and equipment maintenance, as well as the contribution of Firemen Relief money to the consolidated company. The fire equipment is owned by the Town and the Building is owned by the Volunteer Company. For 2005 the Town budgeted about \$144,000 from its General Fund for fire operations. The Town also raises about \$45,000 to \$50,000 per year from non-General Fund tax revenue and it accumulates funds to make major equipment purchases. In 2004, approximately \$780,000 was spent for fire apparatus.

Public Works

The Public Works Department maintains and repairs the Town's streets and alleys. In addition, the Department maintains the sewer and storm water collection system (in conjunction with the Municipal Authority) and maintains the parks throughout the Town. The Department retains about 10 full-time employees at a 2005 budgeted cost of just about \$358,000.

Although the Town maintains the Sewer lines located in the municipality as well as related connectors, the Sewer Authority owns and operates the treatment plant and reimbursing the Town for the manpower costs related to maintaining the system.

Parking Facilities and Control

As with West Chester (but not to the same high degree), parking is an issue within the Town. The parking shortage in the Town's results from the Town's position as the County seat and as the host for the University. There are no parking garages located in the downtown although Bloomsburg does maintain a number of surface lots.

Code Enforcement

Because of the high rate of renter occupancy in the Town's older buildings and neighborhoods, the Town has initiated a strong code enforcement and inspection program. The code enforcement function is carried out by a staff of two full-time employees at a 2005 budgeted wage cost of approximately \$70,000.

Recreation

The Town does not budget for recreational personnel but does allocate funds for park maintenance.

Management and Finance

The Town retains five employees (including the Town Administrator and clerical employees) to provide overall financial and management direction. The 2005 budgeted wage cost for this function was approximately \$173,000. In addition, an elected tax collector is also compensated for services.

Recycling

The Town of Bloomsburg maintains a recycling program for the Town and the surrounding area. The financing accounting and reporting for this major program is handled under the Recycling Enterprise Fund. In 2005, five full-time employees and one part-time employee were budgeted to provide this service.

Town of Bloomsburg’s Fiscal Status (2004 Audit)

Governmental Funds

The 2004 Audit lists 5 major governmental funds: General Fund, Fire Fund, Capital Fund, UDAG Repayment Fund, and Daycare Debt Fund. The latter three funds provide and utilize grants and other sources for capital programs as well as the operation of specialized programs. Exhibit Bloomsburg-Finance 1.1 provides the Balance Sheet for 2004. Exhibit Bloomsburg-Finance 1.2 provides the Statement of Revenues, Expenditures, and Changes in Fund Balances.)

The 2004 General Fund in summary format:

Revenues:	\$3.343 million
Expenditures:	(3.485) million
Net Other Sources:	<u>0.311 million</u>
Net Change in Fund Balance	0.169 million
Fund Balance Beginning Year	<u>0.469 million</u>
Fund Balance End of Year	<u>\$0.638 million</u>

- For 2004 there was a \$169,000 increase in fund balance.
- Revenue paid for 96 percent of General Fund Expenditures in 2004.
- Total General Fund Tax Revenue paid for approximately 53 percent of General Fund Expenditures.
- Net Other Sources paid for approximately nine percent of 2004 General Fund Expenditures. This category is primarily transfers from the other funds and prior year expenditure refunds.

- Fines, forfeits and costs paid for approximately 13 percent of total General Fund expenditures.
- Charges for services paid for approximately 13 percent of total expenditures. Parking meter revenue and permits as well as rental inspections and licenses make up approximately 70 percent of this category.
- Intergovernmental revenue, primarily state contributions to pension expenditures and volunteer fire relief contributions, comprised approximately 14 percent of expenditures.
- Public Safety expenditures accounted for approximately 52 percent of total 2004 General Fund expenditures. Within the public safety expenditures category, police expenses total about 95 percent, with Housing Code Enforcement and Fire making up the difference. (This does not include fire equipment purchased from the fire fund.).
- Public Works, both street and combined sewer, and General Fund capital expenditures make up about 24 percent of expenditures.

Finally, the remaining expenditures were General Government, 22 percent, and Community Development Culture and Recreation 13 percent. (Debt service like the fire equipment, library contributions and street lighting expenditures were paid for out of separate funds.)

Taxes and Tax Base

General Fund total taxes, approximately \$1.844 million, paid for only 53 percent of General Fund expenditures and amount to 55 percent of revenues (excluding other sources). Total taxes were the largest single revenue source for the General Fund.

- General Fund Real Estate Tax current and delinquent in 2004 was 34.4 percent of total General Fund taxes. Real estate taxes for 2004 were levied at 5.16 mills on an assessed valuation of \$124 million.
- The Earned Income Tax (EIT) generated about 29 percent of total tax revenue. The earned income tax is levied on earned income of municipal residents at the rate of one-half percent

for the Town. The earned income tax is also levied on those who work in the Town and do not have an EIT tax in their municipality of residence.

Bloomsburg obtains significant tax dollars from other Act 511 Taxes. In particular, Bloomsburg derives revenue from an admission tax and the Gross Receipts Tax.

The admission tax at eight percent of ticket price is levied on amusements shows, plays, and fairground activities within the Town. (Bloomsburg has one of the largest fairs in the Commonwealth.) In addition, 1.5 mills of tax are levied on gross receipts of retail sales within the Town and a one mill tax is levied on gross receipts of wholesale transactions.

Bloomsburg has no cap on the dollar value of sales per vendor upon which the millage can be applied. For 2004, about \$362,000 was generated in gross receipts taxes and \$159,000 was generated in admission taxes.

<u>Town of Bloomsburg</u>	<u>Proportion of Revenue</u>
Real Estate Transfer Tax	5 percent
Occupational Privilege Tax (OPT)	2 percent
Admission Tax	9 percent
Business Privilege/Mercantile Tax	20 percent
Per Capita Tax	less than 1 percent

In 2004 the Occupational Privilege Tax (OPT) was levied at \$10 per employee in the Town regardless of their residence. Of the \$10 levied per employed person, \$5 was retained by the Town and \$5 went to the school district. The OPT tax was replaced with the Emergency and Municipal Services Tax beginning in 2005. A \$38 rate was set by Bloomsburg of which the municipality retains \$33 and \$5 was remitted to the school district.

Total Taxes All Funds

Bloomsburg levies real estate tax for other than General Fund purposes. In 2004 the Town levied tax revenues as follows:

<u>Category</u>	<u>Total Taxes</u> <u>(millions)</u>	<u>Real Estate</u>		<u>% of All</u> <u>Fund Taxes</u>
		<u>Taxes</u> <u>(millions)</u>	<u>Real Estate</u> <u>Millage</u>	
General Fund	\$1.844	0.635	5.159	85.90
Debt Service Fund	0.110	0.110	0.895	5.12
Fire Fund	0.047	0.047	0.380	2.19
Street Lighting Fund	0.119	0.119	0.968	5.54
Library Fund	<u>0.027</u>	<u>0.027</u>	<u>0.216</u>	<u>1.26</u>
TOTAL	\$2.147	\$0.938	7.618	100.00

The total tax burden on residents of Bloomsburg for 2004 was \$2.147 million.

These other real estate taxes are used to pay for streetlights, debt service and the Town contribution to the public library. Only the real estate tax levied for the Fire fund is used for major fire fighting capital acquisitions.

Because of the Town’s Gross Receipts Tax and Admission Tax, Bloomsburg has more tax flexibility than other host municipalities. However, both the Gross Receipts Tax and Admission Tax have shown little growth over the last few years. Bloomsburg is an older developed municipality and any substantial increases in the real estate tax would depend on either reassessment or an increase in the tax millage.

Proprietary Enterprise Funds

The 2004 audit for the Town lists one enterprise fund the Recycling Fund, which accounts for business type services provided to Town residents. Detailed information for this fund from the 2004 audit is provided as Exhibit Bloomsburg-Finance 2.1 and Bloomsburg-Finance 2.2.

The Recycling Fund was used to account on a “business basis” for the recycling operation carried on by the Town. The operation was structured so that the charge for service together with grants were sufficient to meet expenses including depreciation. Although this is a major fund, the relationship to the cost of general governmental operation and its relationship to the University was not significant.

In contrast, the Municipal Authority’s operation is considered a discrete component unit of the Town for financial purposes. The primary function of the Municipal Authority is the collection and treatment of sewage within the Town (including the University) and surrounding areas. Financial data for the Municipal Sewer Authority is provided in Exhibit Bloomsburg-Finance 3.1 and Exhibit Bloomsburg-Finance 3.2.

The change in net assets for 2004 was (\$2,000), based on charges of close to \$1.6 million and expenses of \$1.8 million. Non-operating income amounted to about \$118,000.

The Municipal Authority makes payments to the General Fund to cover certain sewer maintenance service costs.

Case Study—Bloomsburg University Profile

Introduction

Bloomsburg University's Main Campus is located in the northern section of the Town of Bloomsburg and includes residence halls, academic buildings, library, administrative buildings, and student services. The Upper Campus (a short distance from the Main Campus) is comprised of two student apartment complexes, athletic fields, major parking areas and a maintenance service facility.

According to the State System Factbook 2005, the University occupies 282 acres, all located in the Town. (Some land owned by the Student Foundation is located in Scott Township.)

Bloomsburg University was founded in 1839 as the Bloomsburg Literary Institute. About 30 years later it became a normal school to train teachers. In 1916 the normal school was purchased by the state. Subsequently, it became Bloomsburg State Teachers College and then Bloomsburg University. It is now one of the 14 Pennsylvania state owned universities.

Enrollment

Exhibit 12 provides current enrollments for the fall of 2002 through 2004 and spring of 2003 through 2005. Exhibit 13 presents various breakdowns of the 2004 enrollment by undergraduate/graduate; female/male; full-time/part-time; Pennsylvania resident/non-resident and minority/non-minority.

Exhibit 14 lists the top three Pennsylvania resident counties for Bloomsburg University students.

Finally, Exhibit 15 converts the 2004 enrollment to full-time equivalents (FTE) for the fall of 2004. The original 8,304 enrollment converts to a full-time equivalent count of 7,620.

- Full-time students total about 7,368 or 88.7 percent of the total enrollment. Of this number, almost 900 students are from Columbia County and may be commuter students.
- Females are about 1.6 times more numerous than males.
- Nearly 90 percent are Pennsylvania residents.

Student/Faculty Ratio and Cost Per Full-time Equivalent Student

The student faculty ratio has increased from the period 1999-2000 through 2003-04. Exhibit 16 depicts the yearly ratios.

Exhibit 17 depicts the cost per full-time equivalent student for Bloomsburg University as well as similar costs for the state system as a whole. FTE costs increased from \$11,219 in 1999-2000 to \$13,107 in 2003-04, an increase of about 4 percent per year over the period.

Facilities

A description of the physical assets of Bloomsburg University is contained in Exhibit 18. The various data is also compared to the state system as a whole. The data includes the physical education, fields stadium, and the apartment complex in the Upper Campus. The dorm capacity is 2,868, which sets an upper limit “resident on campus” students as of the fall 2004. The replacement cost of the University’s assets provides an estimated assessed valuation of the University’s property.

University Employment

Exhibit 19 depicts the number of full-time of salaried and hourly employees for both Bloomsburg University and the state system.

BLOOMSBURG TOWN AND GOWN RELATIONSHIPS

PEL staff met with both Bloomsburg Town and Bloomsburg University officials. The areas of concern which impacted on the fiscal situation of the Town were revenue sources, public safety response and service, off-campus housing, and infrastructure development. Parking and parking enforcement, although important, was not as critical an issue as in West Chester.

Student Number and Required Services.

The *State Fact Book* for 2005 indicates that for Bloomsburg University fall 2004 enrollment was 8,304 students. University data indicated that for 2004 approximately 3,100 were resident students, and 5,204 students lived off campus. Further, University data indicated that about 2,900 students lived in the Town. Approximately 1,200 students were defined as having unknown addresses and 1,036 students were listed as commuters.

The data provided by Bloomsburg University was the most comprehensive residential student data received from any of the institutions in the case studies.

Therefore, approximately 2,900 resident students need to be provided with basic municipal services. It is also quite possible that some of the approximately 1,200 students in the unknown category may also reside within the Town.

Revenue

- Real Estate Tax Revenue

Bloomsburg University as part of the State System is a tax-exempt state-owned educational institution and pays no real estate tax. Exhibit 20 indicates that the 2003 Town of Bloomsburg total assessed valuation was about \$200.3 million. Of this total, the exempt valuation was \$76.7 million and \$46.7 million of this is attributed to the University. The University comprises over 60 percent of the total tax-exempt valuation and about 23 percent of the total assessed valuation. These percentages are significantly higher than the same percentages in West Chester Borough which were 33 percent and 11 percent respectively. Nearly all of Bloomsburg University, excluding some of the University Foundation's parcels, are in the Town.

Payments In Lieu of Taxes (PILOTS)

Based on the general policy and legal interpretation of the SSHE no payments in lieu of taxes were made by the University to the Town.

Other Payments

Bloomsburg University made contributions to the Town for the purchase of fire equipment/apparatus and/or the new fire headquarters. Between 1994 and 2005 the University made payments of just over \$381,000 to help improve Fire protection in the Town and to the University. Of this total, approximately \$63,000 was provided in 2004 and 2005.

University Employees and Tax Payments

- Tax Contributors

The University reported for 2004 that it had 213 employees living in Bloomsburg. The 2005 State Data Book indicates that the number of full-time salaried and hourly University employees in the fall of 2004 was 881. Approximately 24 percent of University employees lived within the Town. These resident employees would be subject to the Real Estate Tax and to the earned income tax. Individuals who own property would pay the property taxes directly, renters would pay the property tax as part of their rental cost.

- Earned Income Tax (EIT)

The University reported that for 2004, its employees residing in the Town received about \$11.5 million in compensation compared to a total payroll payment of about \$76.1 million. About 15 percent of the employee payroll would be subject to the earned income tax in the Town.

From the Town's perspective the \$11.5 million in payroll to Town residents should equal \$57,500 in EIT revenue. For 2004, the Town reported EIT collections of approximately \$458,000. Approximately 12.5 percent of the Town's direct EIT collection appears to be derived from University Employees.

The Town's Tax Collector has indicated that for the years 2000 through 2004 about \$313,000 of the \$2.724 million of the Town's EIT was collected from University employees. This equates to 11.5 percent and is comparable to the estimate obtained from University data. University employees were important contributors to the municipal real estate tax revenue and EIT revenue, but the majority of University employees and Earned Income Tax were paid to other communities.

- Occupational Privilege Tax (OPT)

The Occupational Privilege Tax is paid by all persons who are employed within the Town. According to data provided by Town's Tax Collector for the years 2000 through 2004, the Town received about \$251,600 in OPT or about \$50,000 per year. At \$5.00 per taxpayer, (which the Town retains) the total estimated number of taxpayers was about 10,000.

The Town's Tax Collector estimated that the OPT collected for the University employees was \$69,585 for the five year period. In percentage terms, about 27.7 percent of the total OPT came from the University employees.

- 2005—Emergency and Municipal Service Tax (EMST)

As previously mentioned, the state legislature initiated a new tax, the Emergency and Municipal Service Tax (EMST) replacing the OPT. The tax limit can be as high as \$52 per employee with the first \$5 remitted to the school district and the remainder to the Town. For 2005, the Town enacted the EMST at \$38 per employee.

For 2005, the Town received approximately \$223,000 in EMST revenue. University employees accounted for approximately \$49,000 of this amount, or about 22 percent of the total being paid by University employees. PEL found that the EMST percentage of total taxes, 22 percent in 2005, was less than the applicable percentage for the former OPT of 27.7 percent.

Police/Crime Service Issues:

As previously mentioned, the Town of Bloomsburg's police department has about 15 full-time and 12 part-time sworn officers. The University has 17 police officers who are Act 47 certified and are under the supervision of a University Vice President.

Following the general policy of the State University System, University officers engage in police functions on University property but not in adjacent areas off campus. The University officers will assist in emergency cases when requested by Town police. There is no written agreement for a "municipal services agreement/mutual aid" between the Town and the University police.

The Bloomsburg Police Chief reported that, although the University provided on-campus police coverage, the off campus activities of students required the use of a significant amount of Town police resources.

In order to measure this factor, the Bloomsburg Police Department monitored "College Related Incidents" for the period May 1 through October 31, 2005. (Part of this period included the summer months when student enrollment was low.)

During this period, 789 incidents occurred which were University related. The total number of incidents amounts to 2,185, with 36 percent attributed to University students and student related issues.

The Bloomsburg data demonstrated that most of these calls dealt with traffic issues, underage drinking, and public drunkenness. Bloomsburg's Police Chief also expressed concern that more serious issues may be starting to manifest themselves especially in the area of substance abuse.

Code Enforcement/Housing

Within the last decade, there were several serious fires at off campus student housing located in the Town. In addition, renter-occupied housing comprised 56.3 percent of all housing in the Town, and the University estimates that 2,900 students are Town residents. Because of these safety concerns, the Town has developed a rigorous program of code enforcement and yearly rental housing inspections. Yearly inspections conducted for residences that house two or more unrelated individuals at a charge of \$20 per individual per year.

According to Town officials, there has been a significant improvement in the maintenance and care of the rental structures since the inception of the program. A sample taken from the inspection program from May 2005 through October 2005, demonstrated that about 700 code enforcement man hours were spent on this program and the Town's Code Enforcement officer indicated that a significant amount of his department's time is related to general code enforcement for off campus student housing.

Although off-campus student residences have spread out from the immediate campus area to Bloomsburg's downtown, much of this housing is centered on second and third story apartments over retail establishments. There does not appear to be large substantive movement to convert single-family units to rental housing, as in other host municipalities.

Parking

Parking is an issue but not a critical problem in the Town. The University has an area on the upper campus which can accommodate significant parking and a related shuttle bus system. Parking on campus is regulated by the University and University police.

Infrastructure

The University owns, operates, repairs, and maintains all of the roads, curbing and sidewalk on the campus.

The University owns and maintains the sewer and storm collection lines on campus. The University pays the same rate for sewage processing as other large users based on a usage calculation. For 2004 the University used about 14,800 gallons/month. For 2005, this amount decreased to an average of 10,400 gallons/month.

By prior agreement the University has a sewage processing reserve capacity of about 600,000 gallons. This capacity was secured by the University as part of its participation in the funding of the sewage system. A major sewer improvement and flood mitigation project is being developed. It is anticipated that the University will help fund with a capital contribution.

Other Areas:

The University also contributes to the stream of recyclable waste material. Although the total dollar value of such waste recycling is not very large (about \$900 in 2004 and \$667 in 2005).

Bloomsburg Town and Bloomsburg University do engage in periodic Town and Gown meetings. The Town's representation includes elected officials.

CHAPTER 4—SECTION 3

CASE STUDIES

Lock Haven City

The City of Lock Haven, the county seat of Clinton County, is located in central Pennsylvania, approximately 200 miles northwest of Philadelphia and 108 miles northwest of Harrisburg. Lock Haven is a small third class city, located in a rural county. The City encompasses approximately 2.3 square miles.

Population Characteristics

Between 1990 and 2000, Lock Haven City experienced a decrease in population from 9,230 to 9,149, a decline of 81 or 0.9 percent. Clinton County's population increased from 37,182 in 1990 to 37,914 in 2000, an increase of 732 or 2.0 percent. (See Exhibit 1.)

In 1990 Lock Haven City had 3,692 persons per square mile; in 2000 the number of persons per square mile decreased by 32 or 0.9 percent to 3,660. The County's density grew by 0.8 persons per square mile or 2.0 from 41.7 to 42.6 persons per square mile over the same period. (See Exhibit 2.)

The number of individuals residing in group quarters in Lock Haven decreased from 2,010 in 1990 to 1,846 in 2000, a decline of 164 or 8.2 percent. In 1990, 21.8 percent of Lock Haven's total population resided in group quarters. In 2000 it decreased to 20.2 percent. In 1990, 5.5 percent of the County's population resided in group quarters; by 2000 this figure increased to 5.8 percent. (See Exhibit 3.)

As with other university host municipalities, the comparatively high percentage of City residents living in group quarters reflects university students living in university housing located in the host municipality.

Lock Haven's "household population" (that is, the population exclusive of those residing in group quarters) increased from 7,220 in 1990 to 7,303 in 2000, an increase of 83 people or 1.1 percent. In 1990 household population represented 78.2 percent of the City's total population, and increased to 79.8 percent in 2000. The household population in Clinton County in 1990 represented 94.5 percent of the county's total population and declined slightly to 94.2 percent in 2000. (See Exhibit 4.)

In 2000, 16.7 percent of the population in Lock Haven was under 18 years of age, 67.8 percent was between the ages of 18 and 64, and 15.4 percent was age 65 and over.

The City's 2000 population under the age of 18 (16.7 percent) was below the County figure (21.5 percent). The proportion of the City's population in the 18-64 age group (67.8 percent) was above that of the County (61.7 percent), and the proportion of the City's population age 65 and older (15.4 percent) was also below the County (16.8 percent). In 2000, the median age in the City was 25.0 (down from 26.3 in 1990); Countywide the median was 37.8 (up from 34.8 in 1990). Statewide, the median age in 2000 was 38.0 (up from 35.0 in 1990). (See Exhibit 4-A).

The City had 1,623 persons or 17.7 percent of its population in the 18 to 21 years of age category in 2000. The County percentage for this population is 6.8 percent. This difference is attributed primarily to Lock Haven University students. The difference in the percentages between the City and the County in the 18-21 age category is the smallest of any of the five host municipalities examined in the study. The younger median age of the City reflects the high weight of those in the 18 to 21 category located at the University. (See Exhibit 4B.) As with the other university towns, both the percentage living in group quarters and the percentage of population in the 18 to 21 age group reflects the university students.

U.S. Census Bureau estimates that as of July 2004, the population of Lock Haven City had decreased by 166 persons or 1.8 percent since 2000. The County's population is estimated to have decreased by 428 or 1.1 percent during this period. (See Exhibit 5.)

Housing Units

In 2000 the City had 1,289 owner-occupied housing units, down from 1,380 in 1990. The number of renter-occupied units in Lock Haven in 2000 totaled 2,017, an increase of 269 units or 15.4 percent over the 1,748 units in 1990. The percentage of renter units to total units was 56.6 percent, an increase from the 1990 percentage of 52.9 percent. Further, 61.0 percent of the total occupied units was rental units. As previously noted, a high percentage of renter-occupied units is considered to present a less stable condition than owner-occupied units. Within Lock Haven City students comprise a large number of the renter occupied units.

Similar statistics for the County in 2000 were 59.3 percent owner-occupied and 61.2 percent were owner-occupied in 1990. For County renter-occupied units, the numbers were 22.0

percent in 2000 and 22.8 percent in 1990. The Commonwealth proportions were owner-occupied, 64.9 percent and renter-occupied, 26.1 percent in 2000.

The median value for City owner-occupied housing in 2000 was \$76,100 an increase of \$32,500 or 74.5 percent from the 1990 value of \$43,600. The median values for the County were \$78,000 for 2000 compared to the 1990 value of \$46,300 or an increase of 68.5 percent. Both Lock Haven City and Clinton County have the lowest owner-occupied housing unit median value but the highest percentage increase in value between 1990-2000 for any of the host municipalities. (See Exhibits 6, 7, and 8.)

Income Measures

In 1990 the City's per capita income was \$9,271 and in 2000 had increased by \$2,677 or 28.9 percent to \$11,948. The County's per capita income in 2000 was \$15,750 an increase of \$5,463 or 53.1 percent from \$10,287 in 1990. (See Exhibit 9.)

The City's per capita income for 2000 was 75.9 percent of the per capita income for the County.

Median household income for the City in 2000 was \$20,731, an increase from \$16,910 in 1990. The relative county median household income for 2000 was \$31,064 an increase from \$22,128 in 1990. The comparison of City median household income for 2000 to the County was 66.74 percent. (See Exhibit 10.)

Median family income for the City in 2000 was \$28,619, an increase from \$23,349 in 1990. The County median family income was \$38,177 in 2000 versus \$26,575 in 1990. The ratio of the City to County for the 2000 median family income was 75.0 percent. (See Exhibit 11.)

The median family income ratio of City to County should be higher than the median City to County household income ratio because student income is not generally in the family income measure but some student income is in the household group. Students not living in group quarters would be in the household group data set.

Lock Haven City Operational Profile

Lock Haven is a small third class city located in rural central Pennsylvania. Because of its rural nature the City does not have the income levels or median household values of some of the other host municipalities.

The City operates under the City Manager form of government. It has six council members and a Mayor, each of whom serve a four-year term. The Mayor is a member of Council and is the official representative of the City. City Council retains a professional City Manager who carries out all the administrative activities of the City.

The City provides police and fire coverage, code enforcement, sewer collection and treatment, storm waste collection, street and road maintenance and cleaning, and parks and recreation facilities and programs. Because the Susquehanna River flows through the City, the City also maintains a levee system. The City has an extensive metered parking program, including metered off street parking lots. Refuse collection is provided by various private haulers who are licensed by the City. Lock Haven also provides water service to its citizens and to a number of surrounding communities and operates a General Aviation Municipal Airport.

Police Department

In 2005 the Police Department had a sworn officer compliment of 13 officers including the Chief of Police. The budgeted base salary expenditure for these officers was approximately \$555,000. The sworn officers were complemented by four support staff. In addition to the chief, there are a number of sergeants and/or acting sergeants (including a detective) and sworn patrol officers in the Police Department.

Fire Department

Fire Service in the City is provided through the Lock Haven Fire Department which is comprised of three distinct volunteer fire companies, Citizens Fire Company, the Hand-in-Hand Fire Company, and the Hope Hose Fire Company.

The City employs three full-time drivers, and six to eight part-time drivers. Part-time Fire Chiefs, Assistant Chiefs, and Deputy Chiefs rotate between the three companies and serve two year appointed terms. The drivers provide manpower at each of the three stations to cover

the 8:00 a.m. to 10:00 p.m. period for seven days per week. On call personnel cover the remaining hours. According to the City's Comprehensive Plan, fire equipment consists of one aerial/platform, three pumper/tankers, one brush pumper, one light rescue boat and a scuba unit. Driver wages, including part-time drivers, were approximately \$128,000 for 2005.

Public Works Department

The Public Works Department consists of 21 full-time employees and several part-time workers. The Streets/Storm Sewers division maintains about 35 miles of roadway and associated storm sewers within the City. For 2005, approximately \$70,000 in wages were budgeted in the General Fund for full and part-time personnel.

The Parks division maintains 14 municipal parks in the municipality. For 2005 about \$43,000 in wages were budgeted in the General Fund for full- and part-time staff.

The City, through the Public Works Department is responsible for the maintenance of 6.5 miles of earth levee along the Susquehanna River. This division maintains 38 drainage structures, one sanitary pumping station and other support areas. For 2005, the General Fund budget was \$63,000 for full- and part-time employees in this division.

The Water division maintains the water distribution system for the City and for a number of other municipalities. About 2 million gallons per day are supplied. Wage costs according to data from the Water Fund for 2004, were approximately \$244,000 (excluding the City Manager and elected officials).

The Sewer Division operates and maintains a 3.75 million gallons per day sewage treatment facility Sewer Fund expenditures wage expenses in 2004 were approximately \$423,000.

Parking Facilities and Control

Lock Haven has responded to the parking issue by the use of metered parking along City streets. In addition to on-street parking, the City has developed parking lots which utilize either meters or permit parking. According to the City's Comprehensive Plan, there were 297 off street spaces, of which 97 utilized permits and the remainder were metered lots.

In addition to the use of police officers for parking enforcement, the City budgets a separate department to deal with meter collection and maintenance.

According to City officials there does seem to be some increase in parking issues near certain areas bordering the University campus, and “in town” where single family housing units are being converted into renter-occupied units.

Code Enforcement

Code enforcement is a major concern because the majority of dwelling units in the City are renter-occupied. The City staff believes there is a continuing move to convert owner- to renter-occupied units based on recent experience in the local real estate market.

The City retains three employees to handle code enforcement. The 2005 General Fund budgeted about \$58,000 in wages for this function.

Recreation

The City, along with the countywide Keystone Central School District, operates recreational and swimming programs throughout the City. It uses part-time personnel for this service.

Other Management and Finance

In addition to the City Manager, the City has a City Planner, a City Engineer and a part-time elected City Treasurer and a number of other key professional and related support personnel. The total cost for these positions were spread over a number of accounting funds.

Lock Haven City Fiscal Status (2004 Audit)

Governmental Funds

The 2004 Audit delineates four major governmental funds: The General Fund; the Capital Escrow Fund; the Enterprise RLF Fund; and the Rural Enterprise Fund. The Capital Escrow Fund is the accounting vehicle for capital expenditures and to accumulate the revenue necessary to fund such activities. The two latter funds are loan funds which are used to assist economic development activities within the City. Exhibit Lock Haven-Finance 1.1 and Lock Haven-Finance 1.2 provides the full Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for 2004.

The 2004 General Fund in Summary Format:

Revenues:	\$2.572 million
Expenditures:	(2.848) million
Net Other Sources:	<u>\$0.282 million</u>
Net Change in Fund Balance	0.006 million
Fund Balance Beginning Year	<u>0.0001 million</u>
Fund Balance End of Year	<u>\$0.007 million</u>

- For 2004 there was a \$6,000 gain in fund balance.
- Revenue paid for about 90 percent of General Fund expenditures in 2004
- Total Tax Revenue paid for about 64 percent of General Fund expenditures
- Net Other Sources paid for about 10 percent of 2004 General Fund expenditures. This category is primarily driven by loan proceeds in excess of \$200,000 and by transfers from the other funds.
- Fines, forfeits and costs paid for four percent of total General Fund Expenditures.
- Charge for Services paid for three percent of total General Fund expenditures.
- The last major category, intergovernmental revenue, paid for approximately 12 percent of expenditures, with state aid for pensions and firemen’s relief constituting the major revenue in this category.
- Public Safety expenditures accounted for almost 38 percent of total 2004 General Fund expenditures. Of this total, police accounted for about 30 percent, fire about six percent, and all others accounted for about two percent.
- The second largest expenditure category after public safety was insurance and employee benefits, totaling almost 27 percent of total expenditures.
- Public Works, excluding water and sanitation, totaled approximately nine percent of expenditures.

- The remaining percentages of expenditures were General Government, eight percent; Health and Welfare and Culture and Recreation, each less than one percent; Building and Property, five percent and Debt Service nine percent.

Taxes and Tax Base

- General

Total taxes, \$1.826 million, paid for 64 percent of General Fund expenditures and amounted to 71 percent of revenues. Taxes were the largest single revenue source for the General Fund.

- Real Estate Tax for 2004 (current and delinquent) comprised about 70 percent of total taxes. Current real estate taxes for 2004 were levied at 22.29 mills on an assessed valuation of \$58 million, with an estimated market value of \$99.9 million. The 22.29 mills is a single millage equivalent because the City utilizes a split tax rate of land at 68.43 mills and improvements at 14.14 mills.

- Earned Income Tax (EIT)

The Earned Income Tax generated approximately 18 percent of total tax revenue. The EIT is levied on earned income of City residents at the rate of one-half percent for the City. The tax is also levied on those who work in the City and do not have a similar tax in their municipality of residence.

All the other taxes paid to the City were:

Real Estate Transfer Tax (Deed Tax)	3 percent
Occupational Privilege Tax (OPT)	2 percent
Amusement Tax	less than 1 percent
Business Privilege/Mercantile Tax	7 percent

The Business Privilege/Mercantile tax provides seven percent of total taxes. The rates currently levied in the City cannot be increased beyond their present rate. In Lock Haven the current rate is .75 mills for retail sales and .50 mills for wholesale sales.

- Occupational Privilege (OPT)

In 2004 the City levied the Occupational Privilege Tax at \$10, of which \$5 went to the City and \$5 was remitted to the school district. This tax is paid by all persons employed within the municipality. In 2005, Lock Haven City levied the EMST tax at \$52, \$47 of which is retained by the City.

Proprietary (Enterprise) Funds

The 2004 Audit for the City lists three enterprises funds: the Water Fund; the Sewer Fund; and the Airport Fund. Detail information for these funds from the 2004 audit are provided as Exhibit Lock Haven-Finance 2.1 and Lock Haven-Finance 2.2.

The Airport Fund has no direct relationship to the objectives of this report.

The other two funds are used to account for the water services and for sewage operations which are provided to City residents, including the University. These operations are structured so that the revenue produced through charges for services cover expenses, including interest expense and depreciation.

	<u>Water Fund</u>	<u>Sewer Fund</u>
Operating Income (Loss)	\$(36,208)	\$87,404
Total Nonoperating Rev. (Exp.)	(77,276)	(70,398)
Net Other Financing (Uses)	_____	<u>(9,000)</u>
Net Income	41,068	8,006
Net Assets Beg. of Year	<u>1,863,116</u>	<u>(1,073,359)*</u>
Net Assets End of Year	<u>\$1,904,184</u>	<u>\$(1,065,353)</u>

* Value of system is not shown as asset

For 2004, these funds had minimal transfers to other funds.

Case Study—Lock Haven University Profile

Introduction

Lock Haven University's "main campus" is located in the western section of Lock Haven City. Within the last few years the University has expanded from its traditional campus area into area formerly owned by the Keystone Central School District and used as a junior/senior high school. This area is commonly referred to the Lock Haven University East. It is located within the City and the University intends to renovate the buildings into a Science Center and convert the gymnasium building into a state-of-the-art Wrestling Center. The University also has a branch campus in Clearfield, Pennsylvania approximately 50 miles west of Lock Haven City.

According to the University's Master Plan 2000-2020, the University's main campus occupies about 175 acres, within the City. About 12 percent of the City's area is university property.

Lock Haven University was founded in 1870 as the Central State Normal School to train teachers. In 1927 it became a teachers college. In 1959 it became Lock Haven State College and in 1983 became Lock Haven University, one of the 14 Pennsylvania state owned universities.

Enrollment

Exhibit 12 depicts enrollments from the fall of 2002 through the spring of 2005, along with the relevant percentage changes. Exhibit 13 provides various breakouts of the 2004 fall enrollment by undergraduate/graduate; full-time/part-time; female/male; PA resident/non resident; and minority/non minority.

Exhibit 14 lists the top three Pennsylvania counties where Lock Haven University students reside.

Exhibit 15 converts the 2004 enrollment to full-time equivalent enrollment (FTE) for the fall of 2004. The original 5,126 enrollment converts to a full-time equivalent count of 4,711.

For 2004, full-time students total about 4,555 or 88.8 percent of the total enrollment.

- Females are 1.5 times more numerous than males.
- 89 percent of students are Pennsylvania residents.

Student/Faculty Ratio and Cost Per Full-time Equivalent Student

The student/faculty ratio increased from the period 1999-00 through 2003-04. Exhibit 16 provides the yearly ratios.

Exhibit 17 provides the cost per full-time equivalent student for Lock Haven University as well as similar costs for the state system as a whole. For the period, FTE costs increased from \$12,345 in 1999-2000 to \$12,701 in 2003-04, although some intervening years were higher. This amounts to an increase of approximately 0.7 percent per year.

Facilities

The physical assets of Lock Haven University may be found in Exhibit 18 which also provides data on the state system. This data includes the physical education fields, stadium, apartment complexes, and the Clearfield Campus. The dorm capacity is 1,577, which sets an upper limit to “resident on campus” students. Although not the same as market value, the replacement cost does give some approximation for the asset value of the University’s facilities.

University Employment

Exhibit 19 enumerates the number of full-time salaried and hourly employees for Lock Haven University and the state system.

LOCK HAVEN TOWN AND GOWN RELATIONSHIP

Key Areas/Issues

The key issues affecting the interrelationship between City of Lock Haven and Lock Haven University include City revenue sources, public safety response and service, off-campus housing, parking, and infrastructure development. An additional factor in Lock Haven includes the potential expansion of the University from its geographically confined area in the western section of the City.

Statistical Problem – Student Count

According to the City of Lock Haven's Comprehensive Plan Update, the University had an enrollment of between 4,400 and 4,600 students in the fall of 2003. Of that number, about 1,743 were housed by the University, 300 to 400 were commuter students, and 2,200 to 2,500 students were living in private housing. The Plan Update further reports that most of this private housing is within 6 to 8 blocks of the University.

The 2005 fact book indicated that the enrollment was 5,126 students in the fall of 2004. (This number included students at the Clearfield Campus). The University reported that in the fall of 2004, 1,715 students were living on campus. However, the University did not provide specific information on how many of the remaining students lived in the City.

The number of students living in the City is important because of the demand this group generates for City services and the pressure these students exert on the rental housing market.

Revenue

- Real Estate Tax Revenue

The University, as an educational institution and state owned entity, is a tax-exempt institution, and makes no tax payments to the City. In 2003, Lock Haven City had a total assessed valuation of about \$100.6 million. Of this total, the exempt valuation was \$42.3 million with the University's exempt valuation at \$19.3 million. The University totaled 45 percent of the total tax-exempt valuation and 19 percent of the total valuation of the City. (See Exhibit 20.)

PILOTS-Payments in Lieu of Taxes

Lock Haven University, following the policy of the State University System, does not make in-lieu-of tax payments to the City. The University does make a small donation of about \$4,000 each year to the City for emergency services. The payment is scaled to enrollments. In addition, in 2003 the Lock Haven University Foundation made a one-time payment to the City in conjunction with the development of property by the University Foundation within the City.

University Employees and Tax Payments

- Tax Contributors

The University reported that 132 employees lived in the City in 2004. The total number of University employees was 572 (including Clearfield Campus). The number provided in State System Factbook was very close at 568. (See Exhibit 19.) Approximately 23 percent of these employees would pay some combination of real estate tax, and/or earned income tax, to the City. (The actual percentage may differ somewhat from 23 percent. The 572 total employees would include employees at the Clearfield Campus and, therefore, this would decrease the denominator thereby increasing the percentage. Conversely if the University used Zip Codes to determine City residency the count of employees living in the City would be overstated because of the Zip Code number including non-City areas.)

- Earned Income Tax EIT

The University also provided data on the gross payroll for University employees who are City residents and for the total payroll for all University employees. For 2004, University employees reported as City residents earned about \$17.3 million. The total payroll was \$32.3 million. Therefore, based on these values approximately 54 percent of the payroll was paid to City residents. PEL received data from the City's tax collectors for the year 2002. The number of City residents who paid EIT was 2,573; the number of University employees (as reported by the University) who live in the City was 121. Therefore, only about five percent of the City EIT taxpayers would be University employees. These two measures seem to be incongruous. Further, the very high percentage of 54 percent does not appear to be consistent with the percentage derived in the other host municipalities and the base unit of

pay to University employees for 2004 using the 17.3 million in payroll and 132 City resident employees gives over a \$100,000 annual wage.

- Occupational Privilege Tax (OPT)

According to the City's financial statements, the City's average annual Occupational Privilege Tax collection was \$30,318 for 2002 through 2004. At a rate of \$5 per payer, the average number of payers was 6,063. The OPT is levied on those persons employed in the City regardless of residency. Data from the City indicates that the total number of OPT individual receipts for 2002 through 2004 was 5,875. There is a variance between the two methods of about 188 payers. Included within the 5,875 OPT payers were 799 University payers. The University accounted for 14 percent of the total OPT payers according to the City's data.

- 2005—Emergency and Municipal Service Tax (EMST)

The OPT tax was “transformed” into a new tax, the Emergency and Municipal Service Tax (EMST) by the State Legislature in late 2004. For Lock Haven the rate has been set at \$52 per employee with the first \$5 remitted to the school district and \$47 remitted to the City. As of August 2005, the City had received about \$192,000 from this source. PEL did not have data to indicate what percentage came from University employees.

Police/Crime Service Issues:

For 2005 the police department had 13 sworn officers. The University had 8 sworn police officers in addition to parking officers.

According to a Statistical Survey carried out by the Lock Haven Police Department, there were 832 incidents relating to Lock Haven University students and/or property from May through October of 2005, or approximately 590 man hours of police time. Exhibit Lock Haven-Police 1 provides a breakdown in tabular format of the incidents/manhours by month, type of incident, and type of manhour category. The incidents increased in September and peaked in the months September and October when students return to campus. The majority of this activity dealt with parking tickets.

Lock Haven's Police Chief believes that additional officers would be helpful and that university students, especially those living off campus, add to the workload of his department.

Fire Calls

For the period of April 4 through October 4, 2005, there were 44 incident reports filed by all three companies that related to University property or to students. Many were duplicate reports filed by different companies but related to the same incident. There were no major structure fires included in the calls.

Code Enforcement/Housing

There is concern with the large percentage of rental units located in the City and the need to insure compliance to code for these units. The City has enacted a stringent code enforcement program to ensure that these rental units meet code standards. The rental units are inspected by independent third party inspectors with the guidelines based on the 2003 International Property Maintenance Code. If complaints about a property are received between the normal inspection period an interim inspection may be conducted. Improvements in the maintenance and care of the rental structures have resulted from the implementation of this code enforcement program.

Representatives from the City's Planning and Code Enforcement Departments expressed concern over a trend to convert larger single family homes into multi-rental units. Market demand for rental units (driven primarily by students), is financially attractive and homeowners have converted single-family homes into a multi unit rental units. City staff are concerned that this decrease in owner-occupied housing will promote long-term instability in the housing market.

Parking

Except in the area near the University, vehicle parking is not a significant issue in the City. However, as more single-family units are converted to multi-rental units, the parking requirements for these structures will increase. Zoning and planning ordinances will attempt to address this issue and the City's concern that parking problems will increase as enrollments increase and the campus expands.

Infrastructure/Sewers:

The City provides water and sewer service to the University. The University has assisted with various arrangements to aid in sewer service improvements that benefited the University. In addition, the University as a water and sewer user provides a part of the general revenue stream for both operations.

In 2004, combined water and sewage usage payments by the University was approximately \$119,779. Total charges for water and sewers from all sources per the 2004 audit was about \$2.334 million. This equates to 5.1 percent of the total revenues for these operations.

Other Areas:

The City and the University hold periodic meetings to discuss issues which affect the relationship between the two entities.

One such issue is the growth of the University into additional areas of the City. The University has acquired Keystone Central School District property which was already nontaxable, and the effect on the City's real estate tax base therefore was minimal. However, the University has acquired some taxable property adjacent to the property. As further University development continues, current taxable properties may be acquired by the University and could result in a loss of property for taxation purposes. This would become a major problem for the City.

CHAPTER 4—SECTION 4

CASE STUDIES

Edinboro Borough

Edinboro Borough is located in the northwest corner of Pennsylvania within Erie County. It is approximately 403 miles northwest of Philadelphia, 291 miles northwest of Harrisburg and 23 miles south of Erie City, the county seat for Erie County. The Borough is situated on Lake Edinboro and is a recreational and vacation community. The surrounding municipalities are rural townships and small boroughs. The Borough encompasses approximately 2.3 square miles.

Population Characteristics

Between 1990 and 2000 the Borough experienced a decrease in population from 7,736 to 6,950, a decline of 786 or 10.2 percent. Erie County's population increased from 275,572 in 1990 to 280,843 in 2000, an increase of 5,271 or 1.9 percent. (See Exhibit 1.) Of the five municipalities examined by PEL, Edinboro had the largest population decline between 1990 and 2000 in both percentage and absolute numbers.

In 1990 Edinboro Borough had 3,363.5 persons per square mile; in 2000 it decreased by 341.7 persons per square mile or 10.2 percent to 3021.7 persons per square mile. The County population density grew by 6.6 persons per square mile, or 1.9 percent, from 343.6 to 350.2 persons per square mile. (See Exhibit 2.)

The number of individuals residing in group quarters in the Borough decreased from 2,810 in 1990 to 1,994 in 2000, or by 816 (29.0 percent). In 1990, 36.3 percent of the Borough's total population resided in group quarters and by 2000 declined to 28.7 percent. In 1990, 3.7 percent of the County's population resided in group quarters and in 2000 this figure increased to 5.0 percent. (See Exhibit 3.) Even with this decline between 1990 and 2000, the Borough still has the second highest percentage of persons living in group quarters of the five host municipalities. Only Millersville Borough was higher at 31.7 percent.

The high percentage of Borough residents living in group quarters reflects university students living in university provided housing located in the Borough.

The primary component of the Borough's population, "household population" (the population exclusive of those residing in group quarters) increased from 4,926 in 1990 to 4,956 in 2000, an increase of 30 people or 0.6 percent. In 1990 household population represented 63.7

percent of the Borough's total population, and increased to 71.3 percent in 2000. The household population of Erie County in 1990 represented 96.3 percent of the county's total population and declined to 95.0 percent of the County's population by 2000. (See Exhibit 4.)

In 2000, the median age in the Borough was 21.8 years, up from 21.0 years in 1990. The countywide median age was 36.2, up from 32.9 years in 1990. Statewide, the median age was 38.0 in 2000, up from 35.0 years in 1990.

The Borough had 2,087 persons or 30.0 percent of its population in the 18 to 21 years of age category, the County percentage for this age group was 5.3 percent. Of the five host municipalities, Edinboro and Millersville had the highest 18-21 age percentages at approximately 30 percent. (See Exhibits 4A and 4B.) The younger median age of the Borough reflects to a large extent, those students in the 18 to 21 category at the University. Both the percentage of group quarter persons and the percentage of population in the 18 to 21 age group are skewed by the presence of university students.

The U.S. Census Bureau estimated, that as of July 2004, the population of the Borough had decreased by 71 persons or 1.0 percent since 2000. The County's population is estimated to have increased by 1,512 or 0.5 percent during this same period. (See Exhibit 5.)

Housing Units

In 2000 the Borough had 748 owner-occupied housing units, an increase of 53 units or 7.6 percent from the 695 in 1990. The number of renter-occupied units in the Borough in 2000 totaled 1,339, an increase of 176 units or 15.1 percent over the 1,163 in 1990. In addition, the proportion of renter-occupied units of total housing units was 59.7 percent, an increase from the 1990 proportion of 57.3 percent. Further, 64.2 percent of the total occupied units was rental housing. This large share of renter-occupied units is comparable to that seen in West Chester, Bloomsburg, and Lock Haven. A high percentage of renter-occupied can be considered a weakness to a community's overall housing market stability. It must be noted that a portion of the renter-occupied housing in Edinboro is of seasonal recreational nature primarily around Lake Edinboro, but the Borough believes this is a small percentage of the total rental units.

Comparable County housing statistics for 2000 were 64.5 percent owner-occupied and 64.2 percent owner-occupied in 1990. For the County renter-occupied units, the proportions were 28.7 percent in 2000 and 29.3 percent in 1990.

The median value for Borough owner-occupied housing in 2000 was \$108,000, an increase of \$43,500 from the 1990 value of \$64,900 or 67.0 percent. For the County the median value for 2000 was \$85,300, compared to the 1990 value of \$54,000, an increase of 58.0 percent. (See Exhibits 6, 7, and 8.)

Income Measures

In 1990 the Borough's per capita income was \$6,977; by 2000 it had grown by \$5,232, or 75.0 percent, to \$12,209. The County's per capita income in 2000 was \$17,932, an increase of \$5,615 or 45.6 percent from \$12,317 in 1990. (See Exhibit 9.) The Borough's per capita income for 2000 was 68.8 percent of the per capita income of the County.

Median household income for the Borough in 2000 was \$26,652, an increase from \$20,990 in 1990. The County median household income for 2000 was \$36,627, an increase from \$26,581 in 1990. The proportion of Borough median household income to the County was 72.7 percent.

Median family income for the Borough in 2000 was \$48,516, an increase from the \$33,085 in 1990. For the County median family income in 2000 was \$44,829 up from \$32,145 in 1990. The ratio of the Borough to County for the 2000 median family income is 108.2 percent.

Of the five host municipalities, both Edinboro Borough and Millersville Borough have median family incomes greater than their respective counties. However, household incomes in all five host municipalities are below their respective county household median incomes.

Edinboro Borough Operational Profile

Edinboro Borough is a lakeside residential and university community. The Borough has a small downtown area centered on its main street, and is dominated by the presence of the University and Edinboro Lake.

The Borough is governed under a Home Rule Charter with a council-manager form of government. It has seven council members who appoint a Borough Manager. One of the seven council members, one member selected by Council, acts as the presiding officer or Mayor.

The Manager works at the pleasure of the Council and is in charge of all administrative activities of the Borough including the Police Department.

The Borough provides services including: police; volunteer fire; code enforcement; refuse collection and disposal through a private contractor; water service and sewer collection and treatment through a water authority and municipal (sewer) authority; storm waste collection; street and road maintenance and cleaning; and parks and recreation facilities and programs. Because of Edinboro Lake, the Borough maintains beaches along Edinboro Lake as well as seasonal floating docks and also provides life guards in the swimming areas.

Police Department

In 2005 the Police Department had nine full-time sworn officers including the Chief of Police. The budgeted base salary expenditure for these officers was approximately \$354,000. The sworn officers were assisted by support staff whose base wages totaled \$28,000. The cost of police coverage is a significant issue for the Borough because the neighboring township has no police force.

Fire Department

Fire Service in the Borough is provided by the Edinboro Volunteer Fire Department a community fire department. The Borough's 2005 budget provided for payments to the volunteer department of approximately \$60,000. Other municipalities also make pro rata contributions to the department for items such as Workers' Compensation expenses.

The Fire Department services Edinboro Borough including the University, Washington Township, and parts of the townships of Elk Creek, Cusewago, and Venango in adjacent Crawford County. The firehouse has six bays and equipment including two ambulances, two pumpers, one rescue, one tanker, one 65-foot aerial, and one fire/police vehicle. There are approximately 80 active volunteers. The fire company estimates that 54 percent of all calls originate within the Borough including the University.

Public Works

The Public Works Department (now known as Streets, Buildings, and Grounds) maintains and repairs about 18 miles of Borough streets and 3.7 miles of state roads, and maintains public works activities related to water and sewer service. In 2005, the Department has six full-time employees in addition to the Director at a 2005 budget estimate cost of

\$181,000. Water and Sewer Service work are also performed in conjunction with the respective water and sewer authorities.

Sewage

The sewage system is comprised of 18 miles of gravity lines, nine lift stations, and a 1.2 MGD treatment plant. The service area is the Borough, including the University, and with 50,000 GPD allocated to Washington Township customers. Approximately 7 full-time borough personnel provide staff to operate the system, assisted by part-time employees and clerical staff.

Water

The Edinboro water system supplies water for the Borough, including the University and Washington Township customers. In 2004, the system pumped about 261 million gallons at an average of 714,000 gallons per day. The usage fluctuates primarily in proportion to the amount of University consumption during the year. Approximately three and one-half persons work in this area along with other Borough personnel that contribute their time.

Code Enforcement

As with the other university host municipalities examined, Edinboro engages in an aggressive code enforcement program. The Borough manages its Code Enforcement Program with a Planning/Zoning/Codes Administrator and one support person. According to the 2005 budget, about \$50,000 are spent in direct wages for this function.

Recreation and Parks

The Borough maintains a number of parks and recreation programs. Wages for recreation activities in the 2005 budget were \$18,000. Park maintenance was performed by Public Works personnel.

Management and Finance

The Borough's management and financial supervision is directed by the Borough Manager, Assistant to the Manager and two support personnel. The wages for these personnel were distributed among a number of accounting funds.

Edinboro Borough Fiscal Status (2004 Audit)

Governmental Funds

The 2004 Audit indicates only one major governmental fund, the General Fund. There are three non-major governmental funds; the Community Development Block Grant Fund, the Highway Aid Fund (Liquid Fuels); and the Capital Projects Fund. The latter three funds provide and utilize grants and other sources for roads and streets, as well as for capital improvements and Community Development Activities. Exhibits Edinboro-Finance 1.1 and Edinboro-Finance 1.2 provides the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for 2004.

In summary format the 2004 General Fund numbers are:

Revenues:	\$1.916 million
Expenditures:	(1.835) million
Net Other Sources:	<u>(.041) million</u>
Net Change in Fund Balance	.040 million
Fund Balance Beginning Year	<u>.656 million</u>
Fund Balance End of Year	<u>\$.696 million</u>

- For 2004 there was a \$40,000 increase in Fund Balance.
- Revenue was \$80,000 greater than the General Fund expenditures in 2004.
- Total Tax Revenue paid for 73 percent of General Fund Expenditures in 2004. This is a relatively high percentage compared to West Chester, Bloomsburg, and Lock Haven. The Earned Income Tax, levied at a rate of 2.0 percent (0.5 percent remitted to the school district) contributed to this revenue total.
- Federal, state, and municipal grants paid for 15 percent of expenditures.
- Charge for services paid for four percent of expenditures.
- Interest, rents, etc., along with licenses and permits paid for three percent of expenditures.

- Fines, forfeits and costs paid for five percent of total general fund expenditures.
- Public Safety expenditures totaled almost 42 percent of total 2004 General Fund expenditures.
- Police expenditures make up 35 of the 42 percent expended on Public Safety.
- Housing Code Enforcement and Fire are in the three to four percent range.
- The second largest expenditure category after public safety was public works totaling 23 percent of total expenditures.
- The “Other” expenditure category, including pension expenditures, accounted for 16 percent of expenditures.
- The remaining percentages of expenditures were General Government and Tax Collection 15 percent; Community Development, two percent, and debt service, one percent.

Taxes and Tax Base

Total taxes amounting to \$1.338 million paid for 73 percent of General Fund expenditures and totaled 70 percent of total revenues. Total taxes are the largest revenue source for the General Fund.

The Borough’s total real estate tax (including all funds) generated about 27 percent of total tax revenue. The real estate rate in 2004 was 2.3 mills. The same rate was levied in 2005. The Earned Income Tax totaled 68 percent of total tax revenue. The significant difference among the reviewed host municipalities is that Edinboro levies the EIT at a total rate of 2.0 percent (0.5 percent to the School District), compared to the one percent total rate levied in the other host communities.

The Borough is a home rule municipality governed by a Home Rule Charter and under that Charter’s authority, levies an EIT rate at two percent, 1.5 percent of which goes to the Borough, and 0.5 percent is remitted to the School District. The rate applicable in the Borough is three times greater than the rate in West Chester, Bloomsburg, Millersville, and Lock Haven. For 2004 all the other taxes paid to the Borough were:

The Real Estate Transfer Tax (Deed Tax) which comprised about 4 percent of total taxes.
 The Occupational Privilege Tax (OPT) which comprised about 1 percent of total taxes.
 The Borough does not have either a Mercantile Tax or Business Privilege Tax.

For 2004 the Occupation Privilege Tax (OPT) was levied at \$10 per person for those employed within the Borough. Of the \$10 levied per employed person, \$5 was retained by the Borough and \$5 was remitted to the school district. The OPT tax was “transformed” into a new tax, the Emergency and Municipal Service Tax (EMST), by the State Legislature in late 2004. The tax limit can be as high as \$52 per employee with \$5 going to the school district and the remainder to the Borough. For 2005, the Borough enacted the full \$52 per employee. (Various tax forgiveness features are possible depending on income levels.)

Proprietary (Enterprise) Funds

The 2004 Audit for Borough lists three enterprises funds; the Water Fund, the Sewer Fund, and the Refuse Fund. Detail information for these funds from the 2004 Audit are provided in Exhibit Edinboro-Finance 2.1 and Exhibit Edinboro-Finance 2.2. Each of these funds is used to account for the water services, sanitary sewer services, and refuse operations. The first two Funds use Borough Personnel for operations, and the latter Fund contracts out refuse collection. The University is a major customer and/or participant for water and sewage service. The revenue produced through charges for services cover the expenses including interest expense and depreciation. In both the Sewer Fund and Refuse Fund there were no transfers to other funds. The Water Fund did transfer \$5,800 to the General Fund.

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Fund</u>
Operating Income	\$76,625	\$331,422	(2,961)
Total Nonoperating Rev. (Exp.) (includes transfers)	<u>(2,473)</u>	<u>5,807</u>	<u>1,156</u>
Change in Net Assets	74,152	337,229	(1,805)
Net Assets Beg. of Year (restated)	<u>772,400</u>	<u>3,122,264</u>	<u>203,218</u>
Net Assets End of Year	<u>\$846,552</u>	<u>\$3,459,493</u>	<u>\$201,413</u>

Case Study—Edinboro University Profile

Introduction

The main campus of Edinboro University is located in the central section of Edinboro Borough with the University's east border (and undeveloped area) touching Washington Township. Approximately 43.5 percent of Borough's total area is University property.

The University also has two other campuses. One near Erie City in Millcreek Township and one in Meadville, Pennsylvania.

The Erie Campus is situated on the Paneco Estate and provides credit and noncredit courses as well as conference center programs. That complex has 11 buildings on 27 acres.

The Meadville campus is housed in a 20,000 square foot facility on Bessemer Street. Various courses are offered at this facility.

According to the University's website, the main campus in the Borough of Edinboro is comprised of 43 buildings on 585 acres of land, with about 8,000 students, including approximately 2,500 who live in six campus residence halls.

Edinboro University was founded in 1857 by Scottish settlers as a normal school to train teachers. It has subsequently evolved to be one of the 14 Pennsylvania state-owned universities.

Enrollment

Exhibit 12 delineates enrollments from the fall of 2002 to the spring 2005 along with percentage change. Exhibit 13 presents various breakdowns of the 2004 fall enrollment by undergraduate/graduate; full-time/part-time; female/male; Pennsylvania resident/nonresident and minority/nonminority.

Exhibit 14 depicts the top three Pennsylvania counties where students at Edinboro University reside.

Exhibit 15 also converts the 2004 enrollment to full-time equivalents (FTE) for the fall of 2004. The original 7,773 enrollment converts to a full-time equivalent count of 6,746.6.

- Full-time students total about 6,500 or 83.6 percent of the total enrollment.
- Almost 3,250 students are from Erie County.
- Females are about 1.5 times more numerous than males.
- Edinboro, at 8.8 percent minority student enrollment ranks the third highest of the five universities behind West Chester (12.2 percent) and Millersville (10.7 percent).

- Almost 87 percent of the University’s students are Pennsylvania residents. This follows the pattern set by all the state universities in this study. Edinboro is the lowest of the schools in the study, with Millersville the highest resident student population at 96 percent. The campus location near the New York and Ohio borders may account for the non-Pennsylvania resident population.

Student/Faculty Ratio and Cost Per Full-time Equivalent Student

The student to faculty ratio has been increasing from the period 1999-2000 through 2003-04. Exhibit 16 provides the yearly ratios as well as the state system average.

Exhibit 17 enumerates the cost per full-time equivalent student for Edinboro University as well as similar costs for the state system. FTE costs increased from \$12,699 in 1999-2000 to \$13,297 in 2003-04, averaging an increase of five percent per year.

Facilities

The physical assets of Edinboro University are depicted in Exhibit 18. This data include the physical education fields, stadium, apartment complex, and other buildings. The dorm capacity is 2,800, which sets an upper limit to “resident on campus” students. The replacement cost of the assets does provide some approximation for an asset value of the University’s facilities.

University Employment

Table 19 enumerates the number of full-time salaried and hourly employees for both Edinboro University and for the state system.

EDINBORO TOWN AND GOWN RELATIONSHIP

Key Areas/Issues

The key issues which appear to affect the fiscal status of the Borough are borough revenue sources, public safety response and service, off-campus housing, and infrastructure development. Parking does not seem to be as important an issue of concern as in some of the other host municipalities. (See Presentation 1)

- Major statistical deficiency

The *State Fact Book* indicates that Edinboro University enrollment in 2004 was 7,773 students. University provided data indicates for 2004, 1,837 of these were dorm students leaving 5,936 students who reside off campus. The University did not provide data on how many of those 5,936 students reside within the Borough. The Edinboro University Fact Book indicates that for 2004 there were 4,118 undergraduate and 934 graduate commuter students, with 797 undergraduate and 87 graduate off campus students. However, data on which students resided in the Borough and create a demand for municipal services was not available. This inability to determine the number of off campus students that live in the Borough presented problems in analyzing the service levels and costs to the municipality created by this population.

Revenue

- Real Estate Tax Revenue

As with the other Universities, Edinboro University as part of the SSHE is a tax-exempt institution and pays no real estate tax to the Borough. Real estate assessments are depicted in Exhibit 20. For Edinboro Borough, in 2003, total assessed valuation was approximately \$286.5 million. Of this total, the exempt valuation was \$125.5 million and the University's assessed valuation was \$113.5 million. The University is approximately 90 percent of the Borough's total tax-exempt valuation and approximately 40 percent of the total assessed valuation in the Borough. The University's share of its host municipality's assessed valuation is the highest of the five universities examined in this study. The University's

percentage is nearly four times that of West Chester, which at 11 percent, is the lowest percent of its host municipality's assessed value.

The University occupies a large percentage of the land area of the Borough; the remainder of the Borough is comprised of residential structures with little or no commercial and industrial taxable entities; the Borough is not the County seat.

PILOTS-Payments in Lieu of Taxes

As with the other universities in this study, no payments in lieu-of-taxes are made to the Borough by the University.

Other Payments

Edinboro University provided contributions to the volunteer fire/emergency management service in the amount of \$5,000.

University Employees and Tax Payments

- Tax Contributors

The University reported in 2004 that it had 378 employees (including students) living in the Borough. The State Data Book, Exhibit 19, indicates that Edinboro University employed a total of 770 employees in 2004. However, this includes only full-time salaried and hourly employees. Since the University number includes students, a comparative percentage could not be developed. The University has also provided data, which stated that for 2004, \$9.035 million was paid to University employees who reside in the Borough (This number also included payments to students.) The total payroll for the 2004 period was \$45.774 million. Therefore, approximately 20 percent of total payroll goes to Borough residents. In theory the Borough could receive from the Earned Income Tax rate of 1.5 percent approximately \$136,000 in EIT revenue. However, much of the taxes paid on student earnings may be paid to their "permanent" resident municipality.

Earned Income Tax

Edinboro Borough levies a 1.5 percent Earned Income Tax on resident and nonresident taxpayers. The rate is based on the authority of the Borough's Home Rule Charter and is a rate that is three times the normal municipal share of an EIT with its school district. Consequently, the Borough relies on its EIT to an extent greater than any other local tax, both real estate and nonreal estate based.

PEL has examined the Earned Income Tax collection history for Edinboro Borough to determine the effect of the presence of university students upon Earned Income Tax collection. The results of this examination are applicable to the other four municipalities in this study and by extension to other municipalities that have a large population of student earned income taxpayers.

Municipalities may levy the earned income tax on both residents and nonresidents. In the event a nonresident pays an EIT in their home municipality, a credit must be issued for taxes paid to the home municipality. Determination of residency is a critical element for this resident/nonresident tax system to function properly. According to the Commonwealth's DCED publication "Taxation Manual," a resident is a taxpayer domiciled within the taxing jurisdiction. A domicile for wage earners has been defined as the place where one lives and has one's permanent home. This home is also the place that the taxpayer intends to return whenever absent. Actual residence for a limited or special purpose, such as a college dorm, does not constitute domicile under the local tax-enabling act.

In addition to the legal definition, interviews held with the Borough's Earned Income Tax Collector revealed a further check for assigning earned income tax residency. The local collector asks for the address listed on the employee's federal statement of wages and earnings. This address is usually the permanent mailing address of the taxpayer and is also used to determine residency.

The effect of these rules on Earned Income Tax collection by the Borough:

- Students housed in on-campus dorms pay this wage tax on student earnings or off-campus earning to their home municipality, not the dormitory host municipality.
- Students housed in off-campus rental units may or may not pay EIT to the host municipality depending on how their domicile is interpreted or if they are subject to

nonresident EIT. However, the use of Federal Tax form information may send EIT revenue to other municipalities that otherwise may accrue to Edinboro.

- Employment opportunities utilized by students in off-campus employment can decrease the payment of resident EIT to the host municipality by removing that employment from the local job market. Earned Income Taxes earned by students in these jobs will follow students home rather than stay within the host municipality.

The tax administrator for Edinboro Borough is Berkheimer of Erie, Pennsylvania. PEL was able to view the disbursement data for EIT from Edinboro Borough for the tax year 2002 to 2004. This data was grouped by municipality only, no individual taxpayer data were reviewed.

These reports are useful in determining the many varied jurisdictions that received money from EIT wages paid within Edinboro Borough. The use of these reports to track total University employees by residence is limited, for example, the individual Berkheimer SSHE employer report for Washington Township (the Borough's contiguous municipality) shows 178 employees residing in the Township. The report from Berkheimer to the municipality in the aggregate shows nine Washington Township residents employed at the University. The use of one Zip Code to cover multiple towns may be the cause of this data problem. The employer data should be considered accurate but PEL was unable to generate meaningful reports for Edinboro University.

However, a review of the data for 2002 through 2004 for Edinboro University shows yearly totals of University employees within the Borough of 353 in 2002, 293 in 2003, and 319 in 2004.

On a statewide basis, the earned income tax is the most significant portion of non-real estate taxes. The loss of collection of EIT from residents that are living within a municipality for the majority of a year becomes a fiscal detriment for the host municipality.

A municipality that has a large student population will become an exporter of EIT revenue under the definition of domicile through the Local Tax Enabling Act. PEL has applied the Berkheimer data to graphically represent the amount and flow of these tax dollars out of the Borough. The payment of EIT revenue to many municipalities is not unusual, as an employee does not always work in the municipality of their domicile. What is unusual about the Edinboro

Borough distribution and by extension the distribution for any of the reviewed host municipality, is the distance tax money travels from the source of its earnings, with the conclusion that for most of the year the receiving municipality is not providing services to the taxpayer. (See Map 1 and Map 2.)

Another factor involving EIT collection in a host municipality may involve the conversion of single family or multi-family home into rental units. The EIT law does allow the taxing of rental income of a deliberately acquired rental property for business income as earnings. However, many of the rental conversions reported to PEL by the host municipalities are more of the practice of renting out one's home to students, often at market rents that exceed the cost of mortgage and taxes on the home. There is not a transfer of property title, rather the homeowner will use the cash flow and equity earned to purchase another home as the main residence, often outside the host municipality. In this case, the municipality will experience the loss of EIT on the former resident and will not recoup the EIT on the tenants if they are students paying EIT to their home municipality. In the case of Edinboro Borough, at the median family income of \$48,516, the median EIT tax loss to the Borough could be over \$700 per year per rental conversion of a family home at the median earnings level.

The amount of Earned Income Tax that the Borough receives from its residents employed by the University is significant—over \$136,000 per year based on University reports. PEL has estimated that nearly 20 percent of the University's payroll is paid to Borough residents and is subject to EIT. Single employer influence on a municipality's finances can also be significant in other ways. As in the case of the one industry company town, the ancillary effects of the presence of a large dominant employer, from establishment of worker housing to exclusionary land control, can mitigate the revenue benefits from an employment based EIT. Additionally, the transfer of EIT to municipalities not close to the Borough but only by the action of domicile of students constitutes a reduction of the tax base that can be measured as reduced resources for public safety and other services required by the population.

Occupational Privilege Tax (OPT)

According to the State Fact Book for 2004, the University employed approximately 770 full-time salaried and hourly employees. A \$5 per employee, the Borough should have received OPT revenue of approximately \$3,850 from the University employee. The Borough's financial data indicates that for 2004 it had a total of about \$17,000 from OPT revenues. This value is low compared to the historical pattern (1999-2003) of about \$24,000 per year. Using the latter number as the base, the University salaried full-time and hourly employees would contribute approximately 16 percent of the OPT revenue.

- 2005—Emergency and Municipal Service Tax

For 2005 the Borough's rate for the Emergency Municipal Services Tax (EMST) was increased to \$47 and was budgeted to produce about \$226,000.

Assuming the 2005 percentage remained similar to the historical ratio, the Borough should receive approximately \$36,100 in EMST revenue from University employees.

Police/Crime Service Issues:

The Borough police department has nine sworn officers including the Chief. The University has 14 sworn police officers.

Following the general guidelines of the State University system, Edinboro University's officers provide police coverage within the boundaries of the University Campus. The University officers will provide back up to the municipal officials in an emergency situation.

The Borough would like assistance from the University police in areas adjacent to the University campus. Further, the Borough has no lock up facility in which to temporarily house prisoners. Consequently, when there is only one officer on duty and that officer must transport a prisoner, the Borough is left without police coverage. The Borough has asked the University Police to provide a temporary holding facility but no arrangement has been made.

Exhibit Edinboro Police 1 provides crime and incident related data for the period from July 1, 2002, to June 30, 2003. The data breaks out criminal incident statistics for students versus nonstudents and estimated Borough Police calls for service.

For Part I serious crimes, the total number of incidents was 173 with 88 or 50.8 percent involving a student. For Part II crimes (less serious), the total number of incidents were 707

with 370 or 52.3 percent involving a student. According to the report, there are 869 students involved in the 458 student type incidents.

In calls for service beyond Part I and Part II crime incidents, the report estimates that there were 1,264 calls, of which 560 or 44.3 percent were student related. Based on the total of crimes and incidents of 2,144, 1,018 calls or 47.4 percent of total calls were student related.

The Borough Police Chief feels that two additional police officers were needed to provide coverage for the Borough.

The issue of providing police services is particularly difficult for the Borough. The principal Township bordering the Borough does not provide police protection to its residents but rather uses Pennsylvania State Police coverage for which it makes no payment. A number of Borough residents believe Edinboro should or could follow the proactive of free state police coverage versus the non paid use of State Police gets interwoven with the Town and Gown relationship.

Fire Calls

Approximately 50 percent of the Edinboro Volunteer Fire Company's calls were to the Borough, including the University.

Code Enforcement/Housing

As with the other host municipalities the Borough is concerned about the high percentage of rental housing units. A Borough presentation used to discuss the Borough's 2006 budget indicated that 70 percent of Borough residents were renters and that most of these renters were students. According to Borough Code Enforcement officials, much of the off campus student housing is located south of the University off the Darrow Road, north of the University in the Waterford Street and Dundon Road area, and along the lake border. Some of student off campus housing is spilling over into Washington Township.

As with all universities examined in this study, parking on campus was an issue. For the Borough, parking was an issue in the immediate areas adjacent to the University. (See Presentation)

Infrastructure/Water/Sewers

For the year 2004 the University paid about \$194,000 for water service to the Borough or approximately 35 percent of the total operating revenue received by the Borough for the water operation.

Similarly for the year 2004 the University paid about \$325,000 for sewage treatment to the Borough amounting to about 23 percent of the total operating revenue received by the Borough for its sewage facilities operation.

Both the water and sewer lines located on the University Campus as well as related peripheral systems are owned and maintained by the University.

Part of the plant and treatment capacity was developed with University resources, in order to ensure adequate facilities were available to the University.

Other Areas: Undeveloped University Land

According to both Borough and University officials, there are periodic Town and Gown meetings at which various issues are discussed. The University has a significant amount of undeveloped land located on its campus within the Borough. This land was acquired by the Commonwealth prior to 1990. The original intent of establishing a medical school did not occur and the land is utilized as open space and recreation. The University has no current definitive plan for development of this land area. From the Borough's point of view, development of this area with taxable properties would provide significant financial resources to the Borough. In an interview with PEL, the University indicated that it had studied subdividing the parcels for housing construction, but it had not moved further on the project.

Because this area of undeveloped university land comprises such a large percentage of the Borough, the loss of potential property tax revenue compounds the tax base issue for the Borough. Of the five host municipalities examined, Edinboro was the unique municipality facing the issue of significant undeveloped University land for which there appears to be not immediate planned development.

CHAPTER 4—SECTION 5

CASE STUDIES

Millersville Borough

Millersville Borough is located in Lancaster County, in south central Pennsylvania approximately 85 miles northwest of Philadelphia and 41 miles southeast of Harrisburg. The Borough is four miles southwest from the City of Lancaster (the county seat). Millersville is a small borough consisting almost entirely of residential areas and encompasses approximately 1.9 square miles. Historically, except for the City of Lancaster, the entire County was comprised of small towns in one of the best agricultural areas in the country. In recent years the County has experienced the change of open space agricultural land to suburban residential developments.

Population Characteristics

Between 1990 and 2000 Millersville Borough experienced a decrease in population from 8,099 to 7,774, a decline of 325 or 4.0 percent. Lancaster County's population increased from 422,822 in 1990 to 470,658 in 2000, or by 47,836 or 11.3 percent. (See Exhibit 1.)

In 1990 Millersville Borough had 4,049 persons per square mile and in 2000 it decreased by 162.5 persons per square mile or 4.0 percent to 3,887 persons per square mile. The County grew by 50.4 persons per square mile or 11.3 percent from 445.5 to 495.9 persons per square mile. (See Exhibit 2.)

The number of individuals residing in group quarters in Millersville Borough decreased from 2,694 in 1990 to 2,463 in 2000, a decline of 231 or 8.6 percent. In 1990, 33.3 percent of Millersville Borough's total population resided in group quarters. The percentage residing in group quarters declined to 31.7 percent in 2000. By comparison 3.1 percent of the County's population resided in group quarters in 1990, this figure remained unchanged in 2000. (See Exhibit 3.)

Even with the change between 1990 and 2000, Millersville has the higher percent of population living in group quarters, and Lancaster County the lowest number living in group quarters, of any of the five host municipalities in this study. The high percentage of Borough residents living in group quarters reflects to a great degree university students living within university housing located in the Borough.

The primary component of the Borough's population, "household population" (the population exclusive of those residing in group quarters) decreased from 5,405 in 1990 to 5,311 in 2000, a decline of 94 people or 1.7 percent. In 1990 household population represented 66.7 percent of the Borough's total population, and increased to 68.3 percent by 2000. The household population in Lancaster County in 1990 represented 96.9 percent of the County's total population and remained at the same level for 2000. (See Exhibit 4.)

In 2000, the median age in the Borough was 22.4, up from 21.9 years in 1990; Countywide the median increased to 36.1 years from 32.8 years in 1990. Statewide, the median age in 2000 was 38.0 years, up from 35.0 years in 1990.

Millersville Borough had 2,319 persons or 29.8 percent of its population in the 18 to 21 years of age category, the County percentage was 4.4 percent. This difference can be attributed to the presence of Millersville University students. The lower median age of the Borough also reflects the weight of those in the 18 to 21 category located at the University. Both the percentage of group quarter persons and the percentage of population in the 18 to 21 age group is skewed because the presence of university students. (See Exhibits 4A and 4B.)

According to U.S. Census Bureau estimates as of July 2004, the population of the Borough decreased by 281 persons or 3.6 percent since 2000. The County's population was estimated to have increased by 16,674 or 3.5 percent during this same period. (See Exhibit 5.)

Housing Units

In 2000, the Borough had 1,481 owner-occupied housing units, an increase from 1990 of 97 units or 7.0 percent. The number of renter-occupied units in the Borough in 2000 was 854, an increase of 24 units or 2.9 percent from 1990. The percentage of renter units to total units in 2000 was 34.6 percent, a decrease from the 1990 percentage of 35.7 percent. Further, 36.6 percent of the total occupied units was rental housing.

Similar statistics for Lancaster County were owner-occupied for 2000 at 67.9 percent compared to 67.0 percent in 1990. For County renter-occupied units the numbers are 28.0 percent in 2000 and 29.5 percent in 1990. The owner/renter statistics for the Borough differ somewhat from the other four host municipalities of this study. In each of the other host municipalities, renter-occupied housing comprised more than 50 percent of all units for both 1990 and 2000; for West Chester rental units made up more than 60 percent of all units in 2000.

The percentage difference for renter-occupied units between Millersville and the County was only about 6.6 percent while the other host municipalities the percentage of renter-occupied units was about 30 percentage points higher than their respective County.

The median value for Borough owner-occupied housing in 2000 was \$113,900, an increase of \$87,600 or 30.0 percent from the 1990 value. The respective values for the County median value are \$119,300 (an increase of 33.4 percent) for 2000 and \$89,400 for 1990. (See Exhibits 6, 7, and 8.)

Income Measures

In 1990, the Borough's per capita income was \$10,258; by 2000 it had increased by \$5,515 or 53.8 percent to \$15,773. The County's per capita income in 2000 was \$20,398, an increase of \$6,163 or 43.3 percent from \$14,253 in 1990. (See Exhibit 9.)

As a ratio, the Borough's per capita income to that for the County for 2000 was 77.3 percent.

Median household income for the Borough in 2000 was \$38,425, an increase from \$30,046 in 1990. The County median household income for 2000 was \$45,507, an increase from \$33,255 in 1990. The ratio of Borough median household income to the County median was 84.4 percent. (See Exhibit 10.)

Median family income for the Borough in 2000 was \$53,110, an increase from \$37,656 in 1990. Median family income for the County was \$52,513 in 2000 and \$37,791 in 1990. The ratio of the Borough to County median family income was 101.1 percent in 2000. (See Exhibit 11.)

Millersville Borough Operational Profile

Millersville Borough is a small, historic, residential community located four miles from the City of Lancaster. The village of Millersburg (its former name) was founded in 1761 by John Miller. The Borough has a strong historic tradition which is reflected in its architecture and its commitment to historic preservation. The Borough has no central business district although it does house a few stores and restaurants. The Borough's economy is dominated by Millersville University and the Penn Manor School District High School.

The Borough is governed under the Pennsylvania Borough Code. The legislative/executive function is housed in the seven-member Borough Council, elected at-large with 4-year staggered terms. The Borough also has an elected Mayor who is in charge of day-to-day police operations and may cast a vote if a Council motion is tied. The Mayor also has a veto power which may be overridden by Council.

By Ordinance, the Borough has created the position of Borough Manager who acts as the Chief Administrative and Financial Officer for the Borough. The Manager directs all departments excluding the police department which is managed by the Police Chief under the direction of the Mayor.

The Borough provides: police and fire coverage (volunteer fire department); code enforcement; refuse collection and disposal (through a Borough-wide retained private contractor); sewer collection and treatment; storm waste collection; street and road maintenance and cleaning; and parks facilities.

Police Department

In 2005 the Police Department had 12 full-time sworn officers, including the Chief of Police, and two part-time officers. The budgeted base salary expenditure for these officers was approximately \$669,000. The sworn officers were complemented by two full-time and one part-time support staff whose base wages were approximately \$84,000. The number of sworn officers has decreased from the 2004 when one vacant position was eliminated. See Exhibit Millersville-Police 1 for departmental organization.

Fire Department

Fire Service in the Borough is provided by the Millersville Fire Company, first established in 1911. The Fire Company moved in 1950 to its present facility in the Borough and constructed an addition to this facility in 1969. The Company serves all of Millersville Borough including the University, a portion of Manor Township and a small section of Conestoga Township. The Company has more than 50 volunteers. Both the building and equipment are owned by the Fire Company. Its major apparatus includes three engines, one gator, one tanker, one rescue, one collapse vehicle, and two squad vehicles. An aerial truck is provided via mutual

aid. For 2005 the Borough budgeted \$86,000 in payments to the Fire Company from the General Fund.

Public Works (Streets and Parks)

The Public Workers Department maintains and repairs 23 miles of Borough streets, including those owned by the Commonwealth. In addition, the Parks Department maintains various park areas in the Borough including the 21-acre Miller Borough Community park at the northern end of the Borough. In 2005 General Fund budget base street department salaries totaled approximately \$159,000 and parks salaries were budgeted at approximately \$20,000.

Sewer Service

The Borough owns and operates the sewer lines located in the municipality and three pumping stations. In addition, the Borough owns and operates a treatment plant located in Manor Township along the Conestoga River. The Borough's waste and storm water lines are separated but the sanitary lines have heavy infiltration. The sewer system operation is budgeted as a separate enterprise fund of the Borough. For 2005 base wages budgeted in this fund were approximately \$238,000.

Refuse Collection

The Borough provides solid waste collection to residents of the Borough by contracting with third party contractors. For 2005 the base fee charge to residents was \$32.50 per quarter. The contracting out cost budgeted for 2005 was approximately \$220,000.

Code Enforcement

As with the other host municipalities, code enforcement and related zoning was important to the Borough. Code Enforcement wages for 2005 were budgeted at approximately \$46,000. According to Borough officials, about 75 percent of one full-time person's time relates to complaints on student housing. The Borough conducts approximately 950 rental inspections per year.

Recreation

The Borough has no budgeted recreation program but does work with the Penn Manor School District in providing this service.

Management and Finance

In addition to the Borough Manager, there are a number of support staff who assist in the management of the Borough. The Manager’s salary is paid from a number of accounting funds.

Millersville Borough Fiscal Status (Audit 2004)

Governmental Funds

The 2004 Audit indicates there are three major governmental funds the General Fund, the General Capital Reserve Fund, and the Sewer Capital Reserve Fund. The latter two Funds provided and utilized grants and other sources for various capital improvement projects, equipment, and a planned new borough building. Exhibit Mill-Fin1.1 and Exhibit Mill-Fin1.2 provide a summary of the relevant data from the Balance Sheet as well as the Statement of Revenues, Expenditures, and Changes in Fund Balances.

2004 General Fund in summary form:

Revenues:	\$2.352 million
Expenditures:	(2.124) million
Net Other Sources (Uses):	<u>(0.891) million</u>
Net Change in Fund Balance	(0.663) million
Fund Balance Beginning Year	<u>1.248 million</u>
Fund Balance End of Year	<u>\$0.584 million</u>

- For 2004 there was a \$700,000 reduction in fund balance, due to the transfer of \$1.195 million to the Capital Fund for a new borough building.
- Revenue equaled for 111 percent of General Fund Expenditures in 2004.

- Total Tax Revenue paid for 72 percent of General Fund expenditures. It should be noted that tax millage had been increased about 50 percent over the 2003 rates because of prior years' deficits.
 - Fines, forfeits and costs paid for 8 percent of total general fund expenditures.
 - Departmental earnings paid for 13 percent of expenditures and intergovernmental revenue paid for 14 percent of expenditures.
 - All other revenue sources were minimal.
 - Public Safety expenditures accounted for almost 48 percent of total 2004 General Fund expenditures.
 - Of this 48 percent expenditure, 45 percent was for Police, with Housing Code Enforcement (including zoning) and Fire in the 1 to 2 percent range.
- The second largest expenditure category after public safety was pension and other benefits, totaling 24 percent of total expenditures.
 - Public Works, both street and sanitation, totaled approximately 14 percent of expenditures, excluding sewer employees paid from the Sewer Fund and the third party contractors who collect refuse.
 - The remaining percentages of expenditures are General Government 13 percent; and culture and recreation 2 percent. Debt service is not paid from the General Fund.

Taxes and Tax Base

- Real Estate Taxes for 2004 (current and delinquent) totaled about 67 percent of total tax revenue. Current real estate taxes for 2004 were levied at 4.50 mills on an assessed valuation of \$231 million.
- The Earned Income Tax generated 27 percent of total tax revenue. The earned income tax is levied only on earned income of municipal residents at the rate of one percent with 0.5

percent retained by the Borough. The tax is also levied on those who work in the Borough and do not have a tax in their municipality of residence.

- For 2004 all the other taxes paid to the Borough were:
The Real Estate Transfer Tax (Deed Tax) which comprised about 3 percent of total taxes.
Occupational Privilege Tax (OPT) which comprised about 2 percent of total taxes.
- There was and is no Business Privilege or Mercantile Tax levied in the Borough.
- The OPT was levied at \$10 per person for those employed in the Borough regardless of their residence. Of the \$10 levied per employed person, all is retained by the Borough. Beginning in 2005 the rate on this tax was raised to \$52 and again the Borough retained the full amount. The name was also changed to the Emergency and Municipal Service Tax.
- Of special interest is a new tax levied on rental transactions under Act 511. This tax is not employed in any of the other four host municipalities and appears to be a unique application. The imposition of this tax was originally challenged in Lancaster County Court. The Court in a ruling in October of 2005 found in favor of the Borough. The case is now on appeal to Commonwealth Court. The Borough budgeted \$30,000 from this revenue source. Historically, Millersville has had to rely almost exclusively on the real estate tax for any significant increase in revenues. This is apparent in the 50 percent increase in millage the Borough put into place to meet deficiencies in 2003 and prior years. Although the real estate taxes are important in the other host municipalities, only in West Chester was this levy as important as in Millersville. (Edinboro, under its home rule charter, has been able to generate significant additional revenue with an EIT rate at 1.5 percent.) Both Bloomsburg and Lock Haven derive significant tax dollars from their Mercantile and Business Privilege Taxes, and Bloomsburg also obtains sizeable tax revenue from its amusement tax, especially as related to fairground events.

Proprietary (Enterprise) Funds

The 2004 Audit for Borough lists two enterprises funds: the Sewer Revenue Fund; and the Solid Waste Management Fund. Detail information for these funds from the 2004 Audit are provided as Exhibits Millersville-Finance 2.1 and Millersville-Finance 2.2.

These funds were used to account for the sewer services and refuse collection. These operations are structured so that that the revenue produced through charges for services cover the expenses including interest expense and depreciation.

	<u>Sewer Revenue Fund</u>	<u>Refuse Fund</u>
Operating Income	915,669	1,039
Total Nonoperating Rev. (Exp.)	(153,543)	31194
Transfer Out	(305,000)	0
Capital Contributions from Other Governments	<u>141,190</u>	<u>0</u>
Change in Net Assets	598,316	32,233
Net Assets Beg. of Year Restated	<u>2,380,916</u>	<u>303,499</u>
Net Assets End of Year	\$2,979,232	\$335,732

The solid waste management fund did not provide transfers to other funds. The sewer fund, for 2004, transferred funds into the Sewer Capital Fund to accommodate future capital needs but there were no transfers to the Borough’s operating funds.

Millersville University Profile

Introduction

Millersville University's campus is located in the central and southeast section of Millersville Borough. According to the University's State Fact Book, the University occupies about 245 acres or approximately about 20 percent of the Borough's area is university property.

Millersville University was founded in 1855 as Lancaster Normal School to train teachers. In 1859 it became the first Pennsylvania State normal school and became Millersville State Teacher's College in 1927. In 1959 it became Millersville State College and subsequently became Millersville University in 1983. It is one of the 14 Pennsylvania state owned universities.

Enrollment

Exhibit 12 presents enrollments for the fall 2002 through fall 2004, and data for spring 2003 through spring 2005. Exhibit 13 presents various breakdowns of the 2004 fall enrollment by undergraduate/graduate; full-time/part-time; female/male; and Pennsylvania resident/nonresident. Minority/nonminority applicable percentages are also provided.

Exhibit 14 details the top three Pennsylvania counties where Millersville students reside.

Exhibit 15 converts the enrollment to full-time equivalents (FTE) for the fall of 2004. The original 2004 enrollment of 7,998 converts to a full-time equivalent count of 6,974.

- Full-time students total about 6,585 or 82.3 percent of the total enrollment. This is approximately in the mid point between the lowest percentage of full-time in West Chester (77.5 percent) and the highest at Lock Haven (88.8 percent). Almost 2,834 students reside in Lancaster County and many may be commuter students.
- Females are about 1.4 times more numerous than males. This is the lowest female to male ratio of the five schools reviewed.

- The percentage of undergraduate students at Millersville is 87.4 percentage. The highest percentage of undergraduate students is at Lock Haven with 95.1 percent; the lowest percentage of undergraduate students is at West Chester with 83.0 percent.
- Millersville University has the highest percentage of students who are Pennsylvania residents at 96.1 percent. Millersville is 6.1 percentage points higher than Bloomsburg University and 9.2 points greater than Edinboro University, which has the lowest percent of Pennsylvania residents of the five schools examined.

Student/Faculty Ratio and Cost Per Full-time Equivalent Student

The student to faculty ratio has been increasing from the period 1999-2000 through 2003-04. Exhibit 16 provides the yearly ratios as well as the state system average.

Exhibit 17 provides the cost per full-time equivalent student for Millersville University as well as similar costs for the state system. For the period, FTE costs trend from \$12,085 in 1999-2000 to \$14,156 in 2003-04 amounting to an increase of four percent per year.

Facilities

The physical assets of Millersville University are depicted in Exhibit 18. The data is also compared to the state system. The dorm capacity is 2,420, which sets an upper limit to “resident on campus” students. The replacement cost value provides an approximate asset value of about \$270 million to Millersville University’s facilities.

University Employment

Exhibit 19 provides the number of full-time salaried and hourly employees for both Millersville and the state system.

MILLERSVILLE TOWN AND GOWN RELATIONSHIP

Key Areas/Issues

According to the Borough's Comprehensive Plan, the creation of the Lancaster County Normal School in 1855 (now Millersville University) was the major factor in the growth of the Borough.

Student Count

The *State Fact Book* indicates that the University enrollment in the fall of 2004 was 7,998 students. Response to PEL's questionnaire by the University indicates 2,450 students were living on campus in 2004. The University's website, using 2005 data, indicates about 2,280 were dorm students and 2,100 undergraduates lived in off campus housing and 2,000 students commuted. Of the estimated 2,100 who lived off campus no breakdown was available for students who resided in the Borough or in the surrounding township. The Borough's comprehensive plan states that, in 1990, the University estimated 42 percent of its students were Millersville Borough residents. Based on this data and counting resident hall students of approximately 2,280, there would be 1,079 students residing in the Borough.

Revenue

- Real Estate Tax Revenue

The University is a tax-exempt institution and pays no real estate tax to the Borough. The real estate assessments upon which real estate taxes are based are given in Exhibit 20 Assessments. For Millersville Borough, in 2003, total assessed valuation was \$330.9 million. Of this total, the exempt valuation was \$103.7 million and the exempt assessed valuation of the University was \$74.1 million. The University amounts to 70 percent of the Borough's total tax-exempt valuation and 22 percent of its total valuation. Another major tax-exempt property is the Penn Manor Scholl District's regional high school campus. The Borough of Millersville (22 percent) has the third highest percentage of tax exempt university property behind Edinboro (40 percent) and Bloomsburg (23 percent). The Borough's Comprehensive Plan reports that 43 percent of the Borough's land area was tax exempt.

Payment In-Lieu-Of Taxes (PILOTS)

Millersville University does not make any payment in lieu of taxes pursuant to the State System policy.

In the past the question of payments in-lieu-of taxes was addressed in the Millersville Comprehensive Plan: “The Pennsylvania State System of Higher Education has recently issued a policy statement which is a result of negotiations among 14 state colleges and the boroughs which are home to these colleges. This statement acknowledges the need for compensatory revenues for these boroughs in which college properties occupy substantial land areas which would otherwise be taxed. Millersville Borough has been an active participant in this negotiation process and, together with other boroughs and the State System of Higher Education, is now lobbying the State Legislature to amend the State Constitution to allow the Legislature to make payments to these boroughs in-lieu-of taxes.”

PEL is aware that legislation was introduced into the Pennsylvania General Assembly House Bill No. 1418 Session 2005 which would have provided grant payments from the Pennsylvania Department of Education to municipalities which host State Universities. However, PEL has seen no other documentation or discussion that payments in-lieu-of-taxes would violate the Pennsylvania State Constitution.

Other Payments

Millersville University made contributions to the volunteer fire company. Recent contributions included \$70,000 in 2005. In addition, Student Living Incorporated (SLI) contributed \$30,000, in addition to an annual \$3,500 contribution. SLI also purchased a computer and office network hardware for the fire company. SLI is an affiliated entity of the University.

University Employees and Tax Payments

- Tax Contributions

Exhibit 19 indicates that in 2004 Millersville had 870 full-time salaried and hourly employees. According to the Millersville Borough Comprehensive Plan there were 941 University employees as of 2000-2001, 126 were Borough residents or approximately 13

percent. These University employees are Borough residents and would be paying Earned Income Tax and property taxes directly on real estate or through rental payments.

According to data supplied by the University there were 291 employees living in the “host municipality.” Assuming all of these were full-time salaried and hourly employees the applicable percentage living in the Borough would be about 33 percent. Clearly this percentage is greater than the aforementioned 13 percent. One explanation for the different percentages may be that zip codes do not precisely define living areas within the municipal boundary, i.e., they may include some parts of the adjacent municipalities.

Earned Income Tax

PEL received no data from or the Borough’s tax collector with respect to the Borough’s earned income tax. Data provided by the University indicates that total payroll for 2004 was \$51.3 million. The University indicates that of the total \$12.3 million or almost 24 percent was made to residents of Millersville. Assuming this percentage is applicable, the Borough would have received about \$61,500 in earned income tax for 2004. Again, this value could be overstated because of zip code overlays. However 24 percent is not unreasonable when compared to statistics received for other town and gown municipalities.

Occupational Privilege Tax OPT

The Occupation Privilege Tax (OPT) was levied at \$10 per person for those who worked within the Borough. For 2004 the Borough budgeted \$29,000 in revenue from the source. Based on the 2004 number of university employees (Exhibit 19) about 870 full-time salaried and hourly employees would have been subject to this tax. Therefore, this group of University employees would have paid about 30 percent of the total municipal budgeted amount.

2005 Emergency and Municipal Service Tax (EMST)

The OPT tax was “transformed” into a new tax, the Emergency and Municipal Service Tax (EMST) by the State Legislature in late 2004. For Millersville Borough the tax is \$52 per employee working in the Borough with no payment going to the School District. The Borough exempted those employees who earn less than \$5,000 per year. For 2005, the Borough estimated

about \$70,000 in EMST revenue with approximately \$21,000 in EMST revenue from the full-time salaried and hourly University employees.

Residential Rental Tax

Millersville Borough has recently enacted a Residential Rental Tax under the authority of Act 511. This tax is levied at \$30 per rental transactions on the person who is to be an occupant of a residential unit after January 1, 2005. In the preliminary decision in Lancaster County Court, the Borough’s ability to levy this tax was upheld. The case has been appealed to Commonwealth Court.

A significant portion of the estimated tax may come directly or indirectly from students. No specific statistics are available on the number of students paying this tax. For 2005 the Borough estimated \$30,000 would be received from this revenue.

Police/Crime Service Issues

The police department for 2005 had 12 full-time and 2 part-time sworn officers. However, during much of 2005 the number of active full-time officers was at 11 because of extended sick leave. The University has 16 sworn police officers in addition to about 5 security officers.

Exhibit Millersville-Police 2 provides a statistical summary of Part One, Part Two, and Total Crimes for the period from 1998 through 2005. Exhibit Millersville-Police 3 provides a similar tabular data which gives police arrests by juvenile and adult for 1995 through 2005.

For 2005, according to the 2005 police report, approximately 31 percent of total adult arrests were university Students.

<u>Year</u>	<u>% of University Students</u>
2005	31%
2004	23%
2003	22%
2002	26%

These percentages are illustrative of the resources and man-hour cost related to university students. The 2004 report indicates that the calls for service relating to this group, totaled 1,976 man hours, and police activities require significant resources to be committed to the university.

Police resources were also influenced by the location of the Penn Manor High School, which has about 1,840 students.

Fire Calls

The Millersville Volunteer Fire Company prepared a 2005 yearly report. Exhibit Millersville-Fire 1 provides an enumeration of calls for service in Millersville Borough for 2005. Of the total 105 calls in the Borough 13 percent were to the University and an additional 8 percent were for student related areas.

Of 23 fire runs, 4 were to the University and another 4 were related to student services/lodging. There were seven calls which sustained property damage in the Borough of which one was from the University and two were student lodging related.

Finally, the Fire Department made five code reviews of University buildings during 2005.

Housing/Code Enforcement

The Borough's Comprehensive Plan describes the conversion of single family homes to multi-family dwellings primarily as the result of student housing as an issue of concern. Between 1970 and 1990 the housing mix in the Borough changed significantly, with multi-family growing by 592 units or 346 percent during this 20-year period.

The pattern of owner/renter occupancy shows little change between 1990 (35.7 percent renter) and 2000 (34.6 percent). University officials do not foresee a significant increase in enrollment that would increase the demand for the "owner to rental" conversion. The conversion of the hotel complex owned by Student Lodging Incorporated to student housing may further ease this conversion pressure. Borough officials have expressed concern that future single-family conversions will continue to change the Borough's housing mix.

There is a Code Enforcement program in place combined with a strong zoning program that requires two parking places for each three inhabitants in multi-family configurations.

Worthy of special note is the rather "unique" policy employed by Student Lodging Incorporated on its existing student apartment complex. As PEL understands it is this complex which was acquired and then rehabilitated by SLI in paying real estate taxes to the Borough. Further, as PEL understands there is a good possibility that SLI will follow the same pattern with

the hotel complex, which it is acquiring and will convert to student rentals. This model, which apparently is not a detriment to the rental rate of student rentals, has the joint advantage of removing pressure for single-family conversion to multi-unit rentals while at the same time generating revenue for the Borough.

Infrastructure/Sewer System

The average daily flow of the sewer system is .858 mgd. The Borough has an agreement with the University that the University may use up to 330,000 gpd. On average, the University uses about 23 percent of the system's total flow.

With an average 29 percent of the billable flow attributed to the University, and total University yearly sewer payments of \$1.804 million, the sewer revenues paid by the University to the Borough are significant.

Other Issues

Expansion – Millersville University is land locked and potential areas of expansion would be in the off-campus areas of the Borough. According to the Borough's Comprehensive Plan, University enrollment was not anticipated to increase. However, there is now movement for further University growth into the Borough. This planned expansion would be centered on North George Street where the University already owns a number of buildings.

The Borough's concern is that no reduction in taxable property should occur, and that there be no loss of the older historical buildings could be lost.

The University also has as a goal acquiring or at least controlling some streets in the immediate campus area in order to provide better campus traffic flow and pedestrian safety.

Of mutual concern to both the Borough and the University is ingress and egress to the University Campus. Traffic flow on George Street is difficult at peak hours and the students cause traffic congestion and present a safety problem by hindering the flow of emergency/public safety vehicles. Attempts to create an alternative route into the campus have been hindered by financial, environmental and design problems.

CHAPTER 4 CASE STUDIES

Introduction

For this report, two statistical approaches have been used to examine the impact that major universities have on host municipalities. The first approach, a Probit model, compared 20 university municipalities to similar communities without universities. The second statistical approach compared each of the five host municipalities to the average of various fiscal parameters for cities and boroughs within their respective counties.

In addition, individual case studies of the fiscal implications of service levels in the five host university communities were prepared by PEL. For this, PEL solicited data from each of the municipalities and each of the respective universities. PEL also met with municipal officials (generally the manager, police chief, code enforcement officer) in order to obtain their views on the fiscal and related impacts of the university's presence in the municipality. PEL also met with officials of each university to discuss the specific areas of fiscal impact and general town and gown relationships between the university and the host municipality.

PEL believes that wherever possible data in quantitative terms is most beneficial. Unfortunately, numerous quantitative measures were either not available or the cost to gather such data was prohibitive. An example of the data PEL attempted to gather by questionnaire is attached as Exhibit Questionnaire-1.

PEL also reviewed available municipal data including applicable financial statements, audits, assessments, EIT collections, and comprehensive plans.

With respect to the Universities, PEL found useful data in the State University System Fact Book (2004 and 2005) supplemented by sections from each University's Master/Comprehensive Plans as available on the University's Website and as provided by the University in the interview sessions.

Finally, 2000 Census statistics were used to provide an over all demographic and income background of the host communities.

Exhibit Questionnaire – 1

Municipalities Are Asked to Provide (cont'd)			
	Year	Available	Not Available
Any Other Special Payments Contributions By University (Hard Copy)			
	2000		
	2001		
	2002		
	2003		
	2004		
	2005		
Collective Bargaining Agreements Covering Latest Two Contract Periods: Police, Fire, EMS, Public Works (Hard Copy)			
Municipal Comprehensive Plan Latest (Hard Copy)			
Municipalities Are Asked to Provide From Their Tax Collector:			
[OPT] EMS Collected by Number of Receipts and Total For All Payers			
	2000		
	2001		
	2002		
	2003		
	2004		
When Available	2005		
[OPT] EMS Collected by Number of Receipts and Total Payers Attributed to University			
	2000		
	2001		
	2002		
	2003		
	2004		
When Available	2005		
Amusement/Admission Receipts from University			
	2000		
	2001		
	2002		
	2003		
	2004		

Municipalities Are Asked to Provide (cont'd)			
	Year	Available	Not Available
For Each Year EIT Collected By Income Distribution Total Municipality—Similar to Census Distribution (Electronic and Hard Copy)			
	2000		
	2001		
	2002		
	2003		
	2004		
EIT Collected by Income Distribution Attributed to University Employees Living in a Municipality (Electronic and Hard Copy)			
	2000		
	2001		
	2002		
	2003		
	2004		
Revenue Totals Attributable to University Purchased Utilities, e.g., Sewer, Water, Electric, and Gas			
	2000		
	2001		
	2002		
	2003		
	2004		
Any Cooperative Agreements with University, e.g., Police, Fire, Code			
Any Inter Municipal Cooperative Agreements with Surrounding Municipalities Relative to University			
Universities Will Be Asked to Provide:			
Number of Students Living On Campus [Dorms, Apartments Etc.] (Electronic and Hard Copy)			
	2000		
(Clarify how the University classifies students housed in fraternities, sororities, and co-operative.)	2001		
	2002		
	2003		
	2004		

Universities Will be Asked to Provide (cont'd):			
	Year	Available	Not Available
Number of Students Living in Municipality Off Campus(Electronic and Hard Copy)			
	2000		
(Clarify how the University classifies students housed in fraternities, sororities, and co-operative.)	2001		
	2002		
	2003		
	2004		
Number of Students Whose Permanent Address is the Municipality (Electronic and Hard Copy)			
	2000		
(Possible use of commute distance to calculate student usage of roads and parking demand)	2001		
	2002		
	2003		
	2004		
Number of Employees Living in the Serviced Municipality by Category if Possible [Faculty, Etc] (Electronic and Hard Copy)			
	2000		
	2001		
	2002		
	2003		
	2004		
University Total Payroll Distribution by Dollars (Electronic and Hard Copy)			
	2003		
	2004		
University Payroll Distribution by Dollars for Residents of the Host Municipality (Electronic and Hard Copy)			
	2003		
	2004		
	2005		
List of All Real University Property in Host Municipality Tax Exempt and Taxable (Hard Copy)			
	2005		

Universities Will be Asked to Provide (cont'd):			
	Year	Available	Not Available
Estimated Market Value Of Real Property in Host Municipality (Hard Copy)			
	2000		
	2001		
	2002		
	2003		
	2004		
	2005		
Development Plans Within the Host Municipality and Contiguous Municipalities (Hard Copy)			
	Latest		
Cooperative Agreements with Municipality (Hard Copy)			
	Latest		
Cooperative Agreements with Surrounding Municipalities (Hard Copy)			
	Latest		
Other Yet to be Determined e.g. Revenues			
Expenditures by Group In/Out Municipality			

Municipal Service Levels Discussion—Criteria Factors

Normal Operations

- There needs to be some measure of municipal services given to both University and University students living off campus.
- These measures are particularly critical for:
 - Police
 - Ambulance (if municipal function)
 - Fire (if municipal function)
 - Code Enforcement
 - Other big service areas
- Goal—is to determine the percent of each relevant municipal. department’s costs measured by time (man hours/or like parameter) incurred because of the university or university students off campus.

Issues

- Are there data readily available to measure such service allocations?
- If data are not readily available is there a data base that could be accessed?
- Could a sampling procedure be used to get at these parameters
- Has the University provided in kind contributions to the normal service delivery?
- Can these be measured?

Special Costs Related to University

- Beyond the normal services functions does the municipality incur special university related costs?
- Are these costs reimbursed by the University, by others?
- Can these costs be specific and measured?
- Has the municipality incurred costs for special equipment i.e., special fire apparatus, EMS equipment, etc.?
- Have these been reimbursed by the University and/or others.