

Norristown Municipal Council

A photograph of the Norristown Municipal Council building, a two-story structure with a prominent portico supported by six white columns. The building has a brick facade on the lower level and white siding on the upper level. A large circular seal is mounted on the pediment above the columns. The seal features a central figure and the text "MUNICIPALITY OF NORRISTOWN" and "INCORP. MAR. 31 1854". The building is set against a blue sky with scattered white clouds. In the foreground, there is a paved area with a crosswalk, a red fire hydrant, and a "ONE WAY" street sign pointing left. A large green tree is on the right side of the building.

Sewer system discussion

Sept. 1, 2020

Studies that led to the consideration of the sewer system sale

- A grant from the Institute for Building Technology and Safety (IBTS) that the Municipality won to examine the Municipality's ability to respond to extreme economic challenges and consider riverfront redevelopment as a catalyst for innovation and change;
- A second grant from the National Resource Network (NRN) to assist the Municipality in developing a long-term financial plan for addressing declining revenues and diminishing sustainability.

The NRN published a five-year financial plan for Norristown in 2019.

Hard decisions to protect the Municipality's credit rating, stabilize its fund balance, and reduce increasing taxpayer burden: **the potential sale of the sewer system was on such option.**



Projects to Consider for Norristown's Revitalization & Infrastructure Improvements

- Riverfront Redevelopment
 - Council has adopted a Master Plan for Redevelopment
- State Hospital Conveyance of 68 acres for redevelopment
 - Demolition/Remediation contract awarded—separation of utilities about to begin
 - Master Developer RFP about to be issued
- Lafayette Street/Turnpike Interchange
 - Driver for economic development in the riverfront/downtown
- Montco Justice Center Project
- Dekalb/Main Redevelopment
 - Acquired by the Municipality
 - Master Developer RFP about to be issued

BASELINE ASSESSMENT: ECONOMIC RESILIENCE

- Norristown received a score of **55%**, earning 69 points out of 125 total points in Economic Resilience.
- Economic Resilience is Norristown's weakest area.
- Norristown scored strongest in **Human Resources** due to a diverse and growing business sector with ample access to education and vocational training opportunities.

Economic Resilience	Total
Technology Resources	28%
Logistical Infrastructure	60%
Financial Resources	68%
Human Resources	72%
Physical Resources	48%
Total:	55%

Economic Resilience Strengths

New business investments

- Norristown has attracted new business ventures that signal a business-friendly environment and can spur additional private sector investments.

Community amenities support controlled and consistent population growth

- Multiple, well-kept parks, the Norristown Zoo, Horizon Theater and other community amenities make Norristown an attractive place to live, work, and play.

Convenient and affordable transportation networks

- The Norristown Transportation Center, its proximity to major highway and interstate networks, and easy access to Philadelphia provide Norristown with the logistical infrastructure needed to support high levels of economic activity.

Emergency preparedness assets in place

- Active mutual aid agreements with many surrounding communities, along with strategically dispersed emergency response and relief assets throughout the region.

Economic Resilience Vulnerabilities

Little business involvement in resilience initiatives

- Programs to encourage business to invest in community resilience do not exist.

Smaller tax base

- In part due to significant county government presence and relatively high proportion of new immigrants establishing themselves.

No municipal continuity of operations plan

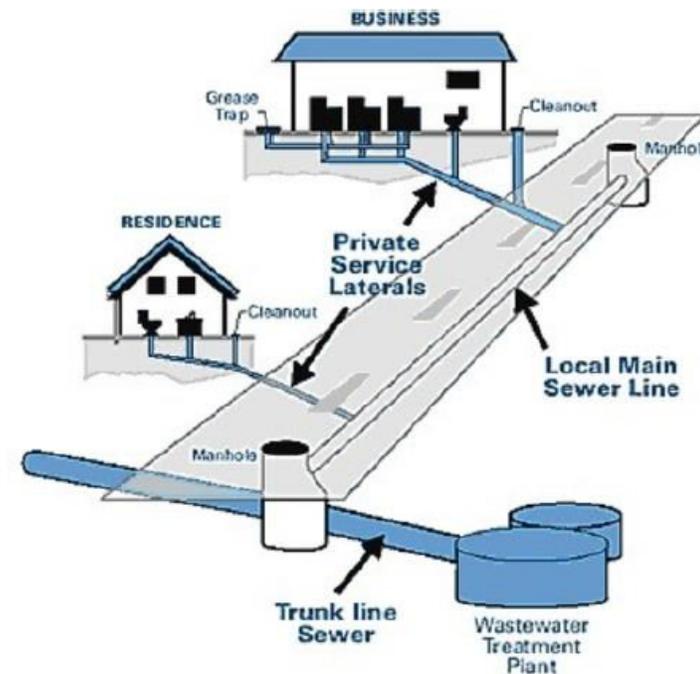
- Norristown does not have a continuity of operations plan to assist with response and recovery in the event of a natural disaster or other large-scale emergency.

Potential sewer sale

Goals	Eliminate structural deficit by paying down debt and/or pension obligations Invest in economic development strategies that can bring growth to the tax base
Target	TBD
Strategies	Develop a <u>quantified</u> menu of options as Norristown determines ways to use sewer sale proceeds

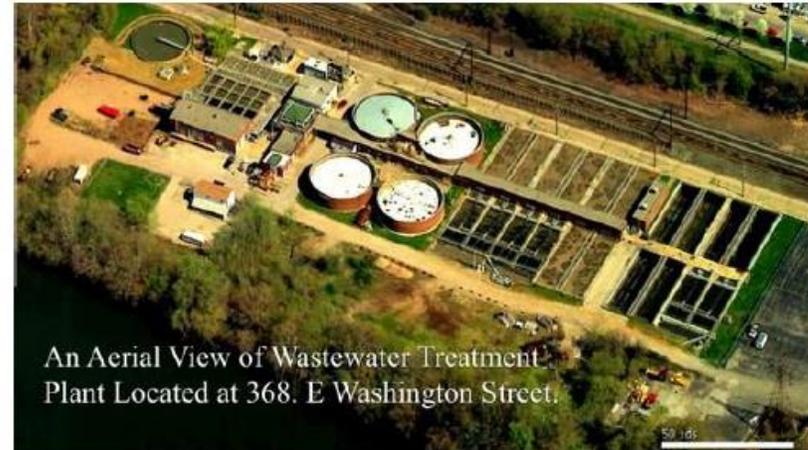
When Norristown residential homes and businesses discharge wastewater (from sinks, toilets, showers/bath tubs, washing machines), the sewage is transported from laterals and pipes that are owned by residents and businesses to publicly-owned sewer mains, which are typically underground. The sewage is then carried to the wastewater treatment plant where wastewater is treated before being discharged to the Schuylkill River (see diagram to the right). Both the sewer mains and the treatment plant are owned by Norristown.

Norristown's municipal sewer system is currently operated by the Norristown Municipal Waste Authority, which is governed by a five-member Board appointed by Municipal Council. Currently there are approximately 9,500 customers in Norristown who pays for the system's operations and improvements through monthly service and usage charges.



Potential sewer sale (cont'd)

- The Municipality is currently in the process of potentially selling/leasing its municipal sewer system. While the sale may happen in 2019, the proceeds will likely have no impact on the Municipality until 2020.
- If the sewer sale is successful, Norristown will have to develop a plan to use those proceeds in a manner other than simply spending down the cash. The most recent estimates show that the sewer system may provide approximately \$10 - \$15 million in one-time proceeds (net of debt obligations).
- It is crucial that Norristown uses those proceeds toward one-time investments that can bring recurring savings or recurring revenues. Any recurring benefit would mitigate the need for the potential real estate tax increases discussed earlier. Some of the ideas include:
 - Fund a land bank or other economic development strategies that can bring long-term and continuous growth in the tax base (see pages 65-66)
 - Set aside proceeds in an investment fund for interest earnings
 - Pay down debt or pension obligations
- **We recommend that Norristown develop a menu of options that show the various ways to use those proceeds, and estimate the annual revenues or savings for each of those options in order to determine how best to use those one-time revenues.**



An Aerial View of Wastewater Treatment Plant Located at 368. E Washington Street.

The potential to sell-timeline

Aug. 2018: Requests for qualifications sent out to determine market interest in the system.

Oct. 2018: Two teams deemed pre-qualified.

Jan. 2020: Request for bids issued to the two interested parties. Bids received in February, including Aqua Pennsylvania's \$82 million offer.

May 2020- An informational session is held online on the 12th to inform the public about the potential sale, with another meeting on the 28th to include public participation.



The potential to sell-timeline (cont'd)

June 9, 2020- A second meeting is held to gather public comment.

June 16, 2020- Council approves the sale.

Aug. 12, 2020- The NMWA board tables a vote to approve the sale.

Aug. 18, 2020- Council approves advertisement of Ordinance 20-13 to dissolve the sewer authority.

Sept. 15, 2020- Council may consider a vote on Ordinance 20-13.



The potential to sell-timeline (cont'd)

Following approval of the sale, town hall meetings will be scheduled to get community input into the proposed uses of the proceeds from the sale





Proceeding on to the future |

What will the proceeds provide?

- \$58 million in revenue to **leverage** for capital improvements and **reduction of tax burden on residents**
- \$10 million of upgrades to the system infrastructure over 10 years.
- Bidders estimated needed infrastructure improvements at the plant and in the ground at \$20 & \$30 million, respectively

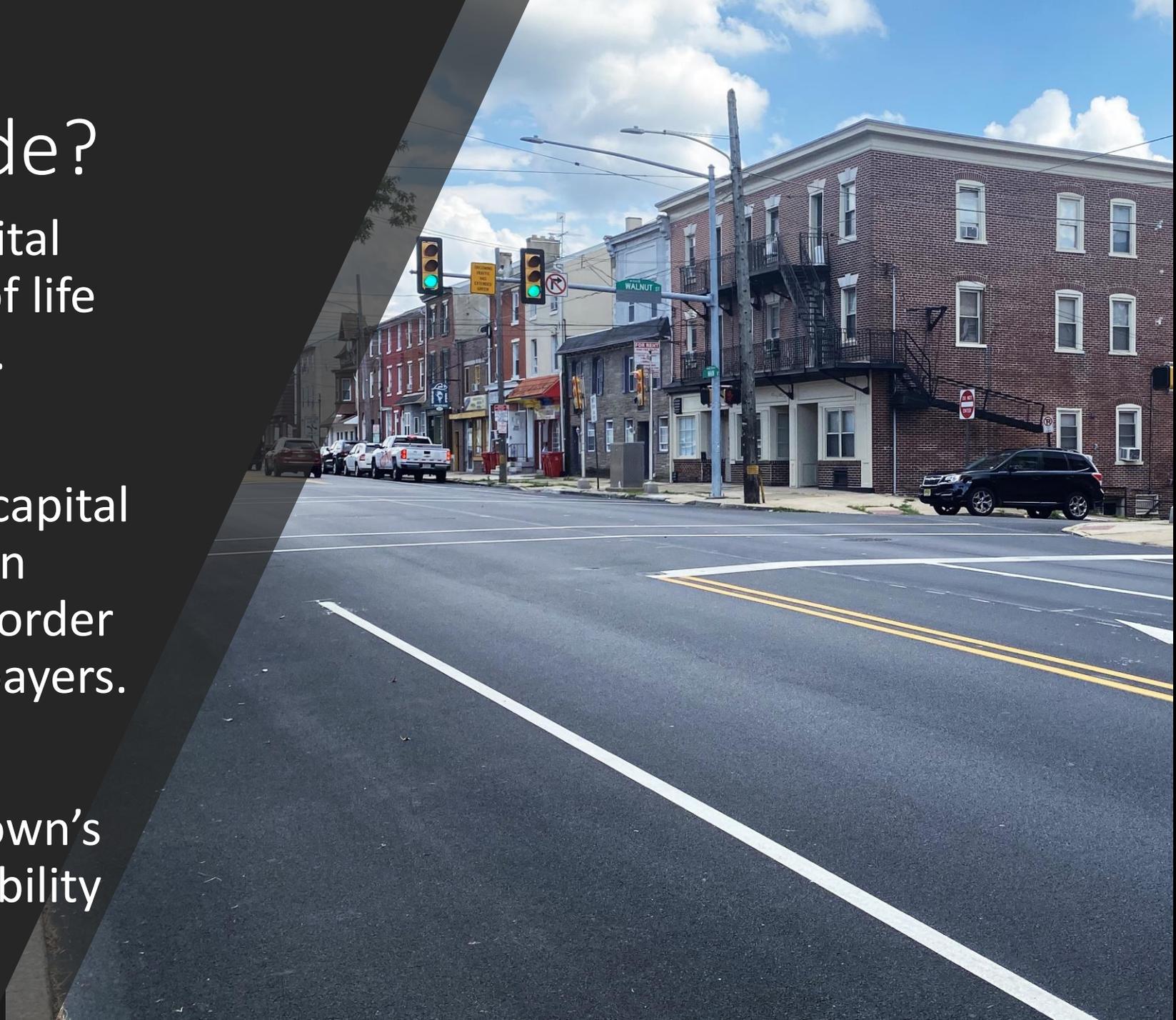


What will the proceeds provide?

Taxpayer relief, needed capital improvements and quality of life improvements for residents.

Leverage the funds against capital debt/improvements, pension debt and operating costs in order to lower the burden on taxpayers.

Significantly reduce Norristown's economic resilience vulnerability



The Middletown Township Example

- **\$40 million investment Fund**

- Established in 2002
- Proceeds invested in to an account established by ordinance
- Fund generates approximately \$1M annually in interest
- Only the interest is used to offset budget gaps
- It would take a resolution of Council to utilize principal
- Principal use only considered in the most dire situations
- Funds managed by PFM and investment committee meets monthly to discuss funds and issues reports to manager and council

Potential Uses of Proceeds to Benefit Residents

Sewer Rate Stabilization Fund

- To lessen the impact of future rate increases for residents

Economic Development Initiatives

- Strategic property acquisition and economic development incentives
- Supports a primary Economic goal established by Council

Property Tax Stabilization Fund

- To reduce the need to raise taxes in future years

Various Park Improvements

- To continue infrastructure and equipment enhancements is Municipal parks
- Supports primary Parks & Recreation goal established by Council

Pay Down Debt

- To support Council's goal to reduce long-term debt interest costs to residents
- Supports primary recommendation of the National Resource Network Sustainability recommendations

Public Works Operations and Storage Facility

- To provide a safe work environment for PW staff
- To protect Municipality's investment in millions in equipment by protecting it from harsh weather conditions
- To free up much-needed parking space for residents

Potential Uses of Proceeds to Benefit Residents (Cont.)

Renovation/Expansion of the Recreation Center

- Supports Council's goal to expand recreation and leisure opportunities for residents by redeveloping the entire recreation department footprint on Harding Blvd.

Municipal Hall Renovation

- Pay off the debt for renovation of the Municipal Hall, saving millions of dollars in interest payments over 30 years

Fire Department Consolidation

- Match RACP authorization sought by Council to consolidate fire departments to 2 stations
- Will reduce operating costs vs. 4 stations and capital costs by eliminating the need buy and maintain marginally used equipment at multiple stations

Contribute to unfunded pension liability

- Reduce the tax burden on residents to pay for pension benefits

Scholarship Endowment for Norristown resident high school students

- Supports Council's goal of partnering with the NASD and supporting higher education for Norristown youth