

# Questions and Answers from October 10 Public Meeting with Dam Advisory Committee (Published October, 2020)

## **Q. Once property taxes are raised, how will they be adjusted down when the project is complete?**

A. As background, the way tax rates are set each year is by either resolution or ordinance. This year it will be done by ordinance because our borough solicitor advises us that that is the mechanism for putting legal constraints on how the tax money can be spent. Example: “The tax rate for PLPB for 2021 will be xxx mils. Of the xxx mils, yyy mils is to be segregated into a fund that may be spent only for the purpose of planning, design, construction, and maintenance of the dam, spillway, and related appurtenances in Penn Lake Park Borough.”

We want to be as forthright regarding adjusting taxes downward as we can be. To be clear, our tax rates are going to be set based on two assumptions: 1.) no grant money will be obtained; and 2.) the Borough will incur debt in the form of bonds or loans in the amount of \$3 million at 3% for 20 years. We are basing the tax rate on those assumptions because we believe it is the most prudent path. Under these assumptions, and as described at the tent meeting in September, the tax rate will not be adjusted down when the project is complete because the increased millage would be needed to service the debt or to build a sinking fund similar to the sewer fund.

However, if we are able to obtain a longer term loan (30/40 year), lower interest rate, subsidized low interest loan etc., or non-trivial grant money, then we may be able to either lower the tax rates to match the rosier debt service or provide better solutions to the spillway/roadway problem or a combination of both.

## **Q. If the referendum passes in November, when will the tax increase take effect?**

A. Tax rates will be voted on at the December Borough meeting and will take effect in 2021

## **Q. Why don't we wait until we see what grants we receive before we raise taxes?**

A. The spending on engineering and design will commence early in 2021, before any grant money could be obtained. Again, we want to make funding decisions based on prudent assumptions based on what we know at a given point in time. (Also see further answer under grants below.)

## **Q. Where will the Borough borrow the money to pay for the dam project? Is the Borough looking at different ways to borrow money aside from traditional loans?**

A. At this time, we are not sure where we will borrow the money we need for the dam project. We've had one meeting with “FS&L Financial Solutions” back in early May. They do financial services for municipal governments, universities, etc. They were provided all of the Borough's financial information. Actually they are the ones who determined the need for a referendum for debt in excess of \$900k.

At this point our understanding is at the “Readers Digest” level, but municipal borrowing is governed by the “Local Government Unit Debt Act (LGUDA)”. Apparently, even the issuance of these instruments needs to be put out for competitive bid, i.e., we can’t just apply for a loan or float a bond without benefit of a competitive element.

A lot of the “walking around” advice we are getting from taxpayers in the community is, “Go get the money right now and put it in the bank and pay the debt service. Rates are at lifetime lows, they can’t go much lower, and when the big monies are being spent in 2-3 years, the rates could be substantially higher.”

**Q. When does the Borough have to make the final decision on repairs and cost for DEP to approve? Will their decision be explained to the residents before the Borough sends it to the DEP?**

A. The process for the whole program has several high-level activities with many, many sub-parts to each. The first phase was the initial Notice from DEP which was the letter the Borough received in March informing us that it had declared the dam to be unsafe. That Notice required the Borough to take actions to prevent the draining of Penn Lake, specifically, to provide a schedule to address the identified deficiencies. That schedule was provided and included in the assessment and report provided by Borton-Lawson at the end of July.

The second phase, which we are in at the present time, is the execution of a Consent Order and Agreement (COA). The DEP will provide a COA to the Borough that outlines the deficiencies that must be addressed, the timeframes for addressing them (likely one specific date and the “durations” for the balance of the schedule), and the consequences of not fulfilling the requirements. Based on the tenor of our discussions with the DEP during the virtual meeting held in August to discuss the Borton-Lawson report, the COA is likely to be a draft document that will be negotiated before becoming final. DEP indicated that they intend to have the initial COA to the Borough by the end of this year.

The third phase is design. This phase includes the collection of the data that is necessary for the engineers, and Penn Lake, to make the decision as to the final design concept, development of detailed designs for the dam rehabilitation and spillway improvements, development of documents to be provided to DEP including permit applications/letters of amendment to our current permit, submittal for DEP review and concurrence, and development of bid specifications. After the data collection and evaluation is completed, informal discussions with DEP may occur. Remember, DEP has no interest in whether we maintain Lakeview. Their only focus is on the dam, and by association, the spillway.

The fourth phase is bidding and construction.

The fifth phase is project closeout and reporting.

**Q. Why is there a large gap between the barebones estimate of \$1.9M and \$7M? Are there cost options in between? Has the Borough agreed to close the road? Are alternate designs being considered?**

A. The difference between \$1.9mm and \$7mm has nothing to do with the road. The difference is entirely due to the construction cost of a new, engineered dam.

The primary goals of the Borton-Lawson assessment that was completed at the end of July were to: 1.) respond to the DEP evaluation requirement, and; 2.) look at possible corrective alternatives, with preliminary order of magnitude cost estimates to provide the Borough with information to consider for financial planning.

The first goal was accomplished through observation and a limited search of records.

The potential corrective actions outlined in Borton-Lawson's report were based on a combination of an evaluation of available data, which is very limited, the regulatory requirements of the PADEP and the United State Army Corp. of Engineers (USACE), and the experience of the Borton-Lawson engineers.

There were discussions with Borton-Lawson about the issues associated with the "dead end" option at the spillway and Borton-Lawson and Gannett Fleming (the dam experts who have also been involved in our project) indicated that there are several potential options to maintain Lakeview, including: a ford, a labyrinth style spillway with a crossing (bridge), a bridge, and various combinations. At that time and on other occasions since then, Borton-Lawson was told that we wanted to explore those options because closing Lakeview has to be a last resort. Those options were not costed at that time because the DEP is only concerned with the correction of the deficiencies they identified and none of those additional options to preserve the loop around Lakeview changed the approach for the correction of those deficiencies

We need to remember that no real decisions have been made regarding the details of any of the actions yet. A significant amount of data needs to be collected and evaluated before design and specifically the details of that design, actually begins.

We want to emphasize that the Borough has not agreed to close the road. The engineering firm that we ultimately contract with to perform the design work will be directed to evaluate as many options to maintain the continuity of Lakeview as are practicable as data becomes available.

**Q. How do we know the design costs are going to be competitive?**

A. We have received a proposal from Borton-Lawson for the design and support services going forward. It was just received and there has not been enough time to evaluate it yet. Proposals from other engineering firms will also be sought.

**Q. Why aren't DEP engineering representatives attending meetings with the public?**

A. DEP engineering representatives do not care about the cost and likely would not comment on it.

**Q. Is the borough applying for grant money?**

A. Yes, both the borough and the dam advisory committee are actively searching and applying for grants. To date, a \$1,000 grant has been secured to support the work of the dam advisory committee. A FEMA grant requesting just over \$71,000 to fund the preliminary engineering work was also applied for and is currently awaiting a decision.

We are also actively seeking larger grants to help fund the dam improvement project itself. These grants are complicated and require extensive research in order to submit a competitive application. Presently, we are performing the necessary groundwork to determine our community's eligibility for different grants and what resources and information are necessary to apply for said grants.

**Q. What is a grant match and why is it important?**

A. Many grants require a match. Grants requiring a match are conditional on the grantee paying a portion of the grant. For example, a \$1,000,000 grant award with a 25% match would require the grantee (e.g., Penn Lake Borough) to come up with \$250,000 in order to receive the award. A no vote in November will significantly inhibit the Borough's ability to apply for grants in the future.

**Q. Who will be writing the grant applications?**

A. The Penn Lake community includes many residents who have experience obtaining grant awards at the local and state levels. Grant writing, especially at the federal level, is an intricate and competitive process. A grant writer with previous success obtaining federal grants may be considered if determined necessary. Ultimately, we are looking to submit the best application possible in order to maximize the odds of receiving a grant

**Q. When will we know if the Borough will be awarded grant money?**

A. There is no way to know. It is likely that multiple grants will be pursued at different times throughout the project. Furthermore, grant cycles often follow loose timelines rather than strict schedules. Because of these uncertainties, there is no anticipated timeframe that the Borough expects grant decisions to follow.

**Q. Will Borough Council provide the names of individual engineers?**

A. Borough Council is currently working with a team of engineers from the Borton-Lawson engineering firm. Anyone can visit the Borton-Lawson website and explore individual members of Borton-Lawson's engineering team further. When the Borough Council decides to contract with a design firm, the public will be informed.

**Q. Why wasn't this looked into in 2016?**

A. The dam advisory committee was formed this year and we are faced with this problem now and we need to move forward. We have learned in this process that there are lots of questions about the past and while we don't diminish them, we need pull together as a community and save the lake.

**Q. Neighbors off the lake say they will not be affected if the lake is drained and filled.**

A. The cost of draining the lake is estimated to be upwards of \$1M dollars. That cost will be incurred by all taxpayers. The lake will not be 'filled in.' The dam will be taken down, leaving a dead end at the beach and Wright's Creek will be restored to its original path through the dam area. The water will no longer pass through the spillway. If you experienced the draining of the lake in 2006, it will look like that with the creek redirected across the lakebed.

