

Residents of St. Marys:

Over the last year and a half, we have all been faced with a great deal of uncertainty. If one thing is certain however, it's that our definition of "normal" has changed. As the toll of the on-going public health crisis continues to unfold, we see the effects on people and businesses everywhere and local municipalities are no exception. The city was operating at a deficit in 2020 because of the pandemic. As a result, we could not take any corrective action for the 2021 budget, resulting in a deficit of \$200k.

While most of the community is gearing up for holiday festivities, City staff and Council have been working diligently to come up with a solution to face the reality of the revenue deficit while minimizing the burden on the tax payer, but still providing the services they need. With these shortfalls continuing to impact our local economy, we are faced with tough decisions surrounding budgets. We either need to find a way to bring in additional revenue or cut investments in critical infrastructure or essential services.

Due to a combination of increasing costs resulting from the Covid-19 response, higher use of parks and recreation facilities, an influx of requests from residents and businesses and decreasing local revenues, the city has proposed changes for 2022 to help face these new economic realities.

The 2022 proposed changes include an increase in tax revenue and adjustments to the sewer rates.

Tax Increases:

1. Increase in Real Estate tax of 1 mill

- Real estate taxes have not been increased within the City of St. Marys since 2011 for the general fund. Meanwhile, over the past decade the cost of living has gone up 17.8%
- One half of this tax increase will be designated to the general fund for operating costs, while the other half will be designated to parks and recreation.

2. Increase in Earned Income Tax (EIT) from 1.2% to 1.5% (Increase of 0.3% from last year)

- EIT is a tax imposed on wage earners.
- The city receives 1.0% of EIT and the School District receives the other 0.5%.

How will these proposed increases affect the taxpayer?

- Real Estate Tax Increase: A homeowner with an assessed value of \$30k will see an increase of \$30 per year.
- Earned Income Tax (EIT): A resident who earns \$45k in wages per year, will see an increase of \$135 per year.
- With these two increases, the average resident will see an increase of \$3.17/week in tax dollars.

So, what exactly will that increase in revenue help pay for?

- Deputy Director of Community & Economic Development to secure additional grant funding and work to broaden development within our local, county, state and federal partners and agencies.
- Two additional Public Works positions that will be tasked as an “issue-response crew” to efficiently address resident’s problems in real-time.
- Tyler Technologies software, including the “My St. Marys” engagement app, making it convenient for residents to be involved hands-on at various levels within the city (pay bills, log complaints, view updates, access contact information, etc.)
- Capital infrastructure improvements throughout the city.
- Improvements and new program initiatives within the city’s parks and recreation system.

Sewer Rates:

1. With this new rate structure, residents will see a reduction on their base rate of \$5.00/month bringing the current \$50.50 down to \$45.50.
2. The new rate structure imposes a consumption charge of \$6.80 per thousand gallon for residential properties using over 3,000 gallons per month according to readings from the St. Marys Area Water Authority.
3. All non-residential customers will see a base rate determined by water meter size and a consumption charge of \$6.80 per thousand gallon according to readings from the St. Marys Area Water Authority.

This budget was prepared as conservatively as possible and no one wants to raise taxes, but this is the reality that we are facing. We want to ensure that we are providing adequate services to continue to make our city great. We have paid close attention to make sure that our efforts continue to enhance the local quality of life. However, St. Marys is the 2nd largest City by land throughout all of Pennsylvania, and it takes a great deal of time, money and resources to maintain. With this increase in revenue, our community will start to see much-needed infrastructure maintenance and improvements as well as additional programs and events.