

The background of the slide is a close-up, slightly blurred image of a financial chart or ledger on aged, yellowish paper. The chart features a grid of horizontal and vertical lines. A prominent feature is a series of vertical bars of varying heights, resembling a bar chart, which is overlaid with a solid line that trends upwards from left to right, suggesting a positive growth or revenue trend. The overall aesthetic is professional and historical.

Borough of Chambersburg

PROPOSED 2013 BUDGET PLAN



Proposed Budget

SUBMITTED HEREWITH FOR YOUR CONSIDERATION IS THE BOROUGH MANAGER'S RECOMMENDED 2013 BUDGET. AS IS REQUIRED BY LOCAL LAW, I HAVE PREPARED THIS DOCUMENT IN A FORM THAT CAN BE ADOPTED BY TOWN COUNCIL. THE PROPOSED 2013 OPERATING BUDGET IS BALANCED; REVENUES AND CASH BALANCES COVER ALL NECESSARY EXPENSES.

\$119 million all funds budget and a \$72 million operating budget

The vast majority of our budget is the utilities; general government operations such as police, fire, recreation and highway are kept separate from electric, water, sewer, natural gas, and trash.

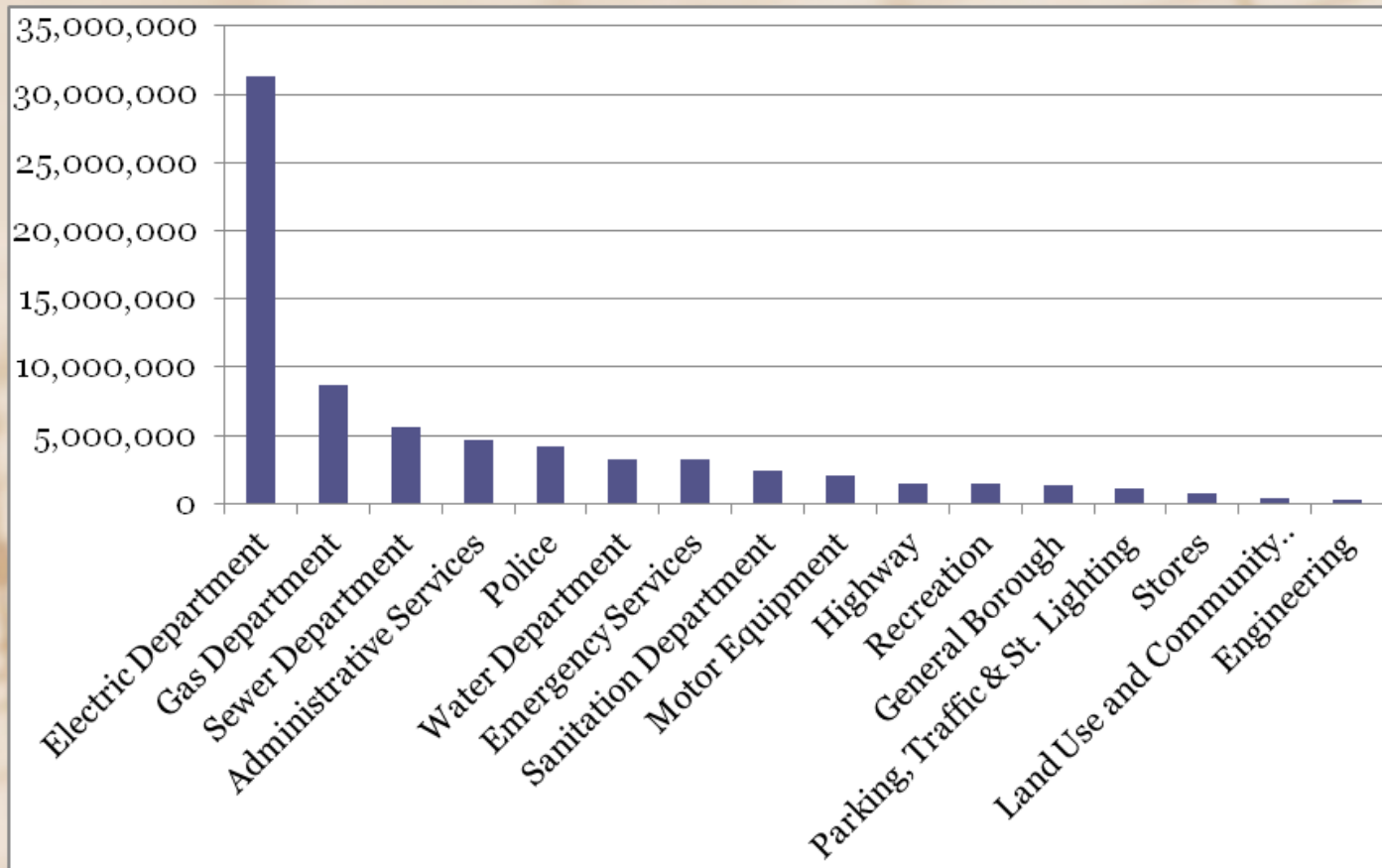
Chambersburg Borough is unique in both organization and complexity because of our utilities, which account for the vast majority of our budget, resources, organization, employees, and challenges.

Proposed 2013 Operations

Operating Expenditures	2011 Actual	2011 Percentages	2012 Budget	2012 Percentages	2013 Budget	2013 Percentages
Electric Department	34,515,615	49.64%	33,093,645	48.10%	31,362,941	43.65%
Gas Department	8,559,172	12.31%	8,433,020	12.26%	8,703,450	12.11%
Sewer Department	4,372,593	6.29%	4,774,220	6.94%	5,591,695	7.78%
Administrative Services	2,453,487	3.53%	3,174,840	4.61%	4,614,850	6.42%
Police	4,097,984	5.89%	4,143,210	6.02%	4,124,112	5.74%
Water Department	3,903,024	5.61%	2,972,671	4.32%	3,239,646	4.51%
Emergency Services	2,207,458	3.18%	3,132,750	4.55%	3,200,317	4.45%
Sanitation Department	2,267,412	3.26%	2,235,744	3.25%	2,362,240	3.29%
Motor Equipment	1,527,572	2.20%	1,300,542	1.89%	2,042,986	2.84%
Highway	1,166,030	1.68%	971,150	1.41%	1,435,221	2.00%
Recreation	1,283,388	1.85%	1,359,550	1.98%	1,410,100	1.96%
General Borough	1,008,324	1.45%	1,129,232	1.64%	1,339,432	1.86%
Parking, Traffic & St. Lighting	756,452	1.09%	744,128	1.08%	1,057,383	1.47%
Stores	748,907	1.08%	740,611	1.08%	688,402	0.96%
Land Use and Community Development	477,985	0.69%	327,300	0.48%	380,570	0.53%
Engineering	180,162	0.26%	267,003	0.39%	302,978	0.42%
Total Operating Expenditures	69,525,565	100.00%	68,799,616	100.00%	71,856,323	100.00%

This represents a 4.4% increase in expenditures almost all attributed to two construction projects including renovations at the sewer treatment plant

Expenditures by Operation



Unlike Any Other Town

2010	Total General Fund	Total All Funds
Greencastle	\$1,441,584	\$2,256,330
Shippensburg	\$2,772,805	\$6,589,892
Waynesboro	\$3,349,160	\$8,780,560
Gettysburg	\$4,202,428	\$6,800,671
Chambersburg	\$12,420,622	\$72,515,014
Carlisle	\$15,233,516	\$27,041,986
York City	\$39,364,292	\$87,035,959
2013		
Chambersburg	\$11,889,752	\$118,980,899

Utility Summary

- Electric: Rate reduction of net 10% in 2013
- Gas: No change in rates
- Water: No change in rates
- Sewer: No change in rates
- Trash: first rate increase since 2005; residential rates to increase from \$11.50 to \$14 per month
- Net utility bill per house to be reduced in 2013

Electric

	2011 Actual	2012 Budget	2013 Budget
Revenue	\$33,602,305	\$32,980,332	\$32,599,300
Expenses	\$34,515,615	\$33,093,645	\$31,362,941
Excess (Deficit)	(\$913,310) Loss	(\$113,313) Loss	\$1,236,359 Gain

- First year since 2010, where the Fund will not lose value
- Borough's power supply portfolio approach, effective with the end of the DTE contract, will therefore mark the beginning of a new era
- As a result, staff is proposing that the Purchase Power Adjustment be lowered in 2013 to result in an effective decrease in customers' cost of electricity
- No additional employees

Electric Rate Decrease

Proposed Cumulative 10% Rate Reduction for 2013

YEAR	\$/kWh	% Change Yr. to Yr
2013	0.09979	- 5% (May -5%/Nov -5%)
2014	0.09349	- 6.3% (December)
2015	0.08859	- 5.2% (Cum. 15.6% < 2012)

Effectively, average residential customer will see their electric bill drop from \$114.73 per month to \$104.23 per month during 2013.

Gas

	2011 Actual	2012 Budget	2013 Budget
Revenue	\$8,634,948	\$9,080,900	\$8,705,450
Expenses	\$8,559,172	\$8,433,020	\$8,703,450
Excess (Deficit)	\$75,776 Gain	\$647,880 Gain	Balanced

- No rate increase: Chambersburg has the lowest natural gas rates in Pennsylvania: an average residential bill of \$633 for the past twelve months vs. \$892 at private utility rates; as approved by the Pennsylvania Public Utilities Commission.
- The proposed budget also includes a \$2 million construction of a Compressed Natural Gas (CNG) filling station that is conditioned upon Town Council approving fleet agreements sufficient in quantity to justify this capital expense.
- No additional employees

Water

	2011 Actual	2012 Budget	2013 Budget
Revenue	\$3,121,529	\$2,991,800	\$3,239,700
Expenses	\$3,903,024	\$2,972,671	\$3,239,646
Excess (Deficit)	(\$781,495) Loss	\$19,129 Gain	Balanced

- No rate increase: Chambersburg has one of the lowest average residential water bills in Franklin County at approx. \$15 per month.
- The proposed budget includes \$2,849,600 in capital improvements
- No additional employees but we are still seeking an assistant department head for the water and sewer departments; and their wages are included in the budget

Sewer

	2011 Actual	2012 Budget	2013 Budget
Revenue	\$5,638,373	\$5,088,800	\$5,591,700
Expenses	\$4,372,593	\$4,774,220	\$5,591,695
Excess (Deficit)	\$1,265,780 Gain	\$314,580 Gain	Balanced

- No rate increase: Chambersburg has one of the lowest average residential sewer bills in Franklin County at approx. \$29.50 per month.
- The proposed budget includes \$34.5 million (\$5.5 Borough share), largest public works project in Borough history, upgrade to the sewer plant
Sort of skews the budget making it look a little bigger in 2013 & 2014
- Beginning in 2013, the Borough will actively investigate and where needed, remediate potential municipal cross connections between the sewer system and the storm drain system with \$70,000 per year reserved for such work
- No additional employees but we are still seeking an assistant department head for the water and sewer departments; and their wages are included in the budget

Trash

	2011 Actual	2012 Budget	2013 Budget
Revenue	\$2,108,337	\$2,178,600	\$2,599,400
Expenses	\$2,267,412	\$2,235,744	\$2,362,240
Excess (Deficit)	(\$159,075) Loss	(\$57,144) Loss	\$237,160 Gain

- Usually runs a deficit but in 2013, proposed first rate increase since 2005
- The average residential trash bill will remain one of the lowest in Franklin County; increase from \$11.50 to \$14 per month
- The proposed budget includes new leaf vacuum truck
- No additional employees

The General Fund

The General Fund is not the largest account of the Borough, it does not employ the most employees, it does not handle the largest amount of revenue, nor is it as complex to manage as the other funds of the Borough. However, the General Fund is the home of the most basic municipal operations of the Borough.

Police, Emergency Services, Recreation,
Highway, Land Use and Community
Development and General Government

The General Fund is Mostly Police and Fire

2013 General Fund Operating Expenditures

Police	4,124,112	34.69%
Emergency Services	3,200,317	26.92%
Highway	1,435,221	12.07%
Recreation	1,410,100	11.86%
General Borough	1,339,432	11.27%
Land Use and Community Development	380,570	3.20%
Total General Fund Operations	\$11,889,752	100%

- Police and Emergency Services account for 61.6% of Operating Expenditures
- Wages and benefits account for approx. 87% of costs
- Very few admin wages and no clerical employees in fund

GF Revenues

- Unfortunately, taxes and fees in the General Fund are not growing and the cost of operations is growing. Almost all of the taxes collected by the Borough are fixed by State law and cannot be adjusted annually.
- There has been a clear and prolonged decline in tax (non-utility) revenue for the Borough of Chambersburg. In 2013, the gap between revenues and expenditures is filled by the SAFER Grant. Such practice cannot continue beyond 2013
- Major revenue categories have lost \$780,159 in annual income since 2007

<u>Real Estate Tax Revenue (70002, 70003, 70008, 70011)</u>			<u>% Change</u>	<u>Total Annual</u>
		<u>Total Year</u>	<u>Prior Year</u>	<u>Change Since 2007</u>
2013	Budget	\$ 3,734,000	0.30%	\$252,152
2012	Budget	\$ 3,723,000	-0.23%	
2011		\$ 3,731,681	0.46%	
<u>Deed Transfer Tax Revenue (70009)</u>				
2013	Budget	\$ 245,000	-5.77%	\$(557,419)
2012	Budget	\$ 260,000	3.25%	
2011		\$ 251,816	-1.60%	
<u>Earned Income Tax Revenue (70010)</u>				
2013	Budget	\$ 1,530,000	0.00%	\$(249,457)
2012	Budget	\$ 1,530,000	-4.96%	
2011		\$ 1,578,011	-5.14%	
<u>LST (or EIMST) Tax Revenue (70005)</u>				
2013	Budget	\$ 700,000	-9.68%	\$(436,665)
2012	Budget	\$ 775,000	2.13%	
2011		\$ 758,809	4.25%	
<u>Police Fines Revenue (70031, 70032)</u>				
2013	Budget	\$ 138,000	11.29%	\$(10,082)
2012	Budget	\$ 124,000	4.72%	
2011		\$ 118,413	-14.05%	
<u>Fire Code Permits & Fees Revenue (70041)</u>				
2013	Budget	\$ 16,000	357.14%	\$ 9,469
2012	Budget	\$ 3,500	21.11%	
2011		\$ 2,890	-43.77%	
<u>Ambulance Billing Revenue (70046, 70047)</u>				
2013	Budget	\$ 1,000,000	8.93%	\$211,944
2012	Budget	\$ 918,000	-1.90%	
2011		\$ 935,822	2.32%	
		<u>Total Annual Change Since 2007</u>		<u>\$(780,159)</u>
<u>Transfer From SAFER Grant (70077)</u>				
2013		\$ 766,165		\$766,165

General Fund Revenue
Down \$780,159 Per
Year Since 2007 High

SAFER Grant Saves the General Fund

- In the 2012 budget, Town Council eliminated eight firefighter positions.
- At the eleventh hour, just before the layoffs were due to take effect, the Borough received a US Department of Homeland Security Staffing for Adequate Fire and Emergency Response (SAFER) Grant.
- There is no local match but Town Council had to pledge to keep the Emergency Services Department at full staffing until September 2014.
- By our calculations, the SAFER Grant will transfer \$766,165 into the General Fund in 2013.
- The SAFER Grant buys the Borough a one-budget-reprieve; and 2013 is that one budget year.

What happens at the end of the SAFER Grant?

- The time has come to evaluate the size and cost of the Chambersburg Emergency Services Department against the community need for public safety. This is not an easy measure, but given the extreme lack of growth in General Fund revenues, to ignore this measure would be foolish.
- The Emergency Services Department covers about 1/2 of its costs, with the remaining funding coming from other General Fund revenue sources.
- The Chambersburg Fire Department is the best trained, most well equipped, and most reliable public safety force in Franklin County. Yet, it is too expensive for the Borough to operate
- Can we work together to find a more global solution to regional firefighting?

Emergency Services

	2011 Actual	2012 Budget	2013 Budget
<i>Earmarked Revenue</i>			
Fire Tax	\$ -	\$ -	\$ -
Local Services Tax	\$ 691,809	\$ 775,000	\$ 700,000
Fire Code Inspections	\$2,890	\$3,500	\$16,000
Ambulance Fees	\$935,822	\$918,000	\$ 1,000,000
<i>Subtotal</i>	<i>\$1,630,521</i>	<i>\$1,696,500</i>	<i>\$1,716,000</i>
ES Dept. Operations	\$3,339,507	\$3,132,750	\$3,200,317
Excess (Deficit)	(\$1,708,986)	(\$1,436,250)	(\$1,484,317)
SAFER GRANT			\$766,165

If not but for the SAFER Grant, there would be no way to continue this operation at this expense

Emergency Services

- The Emergency Services Department provides three main service areas:
 - Fire prevention/suppression
 - Fire code enforcement
 - Ambulance (basic life support)
- The 2013 Chambersburg Emergency Services Department budget contains no staffing changes, no changes to operations, no expansion of EMS services, and no changes to the focus of the department. The budget runs a structural deficit of approximately \$718,152. This deficit is covered by other non-Emergency Services revenues found in the General Fund.

Police

	2011 Actual	2012 Budget	2013 Budget
<i>Earmarked Revenue</i>			
Police Tax	\$3,714,590	\$3,723,000	\$3,734,000
Police Fines & Other	\$137,776	\$124,000	\$143,000
<i>Subtotal</i>	\$3,852,366	\$3,847,000	\$3,877,000
Police Dept. Operations	\$4,097,984	\$4,143,210	\$4,124,112
Excess (Deficit)	(\$245,618)	(\$296,210)	(\$247,112)

See handout: Real Estate Tax is really a Police Tax

- The proposed 2013 Chambersburg Police Department budget contains no additional officers, no changes to operations, no replacement of the two officers who retired in 2011, and no changes to the SET Team. The budget runs a structural deficit of approximately \$247,112. This deficit is covered by other non-Police revenues found in the General Fund.

Police

Police Tax Yield vs. Police Department Adopted Budget

	2010 Actual	2011 Actual	2012 Budget	2013
Mil Rate	20	20	20	20
Tax Yield	\$3,714,590	\$3,731,681	\$3,723,000	\$3,734,000
Police Budget	\$4,403,894	\$4,097,984	\$4,143,210	\$4,124,112
Difference	(\$689,304)	(\$366,303)	(\$420,210)	(\$309,112)
Other Police Revenues	\$137,776	\$118,413	\$124,000	\$143,000
Net Deficit	(\$551,528)	(\$247,890)	(\$296,210)	(\$247,112)

- With no Police Tax increase, the gap between taxes and police expenses might be as high as \$247,112 in 2013.
- *Estimated deficit only, actual deficit will vary as annual expenses accumulate*
- It is estimated that two police officers, on average, for a full year, costs the Borough \$186,886 in 2013.
- *Based on average cost wages and benefits (not overtime) for average police officer per 2013 expenses*

Police

Bottom Line:

- No tax increase is needed but no additional officers, no changes to operations, no replacement of the two officers who retired in 2011, and no changes to the SET Team; and a possible deficit of up to \$247,112
- Raise taxes by 1 mil and no additional officers, no changes to operations, no replacement of the two officers who retired in 2011, and no changes to the SET Team; but likely no (or small) deficit
- Raise taxes by 2 mil and 2 additional officers, as new officers retire, they will be replaced, and likely no (or small) deficit

See handout for details

Police

I refer to our local real estate tax as a **Police Tax** because, in essence, that is what it has become

	2010 Actual	2011 Actual	2012 Budget	2013 Proposed	Balance Budget	Add 2 More Cops (Est.)
Mil Rate	20	20	20	20	21	22
Tax Yield	\$3,714,590	\$3,731,681	\$3,723,000	\$3,734,000	\$3,912,250	\$4,090,500
Value of 1 mil	185,729.50	186,584.05	186,150.00	186,700.00	186,297.62	185,931.82
	\$329	\$329	\$329	\$329	\$346	\$362
	Per year	Per year	Per year	Per year	Per year	Per year

- What this costs the average single family house in Chambersburg (per assessed value of \$16,454), which is the actual average assessed value of a house inside the Borough
- At \$329 per year, the Borough Police Tax does not cover the full cost of the Chambersburg Police Department. This is the only real estate tax collected by the Borough and this is its only use; just for Police
- Please note that residents in the Townships do not pay the Police Tax to the Borough of Chambersburg. Also, Borough residents pay much higher taxes to the County and schools.

See handout for details

Recreation

	2011 Actual	2012 Budget	2013 Budget
Revenue	\$534,646	\$532,245	\$557,245
Expenses	\$1,283,388	\$1,359,550	\$1,410,100
Excess (Deficit)	(\$748,742)	(\$827,305)	(\$852,855)

- Staff is recommending a recreation program and pool user fee increases:
 - An increase in overall program fees of \$4-\$6 each depending on the program; it has been 2 years for some programs since the last increase and longer for some other programs.
 - An increase for all the Pool fees:
 - Season passes have not been changed since the 2010 season; proposed increase of \$10 per year, a Borough resident family season pass would increase from \$200 to \$210.
 - Daily rates last changed in the 2011 season; \$4.50 Borough resident and \$6.50 for Non resident to \$5 for residents and \$7 for Non residents.
- No additional employees

Highway

(not motor pool or sanitation)

	2011 Actual	2012 Budget	2013 Budget
Expenses	\$1,166,030	\$971,150	\$1,435,221

- David Finch, Elwood Sord and Arnold Barbour run this department, which handles the maintenance of items not associated with Sanitation, Motor Equipment, or utility operations (all of whose expenses appear in other funds). This is therefore, the balance of non-utility highway and storm sewer maintenance.
- Changes to street patching and street excavation permits will result in contractors paying additional costs when excavating inside the Borough as the Borough absorbs fewer expenses.
- Working closely with the Engineering Department, the Highway Department is undertaking a pavement inventory system.
- Working closely with the Sewer Department, the Highway Department will assist in the investigation and remediation of potential municipal cross connections between the sewer system and the storm drain system.
- No additional employees

Land Use and Community Development Department

	2011 Actual	2012 Budget	2013 Budget
Expenses	\$477,985	\$327,300	\$380,570

- New flyover and topographic maps in 2013
- No changes
- No additional employees

Anything Else In 2013 Budget

Lack of Labor Agreements Complicate 2013 Budget Outlook

- Police: labor agreement forced on parties for 2013; Police to get raises and offsets in 2013
- Fire: no contract for 2012 or 2013; contract likely forced on parties sometime in 2013; budget done with assumptions
- AFSCME: no contract for 2013; contract in negotiations; budget done with assumptions
- Non-bargaining: Council decided wages/benefits at next Council meeting

Anything Else In 2013 Budget

No Agreement with AFSCME Local #246 so Extra Holidays in Schedule for Now

- In 2011, Town Council and AFSCME Local #246 made a Side Agreement for Additional Holidays. The Borough added five (5) official office holidays beginning in 2012, in exchange for a 2% reduction in the 2012 scheduled AFSCME Local 246 cost-of-living-adjustment (COLA) from 4% to 2%. Those holidays are:
 - Columbus Day
 - The day after Thanksgiving
 - The Monday after Thanksgiving
 - Christmas Eve Day
 - New Years Eve Day
- The Agreement stated that unless these new holidays were incorporated in the new labor agreement, they would not be honored past 2012. As of now, there is no new labor agreement. So, if October 2013 arrives and there is still no new labor agreement, the Borough will continue to close on these holidays.

Next Steps

1. Tonight, Council advertises the proposed budget as preliminary adopted budget
2. Council determines Police Tax needs
 - Next agenda item regarding SET Team
3. At the 11/29 Meeting, Council approves Capital Plan, Council offers proposed tax ordinance for advertisement, Council approves non-bargaining wages/benefits package
4. At the 12/10 Meeting, Council approves budget and tax rate as proposed