



2016 BUDGET
ORIGINALLY PRESENTED BY THE
BOROUGH MANAGER
NOVEMBER 16, 2015
AS ADOPTED BY THE TOWN COUNCIL

DECEMBER 21, 2015

TABLE OF CONTENTS



BOROUGH OF CHAMBERSBURG

| | |
|-------|--|
| NO. 1 | BOROUGH MANAGER'S BUDGET MESSAGE |
| NO. 2 | MISSION, POLICIES, AND ORGANIZATION |
| NO. 3 | GENERAL FUND |
| NO. 4 | ELECTRIC / GAS |
| NO. 5 | WATER / SEWER |
| NO. 6 | OTHER ENTERPRISE FUNDS |
| NO. 7 | INTERNAL SERVICE FUNDS |
| NO. 8 | CHARTS AND TABLES |

11/16/2015



2016 Budget Message

As Proposed for 2016 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

2016 Budget Message

As Proposed for 2016

To: Town Council

Submitted herewith for your consideration is the Borough Manager's Recommended 2016 Budget. As is required by local law, I have prepared this document in a form that can be adopted by Town Council. The proposed 2016 operating budget is balanced; revenues and cash balances cover all necessary expenses.

Anecdotally, it certainly appears as if Chambersburg Borough and the surrounding townships are seeing growth not previously seen in the last ten years. One significant indicator has been the development patterns, which have seen many more building permits and development plans than in recent years. In addition, we have tax results which indicate significant growth in real estate sales/transfers. This vitality is however offset by what is clearly diminishing taxable wage earnings by our residents. We have not seen the economic wave of development and job creation generate a net increase in taxable earnings. Therefore, one can postulate that the economic growth is either a) in part time and low wage jobs; or b) not enough high end or professional job opportunities are being created for citizens who live within the corporate boundaries of the Borough of Chambersburg.

Perhaps the corporate professionals, such as doctors, attorneys, managers, and software developers are growing in number, but the Borough residents are more often retail workers, food service workers, construction tradesmen, and part time and seasonal employees of these successful area corporations.

Also, note that we have seen a growth in our senior citizen population inside the Borough as the "baby boomer" generation reaches retirement. However, in Pennsylvania, when a person transitions from being a wage-earner to a pensioner, not only are they now on a fixed income, but they are no longer contributing to the wage tax base. Our demographics are clearly changing inside the Borough.

These conclusions are most important in planning out our future. Chambersburg is the urbanized core of a suburban/rural county. Our residents are not sharing in the wealth created to the same extent that wealth is being seen in our neighboring townships. Therefore, if we do not envision a pro-regionalization strategic plan, eventually Chambersburg will run into the same dilemma as other urban centers with too many services and not enough revenue to support them. We must quickly abandon old fashion provincial concepts of boundaries that are imaginary and subjective which are quickly creating an environment of inequity and fiscal stress.

As time passes and new citizens arrive in Franklin County, living on one side of the Borough boundary versus the other seems more antiquated. This imaginary governmental line is quickly resulting in an economic divide and if we do not seek ways to regionalize services, we will eventually see townships that duplicate or triplicate services already provided inside the Borough to the detriment of all persons; on both sides of the line and the economic divide.

This budget contemplates management of the Borough of Chambersburg in 2016 and a roadmap towards regionalization not yet supported by many.

This is my sixth budget as your Borough Manager, and although recent fiscal history has been challenging, it is an honor to prepare this document as a strategic plan for our community. Our fiscal year, our budget year, is the same as the calendar year. Therefore, each fall, the Borough needs to make important decisions to set in motion for the following year. A budget is a plan - it is not an accounting of money but rather a forecast of how much revenue the Borough anticipates it will collect and how many expenses it plans on incurring. One might call it a spending plan. The accounting or record of past transactions is called the audit. In Chambersburg, our annual audit or Comprehensive Annual Financial Report (CAFR) is published each spring. However, the budget is adopted each December. Therefore, each fall the Borough makes important decisions for the upcoming year based on forecasts, trends, analysis of revenues, and the expenses that are anticipated for the upcoming year.

The budget is a spending plan, a roadmap for the upcoming year. Unlike the federal budget which is wildly confusing and out of balance, your local township, city or borough budget must be in balance, cannot use gimmicks or tricks, is published before adoption for all to read, and thoroughly debated in open public meetings so that Council can hear a variety of opinion. Yet because of its openness, the local budget is honest and therefore somewhat sobering. The number one question we get from those who review the budget is "isn't there some other pot of money, some other trick to balance the budget that I am not seeing?" Chambersburg's budget is fairly straightforward - money in versus money out. The utility departments are what make our budget large and complex because the balance of our governmental operation is fairly simple.

Chambersburg Borough has the most complex budget in Pennsylvania. Unlike every other town, including big cities, Chambersburg has over a dozen separate funds (accounts) because all the utilities are kept segregated from the other operations of the Borough. Chambersburg's fiscal size is larger than Harrisburg or Lancaster or York; because of the utilities. We use cost based accounting. Like a law firm or doctor, many employees bill their time and equipment to the various functions upon which they are working. So, many transactions are money being spent between the separate funds, to cover expenses; back and forth, thousands of internal transactions.

Chambersburg may look like Carlisle or Shippensburg or even Gettysburg which is more famous, but I assure you we are nothing like those other communities. In Greencastle, annual revenue is \$960,000. In Chambersburg we have \$89 million in receipts. In Carlisle, they have about the same number of Police Officers (similar sized town), but in Chambersburg we have a Finance Department that is 600% larger to handle our complex financial operations.

So why can't we just take utility money and pay for police officers and firefighters? Because the Borough cannot wholesale move funds from utilities, which are kept in separate accounts, to the General Fund to pay for fire, police or parks. Nor would this be fair to utility customers. Also, the Electric Department and the Gas Department already make a Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth, as such, they are tax exempt. So instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities. State law does not allow the Sewer Department to make similar payments. We could ask the Water Department to pay taxes but we have not done so in years.

So while most of this budget deals with the complex issues of running utilities, the issue that gets the most attention is the real estate tax; which is only a Police Tax and a Fire Tax.

What of the Police Tax in 2016?

Regionalism can take many forms. In our area, Chambersburg is the only municipality with a local police department. It is a professional and successful law enforcement organization. It costs significant funds to operate a modern police department in 2016, but unlike our friends in the Pennsylvania State Police, the Chambersburg Police Department plays a much more proactive role in public safety within the corporate boundaries of the Borough of Chambersburg.

Many township residents have no idea that they have no local police in their community. I have nothing but respect for the Pennsylvania State Police, but they are not a local police force and they cannot provide the exact same response or services provided by the Chambersburg Police Department.

Until 2014, 100% of the real estate taxes collected by the Borough of Chambersburg were used exclusively to support the Chambersburg Police Department. In 2014, a small share was added to support apparatus operated by the Chambersburg Emergency Services Department. All the real estate taxes collected within the Borough are used exclusively for the Police Department and to support the apparatus operated by the Chambersburg Emergency Services Department; none of this revenue is used to support any other department or operation. We do not use any real estate taxes to support parks or recreation, highways or streets, any other employees such as the Borough Manager, or any other function or utility.

Perhaps this explains why Greene, Guilford, and Hamilton townships have no local real estate tax. And still, the Borough does not collect enough Police Tax to pay for the cost of operating the Police Department. So to balance the budget, some undesignated revenue, above and beyond the Police Tax, is used to supplement the Police Tax and pay for the costs associated directly with the Police Department. Every dollar of undesignated revenue used to close the gap between the Police Tax and the Police Department is one less dollar that can be used for parks or recreation, highways or streets, or other functions such as economic development or new initiatives in community development.

In the 2015 budget, adopted in December 2014, it was anticipated that the Borough Police Department would cost \$667,680 more than the yield from the 21 mil Police Tax. I recommended that Council consider some increase in the 21 mil Police Tax levy, but Council provided no relief. At the time, I suggested that 3 or 4 extra mil would forever close the gap between the Police Tax and the police budget. This would cost an additional \$49 to \$65 per year per single family residential house above the anticipated average annual police tax of 21 mil (\$342.44).

Should the Police Tax pay 100% of the cost of operating the Police Department, or should some undesignated revenue which could be used for other worthwhile programs be used to balance the Police Department budget instead?

It is my opinion and recommendation that our Borough has arrived at a point where we need to fundamentally answer this question. Because the effect of “robbing Peter to pay Paul,” where Paul is the Police Department and Peter is all the other things we want to accomplish, is beginning to have a noticeable effect on the condition of our community. Further, this strategy is a short term strategy, which ignores the long term problem of what to do with a full service community surrounded by other municipalities, which are much less interested in investing in the services that we provide inside the Borough.

We discuss the Police Tax, but this budget is so much larger than this issue.

Chambersburg is one of 35 boroughs in Pennsylvania to own and operate an electric utility. Chambersburg is the largest municipal electric utility in the State, twice as large as the second largest, Ephrata, Lancaster County, and the only one to operate generation stations. Chambersburg is one of two municipalities in Pennsylvania to own and operate a gas utility. The other is Philadelphia, which does not operate an electric utility. Chambersburg is one of 2,000 communities to own an electric system and one of 800 communities to own a gas system but one of only about 50 to own both. Chambersburg operates a regional water system and a regional sanitary sewer system; not through an independent Authority or an intermunicipal board, but under Council control directly. Chambersburg operates a trash utility, a parking utility, and a new storm sewer utility; one of the first storm sewer utilities to form under the new Federal mandate to regulate stormwater.

Almost all the employees of the Borough and most of the equipment of the Borough is owned and operated by our utility departments (Electric, Gas, Water, Sewer and Sanitation Departments) and our utility support departments (engineering, motor equipment, and administrative services). Your taxes do not support any utility operations, personnel or equipment. Further, as the budget document reveals, the Borough's utility rates are very reasonable.

The other state mandated taxes are set by law and are not changed year-to-year. They include the Local Services Tax, which is a \$1 per week tax on workers inside the Borough; the Earned Income and Wage Tax, which is a set tax on wages earned by those who live inside the Borough; and the Deed Transfer Tax, which is a set tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues of the Borough. Also, the Electric Department and the Gas Department make a Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund.

Every property owner doesn't contribute real estate taxes for police and fire as many types of properties are exempt under State law from paying real estate taxes. Those exempted properties include schools, colleges, churches, charities, and other government agencies. These property owners add to the economic vitality of our community but do not necessarily contribute any money to support police or fire services. However, some of these agencies (Chambersburg Hospital is a good example) make a voluntary contribution in support of the Borough's public safety services regardless of their tax exempt status. We encourage all tax exempt property owners to donate to the police and fire services every year. This year we sent out letters of encouragement and we received some donations. We anticipate sending out letters again.

What of the Fire Tax in 2016?

The issue of the Chambersburg Emergency Services Department is not identical to the issue of the Chambersburg Police Department. The main difference is that the Emergency Services Department brings in significant revenue. Specifically, the Fire Department is a regional provider of Basic Life Support (BLS) ambulance service inside the Borough and in parts of the surrounding townships. While less than 50% of ambulance invoices get paid (and mostly by insurance), those payments are significant. In addition, the Emergency Services Department acts as the Borough's Fire Code safety inspection service. Done on a tri-annual basis for most commercial businesses (and annual basis for some types of businesses), this service results in fewer fires or loss of life and provides some income for the Fire Department.

While the revenue from the ambulance service and the Fire Code safety inspections is not enough to pay for the cost of operating the Emergency Services Department, this and the Fire Tax combined are counted as a very respectable effort to close the gap in costs. The balance of the Emergency Services Department operating expenses is likewise closed by undesignated revenue above and beyond the Fire Tax. Every dollar of undesignated revenue used to close the gap between these revenues and the Emergency Services Department is one less dollar that can be used for parks or recreation, highways or streets, or other functions such as economic development or new initiatives in community development.

In conclusion, we have focused more on growing these revenue sources for the Fire Department rather than growing the Fire Tax. Whether that strategy is successful, remains to be seen.

What of the Utility Rates in 2016?

Most of the Borough's utilities are on sound fiscal footing. The Electric Department has seen significant growth through the aggressive management of our wholesale electric costs. The Sewer Department is working diligently on controlling costs to maximize the existing revenue from our customers. The Water Department has had no water rate increase since 2001 despite growing operational costs. The Gas Department has the lowest residential heat rate in the State of Pennsylvania, and successfully manages its finances.

The only exception is the Borough of Chambersburg Sanitation utility. We have had two major initiatives in 2015 and 2016, which was welcome news to our customers, but come with additional costs. In 2015, the Borough opened a new State mandated green waste recycling center on W. Commerce Street in Hamilton Township. This green waste recycling center was partially paid for with a State grant, which has not yet arrived because of the State budget crisis. In addition, the Borough has seen a significant decrease in the use of this new regulated facility by area landscapers, who much preferred our old unregulated facility. Therefore, while very important to our citizens, the cost of this operation has put fiscal pressure on the department. The other expense is related to our upcoming switch to **curbside single stream recycling** which is much anticipated but not inexpensive. We are estimating this switch will cost the Borough about \$90,000 in extra net expenses per year. Unfortunately, while recycling is very welcome, very important, good for the environment, and somewhat mandated by the State, it is also much more expensive than trash disposal. We also anticipate the costs associated with dropping our collected trash at the landfill will go up this year.

We are therefore proposing the first **sanitation rate increase** since 2013 and only the second since 2005; **average residential rates would increase from \$14 per month to \$17 per month but only effective on June 1, 2016; or for only about ½ of the year.** Our sanitation rates are still much lower than the private rates charged by for profit trash haulers throughout the townships.

This budget does NOT include utility rate increases for water, sanitary sewer, electric, natural gas or storm sewer.

The future remains bright for our utilities. They are well managed, leaders in their fields, the biggest such municipal utilities in Pennsylvania, and well positioned to address these challenges.

Even with the mid-year trash rate increase, as a result of proper fiscal planning and oversight, our citizens will continue enjoy the lowest composite utility rates in Pennsylvania.

Macroeconomic Factors

This budget talks a great deal about services. I believe that local government must find ways to explore regional delivery of services. We have always prided ourselves on being a business-like municipal government and using entrepreneurial methods from our utility operations to encourage private investment and private economic growth in Chambersburg and the surrounding region.

I want to see our downtown blossom with private investment, real estate redevelopment, more stores, more offices, more places to live; all as a result of making Chambersburg a safe, clean, green, and healthy place to live and work. I embrace the growing diversity of our community and the economic and cultural excitement that this can bring to our hometown.

I know that these aspects are all interrelated. That the fiscal stability of our municipal government is directly related to the macroeconomic factors that influence the local economy; that the local economy is directly related to our entrepreneurial methods of managing local government; that our utility operations encourage private investment and private economic growth; that our downtown will blossom with private investment; and that we will continue to explore ways to expand this success in a regional way.

Chambersburg remains a unique community both in the complexity of our impact on our local economy as well as the size of our municipal government. No other local government plays as significant a role in the macroeconomic factors that influence the local economy as Chambersburg Borough. This is because our utility departments drive the cost of operating for local businesses and other government units throughout the Borough and also the regional area. It is not always appreciated, but our sound fiscal management not only frees our citizens from the burden of high utility rates, but also frees our local employers to hire more workers and our local institutions, such as the Chambersburg Area School District and Chambersburg Hospital, to control their cost of operations and their need for revenues.

I am often shocked when others decided to locate or build facilities outside of Chambersburg Borough. I think they are missing much in the calculation. Not only do we provide outstanding and professional police and fire services to protect homes, business, schools, and medical facilities, but we also have the lowest composite utility rates in Pennsylvania. This is not to insult our neighbors because we support them and encourage them in every way possible. The volunteer fire companies and Pennsylvania State Police are all fine organizations. Further we are both the water supplier and sanitary sewer receiver of much of the regional flow. However, in a purely economic comparison, placing a facility inside Chambersburg is likely to provide better, more reliable, and more cost effective municipal services than anywhere else in Pennsylvania. We do not do a good enough job delivering this message.

This budget contains several *2016 goals*, as reflected in a number of attributes of this budget, to work to expand our outstanding services, to upgrade our community and to expand regional cooperation.

- A. Expanding Municipal Services for the Mutual Benefit of the Townships**
- B. A Safe, Clean, Green and Healthy Community**
- C. Settling Big Infrastructure Issues**

Goal A - Expanding Municipal Services for the Mutual Benefit of the Townships

1. Work With Townships to Provide Expanded Sewer and Water Services

There are a number of projects and concepts we need to explore for the Chambersburg's Borough-owned sanitary sewer and water systems, but also for the mutual benefit of the systems in the townships. First, in 2016, the Borough will work with Greene Township to not only build the North Chambersburg Transportation Improvements Project, which includes a new connection at Parkwood Drive, but also to seek to encourage development just north of Norland Avenue. This neighborhood, which is currently zoned agriculture, has the potential to provide significant mixed use development including more retail, commercial, health services, and residential uses. The challenge was that there were no connections to Parkwood and Fifth Avenue (being addressed) and inadequate sanitary sewer service. I want Chambersburg and Greene Township to explore ways to encourage smart growth in this area and use our extensive sewer capacity to make it happen.

Second, in 2016, we need to utilize the new Chambersburg Area Municipal Authority, our newly incorporated regional water and sewer provider, to transfer Borough water and sewer customers, who are outside of the Borough into a new pool managed by staff such as the Borough Manager through the auspices of the Authority. Customers in places like Guilford Township can then be treated equally to customers inside the Borough corporate limits. Unbeknownst to many, Chambersburg Water now serves some 100 to 200 water customers along US 30 in Guilford Township. This is because our main transmission line from Caledonia runs right down US 30. We do not want to compete with the Guilford Water Authority in the same geographic area. To date, there has been no way yet found for Guilford and Chambersburg to cooperate. So the alternative is to deliver inexpensive water to as many homes and businesses in this area through our new Authority.

Third, in 2016, we need to work with the Bear Valley Joint Municipal Authority, our largest water customer, to satisfy the growing demands in Hamilton and St. Thomas townships by cooperating on a mutually beneficial future. Chambersburg has so much we can offer in terms of capital investment management, infrastructure management, and financial management, that it seems there must be a way to lower water rates in their system by a closer and more integrated working relationship.

Finally, we need to continue to grow our intermunicipal cooperation. In 2014, Chambersburg and Greencastle Borough entered into a mutual aid agreement to provide municipal services for the Greencastle Water Department in case of need or emergency. This is the best way to share services. We need more intermunicipal agreements between more agencies to share knowledge, expertise, personnel, and services. In doing so, we break down the provincial boundaries between our agencies and save everyone time and money.

2. Work With Townships to Provide Post-Construction Stormwater Management Services

2016 will mark the second year of existence of a Municipal Separate Storm Sewer System (MS4) utility; one of the first such municipal utilities in the Commonwealth of Pennsylvania.

A storm sewer utility will allow Chambersburg to better manage stormwater by creating a designated fund for stormwater management. The storm sewer utility will provide personnel to be responsible for compliance with the MS4 Permit's "Minimum Control Measures". Secondly, beyond MS4 Permit administration, there are other important program components that our new department will offer. Like a

water or sewer utility, a storm sewer utility generates revenue through user fees that will eventually be based upon the amount of stormwater generated on a property.

The last thing we need in Franklin County is three, four, or five separate storm sewer utilities. We do not need to have as many storm sewer utilities as we currently have water systems or sanitary sewer systems. We need to encourage intermunicipal cooperation. I propose those townships that have, or will someday have, MS4 permits, contract with Chambersburg for stormwater management services.

These services include: public education and outreach on stormwater impacts, illicit discharge detection and elimination, post-construction stormwater management in new development and redevelopment, pollution prevention and good housekeeping, development of storm sewer system maintenance needs and establishment of capital improvement plans, and monitoring and modeling of stormwater system flows to the Conococheague Creek and Falling Spring Creek.

One staff, one set of consultants, one set of maps, and not three, four, or five.

3. Work With Townships to Provide Additional Recreation Services for Their Residents

Chambersburg has one of the most robust and significant recreation programs in Franklin County. This now includes programming at multiple facilities, sports, youth leagues, indoor classes, clubs, events and concerts. We also have a magnificent municipal pool and the inclination to expand our options and our programming.

Up until 2009, the Chambersburg Area School District contributed to the cost of operating the Borough Recreation Department. The school tax money comes from both Borough and township residents. In 2009, an agreement was reached where the district stopped supporting the program in exchange for a grant, which ended in 2014. Therefore, township residents of the Chambersburg Area School District are no longer contributing to support the Borough Recreation Department operation. Township residents are asked to pay a little more than Borough residents. This is seen as fair. We are prohibited from denying anyone access to our recreation programs. However, there is no prohibition on having a two-tier fee system.

In 2016, we should explore whether, in exchange for the townships' boards contribution directly to our Borough Recreation Department, their residents could enjoy the lower tier rates and we could start programming activities at township facilities. Our recreation professionals can set up programs, manage volunteers and arrange seasonal help without adding the burden of new staff to township budgets. The last thing we need in Franklin County are three, four, or five separate Recreation Departments each with staff, consultants, programming, and fees.

Also, in 2016, Town Council will be faced with the dilemma of what to do with the Memorial Park Pool, which needs extensive work to maintain the current layout or significant investment to convert it into a regional splash park. This tough issue is made more complex because it is a pool owned and operated by the Borough for the benefit of both Borough and township residents. Would it not be nice to regionalize this facility? If the townships or Franklin County contributed funding, the new pool could be a regional pool offering low user rates to not only Borough residents but those who live in neighboring communities.

4. Work With Townships to Provide Commercial Fire Code Inspection Services

In 2016, we should explore my proposal that Hamilton, Guilford, and Greene Townships adopt the International Fire Code and contract with the Borough ES Department as a third party Code Agency for Commercial Fire Code Inspection Services. This would be just like when the townships adopted the Uniform Construction Code in 2004 and contracted with Commonwealth Code Inspection Services (CCIS) to provide third party Code Agency services for those codes.

In 2015, the Borough and most of the townships shifted their third party Code Agency services from Commonwealth Code Inspection Services (CCIS) to the Pennsylvania Municipal Code Alliance (PMCA) through a Request for Proposals (RFP) process and deliberation of who was the best contractor.

Yet still, to date, no agencies in any of the townships are providing commercial fire code inspection. The Volunteer Fire Companies generally are unequipped to do inspections. Although PMCA can do these inspections, we have discussed letting our fire department, where every firefighter is a certified code inspector, do these inspections on a systematic basis. I believe that PMCA would support this plan.

Beginning in 2015, the Borough updated our local Fire Law, written by Assistant Solicitor Welton Fischer, and adopted the new International Fire Code. In the Borough, businesses must be inspected (some annually & some tri-annual) for code violations. We believe that this is a big fire prevention program, in that it actually prevents fires, saves lives, and property. In the Borough, the ES Department charges businesses for this important inspection program (revenue goes to support only inspections and prevent fires). In many cases, the businesses' property insurance may be reduced because of these inspections.

It is our hope and desire that the townships will contract with the Borough to expand our successful fire code inspection program to township businesses at no cost to their taxpayers. As with inside the Borough, the townships businesses would pay for the program. The businesses and the community would be safer.

We cannot believe that the townships would not support the adoption of systematic Fire Code inspection with the goal of preventing fires, saving lives, and property. In addition, part of the inspection fee would be shared with the local volunteer fire company responsible for protecting each business. That provides a further incentive to establish this program.

It would take 6 to 8 months to negotiate a program – only the townships can adopt the program and set the fees. The portion of revenue collected, which would be shared with the townships, can be decided during discussions. This important new ES Department program will begin with a meeting with stakeholders and exploring how this program may function.

5. Work With Townships to Provide Additional Police Patrols in Commercial Areas

The Chambersburg Police Department is an outstanding professional police force with knowledge and experience in a variety of law enforcement skills. While we have great respect for the Pennsylvania State Police and a close working partnership with their agency, the State budget always limits what services can be provided in municipalities that do not have their own police departments. The fiscal reality is that the Pennsylvania State Police cannot provide the same level of service to the townships that the Borough enjoys. Much of the townships are still rural. In their residential neighborhoods crime, other than domestic crime, is still very rare. However, there is a growing trend of crime in commercial strips such as along US 30 east and west of Chambersburg and along US 11 north of Chambersburg.

While it may be unrealistic to provide overall police services to the townships without a vast increase in the number of officers and the budget of the Police Department, it is less of a stretch to consider safety patrols on US 30 and US 11 beyond the borders of the Borough. With the arrival of a new Wal-Mart store on Radio Hill and the existing commercial growth north and east of the Borough, perhaps Greene, Guilford, and Hamilton townships may all find this public safety initiative interesting.

I believe that township business owners in these commercial areas would welcome the additional patrols. In fact, they may like it so much they might be willing to underwrite the cost of the service. In 2015, we should explore whether, in exchange for the townships' boards contribution directly to our Borough Police Department, their commercial corridors could enjoy the benefit of local police patrols.

Goal A - Expanding Municipal Services

Work With Townships to Provide Expanded Sewer and Water Services

Work With Townships to Provide Post-Construction Stormwater Management Services

Work With Townships to Provide Additional Recreation Services for Their Residents

Work With Townships to Provide Commercial Fire Code Inspection Services

Work With Townships to Provide Additional Police Patrols in Commercial Areas



Fire Inspection Services

Goal B – A Safe, Clean, Green and Healthy Community

1. Borough-Wide Camera and Security Project to Continue

With the 2015 Budget, Town Council authorized this very important public safety project. In keeping with our goal of a safe community, Council made a multi-year commitment to install and upgrade video surveillance technology in a number of applications. This project began in 2015 and will continue throughout 2016.

The project budget contained \$422,909 in capital spending on a variety of security camera upgrades including new police car dash cameras, downtown cameras, city hall cameras, and license plate reading technology. So far in 2015, only \$63,660 had been spent for the 11 new dash cams for the police cars and 1 Q-Star anti-vandalism camera.

In the fall of 2015, Council authorized Phase 2 of this project, license plate reading (LPR) technology. Please make note that this phase will be made by a combination of the Motor Equipment Fund, the motor pool of the Borough (who owns the police cars upon which some of these license plate reading cameras will be installed) and the Parking, Traffic and Street Lights Fund (who owns the traffic signals upon which the balance will be installed). The Police Department directly will not be paying for this project because the Police Department is funded by the Police Tax.

Also, just as the Police Tax is not paying for this phase, the 11 dash cams already bought for the police cars already were paid for by the Motor Equipment Fund, the motor pool of the Borough (who owns the police cars and rents them to the Police Department).

This project phase calls for the installation of license plate reading cameras on two police patrol cars (two mobile units) and on one intersection (one fixed site). The police patrol cars will likely be the two newest vehicles in the fleet. The fixed site will likely be the intersection of Walker Road, Stouffer Avenue, and Lincoln Way, which is considered one of the busiest in Chambersburg and the best location to capture license plate images.

All data will be captured and stored by the vendor, Vigilant Solutions, held in the cloud, and not in the Borough's possession unless a query is done looking for a particular tag. As the vendor holds the data, there are no PA Right-to-Know Act information issues. Also, the US Supreme Court has ruled there is no expectation of privacy in a public place. This is why all cars have photographable license plates.

The Vigilant Solutions system will alert the patrol cars that were installed with the system if a wanted tag (i.e. stolen tag or warrant) drives past the patrol car. An audible signal tells the officer a wanted vehicle is driving next to his patrol car.

The system allows the Borough to enter tags manually into the system that the police are seeking (i.e. a person of interest). The system allows detectives to research tags and vehicles by description, time of day, or partial tag number. For example, if there was a crime reported with a vehicle description, the Borough can search for that vehicle as it may have driven past the fixed site or the patrol cars with the technology sometime in the prior year.

In 2016, Chambersburg will install Phase 3 to assist the Police Department with making Chambersburg a safer community. While we have few incidents of violent crime, resources to have sufficient police officers

available to canvas all the hot spot areas of the community are not available. A single police officer can cost the Borough well over \$2 million in wages and benefits over their career. Technology does not solve crimes but it does provide an additional cost efficient tool in the arsenal of crime prevention, deterrence, and investigation tools. Since 2007, the Borough of Chambersburg has invested in security cameras connected through our fiber optic computer network. These cameras are installed at several facilities and public places. They are not live monitored, but rather are recorded using digital computer technology for playback as needed.

The Camera and Security Project is a vast expansion of that security network. This budget includes sufficient funds to complete all three phases of video technology to assist the Police Department in their mission:

Phase 1

- Installation of new police car dash camera technology
- A trial installation of one FLASHCAM-880SX anti-vandalism camera

Phase 2

- Installation of both new pole mounted car license plate identification cameras and the installation on two patrol cars of car license plate identification mobile systems

Phase 3

- A significant upgrade to the type and number of downtown static cameras
- A significant upgrade to the type and number of public facility cameras

Finally, this project includes associated expansion of fiber optic and electric systems to interconnect this technology.

The goal of this expanded use of technology is to assist the Chambersburg Police Department with new tools to: prevent, deter and investigate crime. Chambersburg would greatly expand and modernize our public space surveillance network in order to provide our citizens and business with the level of security and quality of life that they have come to expect. This technology, in concert with Mayor Darren Brown's proposal to expand and enhance community policing, is anticipated to directly affect a number of nuisance and street level crime patterns in our community including: strong arm assaults and robberies, retail theft, drug dealing, and vandalism.

In addition, in 2016, the Police Department will increase walking assignments on shifts and seek additional part time officers for additional walking downtown. The Police Department is currently seeking more part time officers and anticipates that they will be needed for downtown walking in 2016.

2. Downtown Custodian and Maintenance Worker to Start in January 2016

As you know, the Borough owns a house at 38 W. Queen Street. Pursuant to the Borough Code, the house can be sold only through auction and might end up going to the highest bidder or landlord; not providing much revenue and another potential nuisance apartment house. Therefore, as an alternative proposal, the 2015 budget created a new unique job which will begin in 2016: that of a Live In Residence Downtown Custodian and Maintenance Worker.

This employee will live and work in Downtown Chambersburg and be responsible for a variety of public maintenance tasks involving cleaning, sweeping and general maintenance duties. They will work with local civic agencies such as DCI and the DBC, as well as maintenance contractors assigned by the Borough

and DCI. This employee will be responsible to perform general, regular and light maintenance and repair tasks necessary to provide safe streets, alleys, walkways, plazas, parks and municipal facilities for the public. As of today, there is not one go-to maintenance person for these complex tasks. Many of the tasks performed are of a skilled nature such as maintenance and landscaping equipment operation, installing signs and fixing posts, light masonry, painting, sanding and scowling of municipal street furniture, and seeding and fertilizing grassy areas, flower boxes, and dealing with accumulated waste, vectors, and other regular nuisances in the rights of way and municipal walkways; use of advanced maintenance and repair as needed and this employee will be responsible for contacting others as needed through the chain of command. Every workday this employee will do a series of walking inspections of the various public spaces downtown, the creek, Memorial Square and the side streets and alleys.

The work also requires that the Downtown Custodian & Maintenance worker live at a Borough provided downtown residence (as his primary residence) and serve as the lead downtown maintenance worker for daily events, street fairs and street events within Borough streets and rights of way. The Borough will approve any reasonable request for this workers' family or dependents to live with him at the house, if applicable, through a standard lease agreement between the Borough and the employee; in essence he will be required to rent the residence from the Borough. The Solicitor researched how exactly this will work for Federal Fair Labor Standards Act regarding wages, overtime, and the house rent.

This employee must be scheduled to work during street fairs and other holiday and weekend events. Work includes clearing snow, ice, debris and obstructions prior to and during downtown events. The work also requires that the Downtown Custodian & Maintenance worker maintain, fix, repair, and provide upkeep and service to the Borough owned downtown properties including, but not exclusively, the Borough provided residence at 38 W Queen Street. Clean and maintain other public buildings including interior spaces, City Hall and public bathrooms. Maintain and water outside flower boxes. Pull debris from the creek bank; request needed supplies and materials. Clear garbage and debris from Borough owned pathways and sidewalks. They will schedule some construction activities and other duties requiring use of advanced knowledge, including major repairs and utilities, which may be performed by vendors or other borough employees. Knowledge of landscaping and use of cleaning, fertilizing, and vector extermination chemicals required (under the direction of licensed employees).

Like a caretaker or lighthouse keeper, this employee (and their family) would live at 38 W. Queen Street (as a part of their compensation) and take care of the downtown core and nearby Elm Street neighborhood public areas and projects. This would match well our clean and green downtown objective of the downtown's Keystone Communities Project.

3. New Third Street Parking Lot and New Central Avenue Parking Lot Designs

On October 27, 2014, Town Council approved a resolution authorizing the Borough to acquire 240-250 S. Third Street by the Parking Department for the purposes of planning for additional municipal parking. The Recreation Department had identified a significant long term situational parking issue in the neighborhood of the Eugene C. Clark Jr. Recreation Center. While the Borough does not necessarily recommend the demolition of habitable structures for parking, these buildings were an eyesore in the neighborhood. Therefore, Council took care of two issues by the acquisition of these buildings.

The Borough took possession of the property by the end of 2014 and in 2015 the multifamily homes were demolished. Today there is an open lot. The Borough will begin planning for the future of this parking facility in 2016. First, the Borough will set about to design a parking lot including proper layout and

drainage requirements. It is our hope to have a new municipal parking lot designed for S. Third Street in 2016 and constructed in 2017.

On May 11, 2015, the Borough of Chambersburg and the Shook Home agreed on a framework that resulted in the Borough trading the Hoffman-Minnich Parking Lot on Central Avenue for a larger parking lot across Central Avenue to be known as the Central Parking Lot. On September 3, 2015, the transaction was completed and the signs and parking meters moved.

The Central Parking Lot is well situated to be the flagship parking lot for Chambersburg's downtown. It has easy access from Queen Street, Lincoln Way, and Second Street; is adjacent to the Shook Home, downtown businesses, the F&M Bank building, and near the Franklin County courthouse campus. Finally, the lot is connected to S. Main Street by a pedestrian walkway. Downtown Chambersburg Inc.'s 2015 Downtown Master Plan recommended to the Borough the concept of improving parking facilities by adding decorative lighting, signage, landscaping, new parking kiosks, and pedestrian safety improvements.

In 2016, we envision entering into a design process with a landscape design firm, reimagining the Central Parking Lot for the purposes of applying for a Multimodal Transportation Fund ("MTF") grant from the Commonwealth Financing Authority to support Central Parking Lot Multimodal and Pedestrian Safety Initiative. It is our hope that community partners will support this application and provide financial assistance to match the grant application.

4. Wilson College Streetscape Grant Project

On September 9, 2014 the Borough of Chambersburg received notification that it has been awarded a Multimodal Transportation Fund ("MTF") grant in the amount of \$465,429 from the Commonwealth Financing Authority to support Wilson College's Streetscape and Pedestrian Safety Initiative. The MTF request for funding was submitted as a collaborative public-private partnership between the Borough and Wilson College to perform a variety of pedestrian infrastructure and aesthetic upgrades in coordination with the College's campus improvement plans.

The Streetscape and Pedestrian Safety Initiative will include the replacement and upgrade of sidewalks, curbs and crosswalks along the portion of N. Main Street, Edgar Avenue, and Philadelphia Avenue that borders the College's campus. The improvements are targeted at further promoting safety with enhanced vehicular visibility and substantial width for sound pedestrian crossing throughout the campus. A final design was approved but delays made it impossible to complete the project when U.S. 11 was repaved in 2015. Regardless, the plan is to complete the improvements in 2016. In a future phase, a dual-banner system will be affixed to Borough street lights. The Borough involved the surrounding neighborhood in the final design process. It is our hope to have a new Wilson College streetscape installed by January 2017.

5. Pedestrian and Bicycle Improvements Plan & Healthy Communities Design Initiative

In 2016, the Borough of Chambersburg will undertake a Pedestrian and Bicycle Improvements Plan. The plan will include a prioritized list of new sidewalk installations, pedestrian street-crossing safety enhancements, development of a network of bicycle routes to include extension of the existing Rail Trail and connections between the network and existing public areas such as parks, downtown, community centers, government facilities and streams, and creation of a public education campaign designed to encourage walking and bicycling as alternative modes of transit, and at the same time, making those activities safer. The plan will examine:

- Expanding the Rail Trail
- Creating bicycle friendly connections to places of interest and commerce, for example Memorial Park to Downtown and Third Ward to Norland Avenue
- Review current policies on sidewalk use for bicycles
- Look for opportunities for bicycle/pedestrian “shared use” when expanding or re-configuring sidewalks or adding bicycle lanes to existing streets
- Developing bicycle friendly areas in existing recreation facilities
- A bicycle self-guided tour of Chambersburg
- Bicycle furniture, public drinking fountains, and/or bicycle rental resources

On May 11, 2015, Town Council selected Johnson, Mirmiran & Thompson (JMT) as the consultant to undertake this study. A fundraising campaign by Noel Purdy of Downtown Chambersburg, Inc. has raised almost enough money to pay for the project and the Borough will budget enough funding to make sure it gets done in 2016.

When the plan is prepared, JMT will review Borough codes, such as the Bicycles and Skateboards Code, along with policies and programming related to bicycle accessibility and safety, and recommend changes and improvements. In addition, on September 21, 2015, Town Council selected Traffic Planning and Design (TPD) to undertake a study of “sharrows” and “share the road” decals and signs for the downtown. It is likely that this engineering study will complement the work of JMT and we anticipate the installation of such bicycle friendly decals and signs throughout downtown in spring 2016 and perhaps other parts of the Borough by fall 2016.

Clearly, the Borough’s commitment to expanding and planning for pedestrian and bicycle improvements within the corporate boundaries of the Borough is self-evident.

In addition, the Borough is continuing with our commitment to a healthy community design concept. Healthy community design is planning and designing communities that make it easier for people to live healthy lives. Healthy community design offers important benefits such as it decreases dependence on the automobile by building homes, businesses, schools, churches and parks closer to each other so that people can more easily walk or bike between them. It provides opportunities for people to be physically active and socially engaged as part of their daily routine, improving the physical and mental health of its citizens. It allows people, if they choose, to age in-place and remain all their lives in a community that reflects their changing lifestyles and changing physical capabilities. It ensures access to affordable and healthy food, especially fruits and vegetables.

In 2016, we want to use the North Square Farmers Market and their connection to the organic Fulton Farm at Wilson College as a base to expand healthy food choices education among the Borough’s youth. It is our hope to underwrite the development of an outreach program to community youth and school kids to encourage their commitment to a healthy lifestyle.

6. Elm Street Neighborhood Master Plan

In 2015, Downtown Chambersburg Inc. (DCI) completed their updated Downtown Master Plan. This document was completed with a generous grant from the Borough of Chambersburg and several other donations from area corporations and organizations. The DCI plan will become the basis for DCI to apply to the Pennsylvania Department of Community and Economic Development (DCED) for certification of

the downtown as a part of the Keystone Communities program. Town Council needs to support this effort with in-kind participation in the program.

In 2016, it is envisioned that the Elm Street neighborhood and our community partner, Building Our Pride in Chambersburg (BOPIC), will undertake a similar process to update the Elm Street Neighborhood Plan.

Inspired by the widespread, positive impact of the Pennsylvania Main Street program, which is a state wide program focusing on the central business core of neighbors, the Commonwealth developed a similar, integrated approach to revitalization of Pennsylvania's older residential areas bordering Main Streets and central business districts called the Elm Street program.

Chambersburg has historically been one of the most successful Main Street program and Elm Street program participating communities. Hundreds of thousands of dollars has been passed through the Borough and expended by our community partners (Downtown Chambersburg Inc. for the Main Street program and Building Our Pride in Chambersburg for the Elm Street program) for projects throughout the community.

The Pennsylvania Keystone Communities program is the current amalgamation of the Main Street and Elm Street programs.

BOPIC will complete an Elm Street Neighborhood Plan with a generous grant from the Borough of Chambersburg. The BOPIC plan will become the basis to apply to the Pennsylvania Department of Community and Economic Development (DCED) for certification of the Elm Street neighborhood as a part of the Keystone Communities program. Town Council needs to support this effort with in-kind participation in the program. The hardest challenge for both DCI and BOPIC will be after certification when both must develop a model of sustainability that demonstrates that they can administer their programs without Borough financial support.

7. Downtown Retail Plan

In 2016, at the request of Town Council, the Borough will explore the creation of a separate retail plan for Chambersburg downtown. We cannot abandon our vision of downtown as a vibrant sense of place for shopping, dining, entertainment and gathering. Downtowns are still considered the heart of many communities, and proactive residential support and programs that assist and retain independent retailers are just a few of the components that keep that heart strong. The 2016 budget contemplates hiring a consultant to conduct an assessment of our downtown area and provide recommendations that will support a new comprehensive retail recruitment plan.

Together with area stakeholders such as the Franklin County Area Development Corporation, we hope to identify and target large blocks of real estate that can be bundled and encouraged for redevelopment.

Some work has already been done by DCI to start this process. We envision not only a retail recruitment plan but also downtown merchant retention plan and workshops to encourage entrepreneurs as well as national chains that are compatible with the demographics and available locations in our downtown.

8. Sustainable PA Community Certification

In 2014, the Pennsylvania Municipal League (PML), with whom the Borough of Chambersburg is a member, began the Sustainable PA Community Certification Program. The certification acknowledges the steps taken by municipalities to achieve sustainability. It is designed to provide further reinforcement—and the inspiration (and funds) to go even bigger. That recognition goes a long way: Pennsylvania municipalities that are distinguished in applying sustainable policies in order to advance community prosperity while reducing carbon footprint get kudos, support and even grant money to expand programs. The program also serves as a mechanism for sharing best practices for creating a more sustainable Pennsylvania.

The award is based on 130 criteria in the following nine categories:

- Governance and Community Engagement
- Healthy Communities
- Diversity, Equity and Inclusion
- Education
- Energy Use, Conservation and Green Building
- Environmental Stewardship
- Housing
- Land Use and Transportation
- Local Economy

The award is broken down into five categories: platinum, gold, silver, bronze and associate, which are meted out according to points earned based on criteria met at a specific point in time. Previously, the certification was only available to the southwest region of the state, but, in 2014, the program was expanded to include all municipalities across Pennsylvania through a partnership between Sustainable Pittsburgh and PML.

Goal B - A Safe, Clean, Green and Healthy Community

Borough-Wide Camera and Security Project to Continue
Downtown Custodian and Maintenance Worker to Start in January 2016
New Third Street Parking Lot and New Central Avenue Parking Lot Designs
Wilson College Streetscape Grant Project
Pedestrian and Bicycle Improvements Plan & Healthy Communities Design Initiative
Elm Street Neighborhood Master Plan
Sustainable PA Community Certification



Bicycle and Pedestrian Master Plan

Goal C – Settling Big Infrastructure Issues

1. Expanding City Hall

In July and September 2013, the Borough of Chambersburg Water Department took ownership of the properties adjacent to Borough Hall, 220 E Queen Street and 216 E Queen Street respectively. The acquisitions were for the purposes of planning for a potential Utility Departments' addition to Borough Hall.

In 2014, SGS Architects Engineers, Inc. of Carlisle Pennsylvania performed a Needs Analysis where they evaluated City Hall and the Police Annex for future office space needs of the Borough. That Needs Analysis was presented in December 2014. The conclusion of the Needs Analysis was that the Borough utility departments, and more importantly the utility support departments, were clearly out of space in City Hall.

The first part of City Hall, the clock tower, was built in 1830 and survived the Burning of Chambersburg. A series of additions expanded the clock tower by adding pieces onto the building. In modern times, a major renovation was done in 1957, when much of the north part of City Hall was constructed or reconstructed. Then, in 1971, the Police Department and Council Chambers addition was added to the 1957 structure. That addition was 45 years ago. Since then, other than regular maintenance and updating the windows, the building has remained unchanged. Since 1970, the population of the Borough has increased 19% and technology including surveillance cameras, high speed data lines, servers, and many more employees has been stuffed in every nook and cranny of the facility. In addition, the building is definitely not up to modern standards of building codes or light, ventilation or safety standards.

In 2015, a Building Committee of Town Council was formed who met and talked about City Hall and other potential sites or concepts for utility department office space needs. At the conclusion of that discussion, it was recommended by Staff that Town Council proceed with the design of a Utility Departments Addition to City Hall for the Queen Street side of this building. Any talk of renovating this old building would be placed on the back burner while a modern addition was placed on the east side of the existing building and interconnected.

In the summer of 2015, the lot on the east of City Hall was cleared of the homes and their foundations.

SGS Architects Engineers, Inc. of Carlisle, PA presented a project scope to develop a design for the efficient usage of this adjacent property. On June 8, 2015, Town Council approved undertaking the design stage to evaluate the utility departments of the Borough in terms of public access, safety, office needs, technology, parking, etc. The SGS team met and worked with the Building Committee of Town Council to insure that their vision for the addition is being met.

On November 23, 2015, the SGS team will present their recommended vision for a Utility Departments Addition for City Hall. Deliverables for the project will include full design of the addition, layout and construction cost estimates. So far all the planning, like the land itself, has been paid by the Water Department; one of the future tenants for the space.

It is our hope that in January or February 2016, Town Council will authorize staff to move the design process to the next and final stage. The budget includes a subsequent expenditure by the Water Department to do final blueprints and bidding to determine the actual cost of construction.

If this is allowed to proceed, by the end of 2016, Town Council will be faced with the final decision to move ahead with construction of the Utility Departments Addition for City Hall. It is important to contemplate the alternative. If Town Council fails to build the Utility Departments Addition for City Hall, then either the next step would be the gutting and renovation of the various components of the original City Hall building or reviving the search for offsite office space.

The SGS team explored both of these alternatives in depth with the Building Committee. It was determined that any renovation to the existing City Hall would be twice as expensive as building a modern addition. Further, that renovation would bring the building into the 21st Century but provide no additional space. Second, a quick visit to all available sites and buildings in downtown Chambersburg quickly ruled out any relocation for the Borough offices.

There is no doubt that building a Utility Departments Addition for City Hall will be expensive. However, if managed properly, this project, which focuses on utility uses, should cause no increase in taxes at all. Further, while it is never a guarantee, financing a building project at today's low interest rates should provide a new facility that will last the Borough at least 50 years (think back to the 1971 decision to build the Police Department and Council Chambers addition) and will be paid back by the utility departments through a mortgage on the building over a twenty-five year time frame.

This is a very significant decision for Town Council; the first such decision in half a century. However, by living with and working in this building, and seeing the explosive growth of the utility departments and their support departments (i.e. finance, information systems, and personnel), it has become clear that this is both the most cost effective strategy and the least cost option for the Borough.

The cost to undertake the next step in this process is \$240,000 and would be fully paid by the Water Department.

The goal is to bid construction by the end of 2016 so that Council can evaluate the total cost of construction along with the 2017 budget. If approved, construction would begin early in 2017 and run through 2018 with a grand opening of the addition in late 2018 or early 2019; or approximately 47 years after the last changes to City Hall.

2. Memorial Park Pool

The Chambersburg Memorial Park is a 37 acre park providing several amenities. It appeals to a large variety of users and interests. The park is lined with mature trees, making for lots of shady spaces and for wonderfully colored fall foliage. The park includes a large playground for children 5 and older and a younger play area for tots and pre-schoolers. The park also has two softball fields, open field areas used for soccer and other recreational sports, a basketball court, 4 tennis courts, a band shell for concerts and other outdoor performances, and picnic areas with grills. A large pavilion (seats 150) with an open barbecue pit provides several recreational opportunities.

The Chambersburg Pool, located at 1 Memorial Drive off of Stouffer Avenue, is inside the Chambersburg Memorial Park grounds. It hosts an array of amenities catering to families, summer camps, individuals, seniors, and the Chambersburg Swim Team. A baby pool exists for children ages 5 and under providing a safe place for young ones to splash and play. A very large main pool offers a 50 M section for lap swimmers, a wading area for novice swimmers, a diving area, and a 100' slide. It is one of the largest municipal pools, in terms of gallons, in Central Pennsylvania. Other facility amenities include an adjacent

skate park, two sand volleyball courts, miniature golf, and tons of open space for lounging or games. A Borough-operated concession stand is a part of the original 1969 Bathhouse, which includes the main filter room, a men's/women's locker room and offices.

Chambersburg Municipal Pool is the host of the local Red Cross swimming lesson program, which is very successful. Offering daily and season passes, the Memorial Park Pool caters to many non-residents and area summer camps.

In addition to suffering from the seasonal impact of weather on the pool operation, the Memorial Park Pool has recently found it difficult to collect enough revenue to balance the cost of operation on an annual basis. In addition, no capital reserve has been established to rebuild or reconstruct the facility.

A 2009 consultant evaluation was done by Wade & Associates. At the conclusion of that evaluation, Town Council elected to do only minor additional fixes to the facility to extend its useful life. The general feeling is that despite excellent preventative maintenance, the facility is both reaching the end of that useful life as well as no longer meeting the desired market for municipal facilities. Unfortunately, the fiscal realities of operating a municipal pool facility may impact the final decision of Town Council with respect to how to proceed.

In 2015, Town Council authorized the Recreation Department to hire an aquatic engineering and design firm with sufficient knowledge and experience to assist our staff with evaluation of our existing municipal pool complex. The consultant selected, the team of MKSD architects and Counsilman-Hunsaker aquatics will identify issues of technical, health, safety, and mechanical in nature, propose conceptual solutions including a variety of choices and alternatives and work with the Town Council in preparing for a public debate on the cost-benefit of the various alternatives, which would extend the useful life of this important community asset for generations.

It is anticipated the report will be presented to Town Council in January 2016.

The consultants will break their analysis into two parts: the first will review the current condition of the facility and categorize what repairs, changes, or improvements are need to extend the useful life for a minimum of 25 years. The second will develop a concept for a modern aquatic or water based municipal recreation facility of a size and scope compatible with the fiscal constraints, demographic projections, and possible user base found in Chambersburg.

Once Town Council receives the report, they will be faced with several difficult choices. No matter what changes they make, no funds have been set aside for capital improvements beyond regular maintenance.

If Town Council decides to proceed, it is possible financing might be through a bond issuance or a ballot question. If a ballot question is the decided course of action, there are some advantages to the Borough. Although Chambersburg has never done a bond referendum, the procedure for approval of electoral debt (ie. election approved debt issuance) comes from the Local Government Unit Debt Act (LGUDA).

LGUDA envisions that from time to time a municipality may want to ask the electors of their community for authorization to undertake a bond issue for a controversial capital improvement project. The authorization is not to undertake the project but rather to borrow the money to undertake the project; although one might surmise that authorization to sell a bond is akin to support of the project.

According to LGUDA, a ballot question must be phrased per their rules:

“Shall debt in the sum of (insert amount) dollars for the purpose of financing (insert brief description of project) be (authorized to be incurred as) (transferred from non-electoral debt to) debt approved by the electors?” This is the only text allowed on the ballot question. As you can see, while staff will be asked to quantify the mil tax rate impact of the referendum, the mil tax rate cannot appear in the ballot question. Those are the rules.

It is the suggestion of staff, that if Town Council is unable to decide to borrow the money to undertake a renovation or replacement of the facility, a question should appear on the ballot in November 2016. Town Council has the authority to forego the referendum and tell staff to just prepare the debt issuance as non-electoral debt; if they want.

If they choose referendum, the question will only appear on Borough wards' ballots. Recall Township residents pay their share of pool costs through higher admission costs. Staff suggests that this vote to be in November 2016 and, that Town Council and staff do all the work to schedule it that way.

As you see, there needs to be a precise amount of money in the question so that is our goal: to work with the consultants to develop a specific price proposal that would include the project, legal, engineering, and contingency costs. Along with authorization of the ballot question, there would be the release of the Council-selected design option from the engineer, their engineer's construction budget, and conceptual drawings of the layout of the new aquatics facility.

Please note that Borough staff shall not campaign for this referendum one way or another. If there is a ballot question, there needs to be a grassroots public effort for or against the referendum. The referendum will succeed or fail and then Town Council can move on one way or another after the election.

The Memorial Park Pool will be open and operating normally for the 2016 season regardless.

If the referendum passes in November 2016, the Borough will do a debt issuance as soon as possible and establish a separate sinking fund account to pay costs associated with the project; and nothing else.

If the referendum fails, the 2017 budget could include contingency money for decommissioning the facility at the end of the 2017 season.

If the referendum passes, and the debt is incurred, and the sinking fund is established, the aquatics engineer can then finish their work and complete the bid specifications for the bidding out of the facility reconstruction project sometime in 2017.

If the facility is reconstructed, the goal would be to re-open the facility on Memorial Day in 2018.

3. A Need to Fund Alley Improvements

Real estate taxes levied now do not cover any of the cost of paving alleys.

Further, there are not enough funds provided by our State Aid grant (a grant provided by PennDOT on the sale of Liquid Fuels) to provide sufficient resources to fix and pave all the alleys of the Borough.

It is my suggestion that Town Council seriously consider funding these alley projects by special assessment. The Borough Code allows street improvement projects that benefit adjacent property owners to be assessed directly to those adjacent property owners; as measured by linear foot of frontage. I suggest that staff create a policy upon which Council can deliberate for improvement to alleys that do not provide general community through traffic. Those alleys can be either abandoned and returned to the adjacent property owners (although in many cases must remain open for traffic), or can be upgraded under the following law:

ARTICLE XVII
STREETS

(g) Improvement of Borough Streets

Section 1761. Proceedings With or Without Petition.

Boroughs with petition or without petition may improve streets, or parts of streets, or a particular width, or additional widths of streets, with or without the assistance or contribution of the United States of America, the Commonwealth, the county, or a corporation occupying the thoroughfare and may assess and collect the whole cost of improvement, or the whole cost not thus aided or contributed, or any part of the cost, from the owners of real estate abutting on the improvement in accordance with Article XXI-A.

ARTICLE XXI-A

ASSESSMENTS AND CHARGES FOR PUBLIC IMPROVEMENTS

Section 2101-A. Authority to assess.

(a) General rule.--Borough council shall have the power to pay the cost, in whole or in part, of any and all public improvements of all natures and descriptions, including, but not limited to, the grading, building, paving, regrading, rebuilding and repaving of streets as defined in section 1701, the creation, extension, renovation or enlargement of water mains and sewage collection, transmission, treatment and disposal systems and the creation, extension and renovation of storm, surface and subsurface drainage systems, the construction, reconstruction and repair of wharves and docks, the installation of ornamental street lighting or the planting, removal, maintenance and protection of shade trees by any of the following methods:

- (1) from general borough funds; or
- (2) from special borough funds created for that purpose; or
- (3) **by assessment of costs against the benefited properties either on the front foot or benefit conferred method of assessment.** *(emphasis added)*

This would be a radical departure from our previous methods of funding alley improvements. The alternative would be to fully fund the Police Tax and use the excess revenue no longer diverted from street projects to address alleys as well as thoroughfares.

4. Waste Water Treatment Plan Project Enters Final Construction

Chambersburg's 6.8 mgd, J. Hase Mowrey Regional Wastewater Treatment Plant serves Chambersburg, Greene Township, Guilford Township, Hamilton Township and indirectly part of Letterkenny Township. In addition to the Commonwealth's 2008 Chesapeake Bay Tributary Strategy, which forced a cap on the amount of nitrogen and phosphorus discharged from the facility, Chambersburg is also facing the demand of building additional capacity (a 60% increase) to meet projected twenty-year build out in the service

region, as required by DEP's Act 537 Plan Study. These two mandates initially resulted in proposed facility renovations with an estimated price tag of over \$50 million.

This is the largest public works project in the history of Chambersburg.

Now estimated to cost \$37 million, and under construction, the project was begun in 2012 and is scheduled to end in 2016. The costs are shared with the Municipal Partners as defined in the Intermunicipal Agreement, which was executed on September 13, 2010. Construction began on schedule in 2012 and will proceed throughout 2016. While running a little behind and slightly over budget, the project is still in good shape.

5. North Chambersburg Transportation Improvements Project

Chambersburg Health Services (Summit Health) has engaged in a collaborative partnership with the Borough of Chambersburg and Greene Township, Franklin County, to advance a multifaceted transportation improvements project known as the North Chambersburg Improvements Project.

The North Chambersburg Improvements Project is comprised of the following three phases:

1. Extension of St. Paul Drive to connect with Parkwood Drive in the Borough of Chambersburg
2. Extension of Parkwood Drive in the Borough of Chambersburg to connect to the intersection of Kohler and Grand Point Roads in Greene Township
3. Improvements to the Norland Avenue & Fifth Avenue Intersection

This multi-municipal, multi-faceted project will directly unleash the economic potential and improve the safety and functionality of this growing commercial corridor. The total cost of the North Chambersburg Improvements Project, in excess of \$4 million, couldn't be supported by the Chambersburg Health Services or its municipal partners alone. As a result, a grant application was submitted to PennDOT's Multimodal Transportation Fund, which resulted in an award of \$2,869,907 in financial assistance. On June 23, 2014, Town Council approved the project plan.

Summit Health will manage this construction project, which will begin in 2016. Three engineering firms, Dennis E Black Engineering, Traffic Planning & Design, and KPI Engineering, have teamed up to work with Summit Health to design improvements, which will eventually be dedicated to the Borough of Chambersburg and Greene Township. On November 9, 2015, Town Council approved the conceptual design of the improvements.

The Borough Engineering Department will have to work very closely with the selected contractors to insure that work is of a quality and specification to meet, not only PennDOT specifications, but the Borough standards of construction. This is a major infrastructure project on the Borough's northern corporate boundary, which will significantly current and future traffic patterns in the Borough.

Goal C - Settling Big Infrastructure Issues

Expanding City Hall

Memorial Park Pool

A Need to Fund Alley Improvements

Waste Water Treatment Plan Project Enters Final Construction

North Chambersburg Transportation Improvements Project

REVISED PAGE – DECEMBER 21, 2015

Changes in Wages and Benefit Costs across-the-board:

On November 9, 2015, the Borough settled a new labor pact with the Chambersburg Police Officers Association (CPOA) for the years 2016 through 2020. On December 7, 2015, the Borough settled a new labor agreement between the Borough and Local #246 of the American Federation of State, County and Municipal Employees, who represent the Borough’s highway and utility workers. It is assumed that Town Council will provide those non-bargaining non-uniform Clerical, Technical, and Management employees the same wages and benefits as agreed to with AFSCME Local #246. Finally, the Borough is entering its last year of the Richard Kasher Interest Arbitration Award imposed on the Borough and Local #1813 of the International Association of Fire Fighters (IAFF). As such, we have made the following assumptions included in this budget:

| | 2015 | 2016 |
|--|-------------|-------------|
| Chambersburg Police Officers Association | | |
| A new contract was approved by the parties in 2015 | | |
| Wages (cost of living adjustment to all steps) | +4.5% more | +1.95% more |
| CPOA Collective Bargaining Agreement expires 12/31/2020 | | |
| International Association of Fire Fighters (IAFF) Local #1813 | | |
| The current contract was imposed by Kasher Arbitration Award | | |
| Wages (cost of living adjustment to all steps) | +3.5% more | +4% more |
| IAFF Collective Bargaining Agreement expires 12/31/2016 | | |
| American Federation of State, County and Municipal Employees Local #246 | | |
| A new contract was approved by the parties in 2015 | | |
| Wages (cost of living adjustment to all steps) | +4.5% more | +1.95% more |
| CPOA Collective Bargaining Agreement expires 12/31/2020 | | |
| Clerical, Technical, and Management Employees | | |
| These employees have no contract & this represents Manager’s proposal | | |
| Wages (cost of living adjustment to all steps) | +4.5% more | +1.95% more |
| Clerical, Technical, and Management Employees | | |
| These employees have no contract & this represents Manager’s proposal | | |
| Wages (cost of living adjustment to all steps) | +4.5% more | +1.95% more |

Pension Plan Reform

For the first time in generations, all non-uniform employees will have a choice, stay in the traditional government pension plan and contribute money to the plan for its fiscal health or withdraw from the traditional plan and open a new 401(k) style individual retirement account¹.

¹ Federal law prohibits government employees from having 401(k) accounts. They get similar 401(a) accounts.

Conclusion

It is with great concern that I deliver this enclosed budget. While our utility funds are in excellent financial condition, there must be either a reduction in Police Department expenses immediately or a 2016 increase in the Police Tax. This issue should not be confused with any other department or project because these two factors: the Police Department budget and the revenue from the Police Tax are not impacted by other decisions in other funds or other projects.

I have been warning Council of this decision for almost two years. We have added Police Department personnel, given mandated Police wage increases, and not sufficiently balanced these expenses with revenue. Unfortunately, action is required now.

In April 2014, Moody's downgraded Chambersburg's General Obligation credit rating from **Aa2** to **Aa3**. They stated that our financial outlook remains stable. "Chambersburg's financial position has stabilized after four years of decline, with positive operations in fiscal 2012..." They added "Significantly increased General Fund balance and growth in available reserve levels" would improve our credit rating. They added that they are looking for "Substantial growth in the borough's tax base and socioeconomic profile."

We must address the costs of the General Fund without reliance on shifting costs to unrelated budget areas. What Moody's will seek, is a commitment by Council to pay for the Police Department budget with the Police Tax.

In this document, the Police Department budget will equal \$5,168,725. This is the first time the gross budget has ever been over \$5 million.

Further, I have reserved a full year's worth of street projects in this budget. I cannot create another budget that cuts the paving schedule to below the minimum necessary to keep up with the Borough needs. Therefore, none of the paving budget is being diverted to balance the Police Department.

In 2016, we anticipate the Police Department will generate approximately \$150,000 in fines and fees for the General Fund. In addition, we are anticipating State aid to offset their pension costs.

Finally, the Chambersburg Area School District reimburses the Police Department for all expenses related to the school crossing guard program.

This will leave a Police Department budget need of \$4,456,725.

There is no way that a Police Tax of 21 mil could finance this level of expenditures. The yield from 21 mil is anticipated to be \$4,085,000.

That would leave a gap of **\$371,725**.

It would be illogical to continue to take money from other General Fund operations to supplement the shortfall created by the Police Tax.

Police Expenditures 2016

| | |
|--|--------------|
| Salaries - 1 Police Chief | \$ 110,000 |
| Salaries - Regular Police Officers | \$ 2,500,000 |
| Salaries - 1 Civilian Resource Officers | \$ 45,000 |
| Salaries - Part-Time Police Officers | \$ 5,000 |
| Compensation - Mayor | \$ 6,000 |
| Legal Expenses | \$ 5,100 |
| Set Team Training | \$ - |
| Crime Prevention | \$ 12,000 |
| Dog Law Enforcement | \$ 19,800 |
| Communication Equipment Expense | \$ 35,000 |
| Law Enforcement Supplies & Expenses | \$ 30,000 |
| Transportation Lease From Motor Pool | \$ 180,000 |
| Other Travel Expenses | \$ 19,000 |
| D.U.I. Processing | \$ 16,000 |
| Forensic Testing/Supplies | \$ 3,500 |
| Purchase & Upkeep Of Officers Uniforms/Equip. | \$ 98,000 |
| Operation Police Headquarters/Annex Building | \$ 60,000 |
| Maintenance Police Headquarter/Annex Building | \$ 15,000 |
| Civil Service Commission Expenses | \$ 24,300 |
| Miscellaneous Daily Expenses | \$ 28,425 |
| Property Insurance | \$ 2,025 |
| Police Professional Liability Insurance | \$ 35,150 |
| Boiler & Machinery Insurance | \$ 3,850 |
| Computer Fraud/Cyber Security Insurance | \$ 1,175 |
| School Crossing Guard Expense (Reimbursed By CASD) | \$ 53,000 |
| Safety Equipment | \$ 650 |
| Special Services From Other Agencies | \$ 1,000 |
| Labor Contract Management Expenses | \$ 1,000 |
| Salzmann Hughes Legal Defense Of Suits | \$ 17,000 |
| Life Insurance And Ltd Premiums | \$ 7,425 |
| Employer's Social Security Contributions | \$ 180,000 |
| Pension Costs | \$ 509,000 |
| Conference And Vocational Training Expenses | \$ 230,000 |
| Health Insurance | \$ 800,000 |
| Contractual Health Costs | \$ 55,000 |
| Payments To Other Departments For Work Done For Police | \$ 19,000 |
| Transfers To Worker's Compensation | \$ 36,325 |
| Transfer To Special Revenue Fund For Investigations | \$ 5,000 |
| | \$ 5,168,725 |
| Police Fines And Fees | \$ (150,000) |
| State Pension Grant* | \$ (509,000) |
| CASD Crossing Guard Grant | \$ (53,000) |
| Net | \$ 4,456,725 |
| 21 Mil Of Police Tax | \$ 4,085,000 |
| 23 Mil Of Police Tax | \$ 4,509,500 |

To properly balance the Police Department budget in 2016, the Borough will need a Police Tax of 23 mil or an increase of 2 mil (9.5%). This will create a surplus of between \$0 and \$52,775 (1%); the first such surplus in Chambersburg history and a reasonable 1% cushion for unforeseen Police Department expenses; further it may avoid any Police Tax increase in 2017 created by the growing wage & benefit expenses.

*-By providing this grant to the Police, we deny it to the utility departments.

Alternative to a 2 mil Police Tax Increase

The alternative would be to reduce the Police Department budget between \$199,455 (1 mil) and \$398,910 (2 mil) worth of expenditures.

To avoid a 2 mil increase in the Police Tax, the only suggestion that I can find would be: Council could lay off the last three Police Officers hired, two of who are about to graduate from the Harrisburg Area Community College Police Academy, as well as our new Bilingual Community Service Officer. Elimination of all four would provide \$303,545.25 in savings. Layoffs must be in reverse order of hiring pursuant to our union agreement and State law so Council could not select other officers to layoff instead.

This is a not a good alternative. First, the Borough is self-insured for unemployment insurance. Therefore, in 2016, the Self Insurance Fund would pay unemployment benefits to the laid off officers. Further, in 2017, the Police Department would be required to reimburse the Self Insurance Fund. Finally, these are outstanding new young members of the Department.

It is the Borough Manager’s recommendation that the Borough increase the Police Tax from 21 mil to 23 mil in 2016 (9.5%).

This proposed budget, as originally presented includes only the second increase in the Police Tax in the last ten years.

| Real Estate Tax Rate | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Mil | 17 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 21 | 21 | 23 |

Please be aware of the actual impact of this proposal:

The average single family house inside the Borough has an assessed value of \$16,823.61; for illustration purposes, the average home owned by a member of Town Council has an assessed value of \$18,825.62 or slightly over the Borough average.

In 2015, with a 21 mil Police Tax and a 2.5 mil Fire Tax, the average single family home paid \$353.29 in Police Tax and \$41.84 in Fire Tax; for a total annual tax bill of \$395.13 or \$1.08 per day.

With this proposed increase to a 23 mil Police Tax (while keeping the Fire Tax at 2.5 mil), the average single family home will pay \$386.94 in Police Tax and \$41.84 in Fire Tax; for a total annual tax bill of \$428.78 (\$1.17 per day) or \$33.65 more real estate taxes (or effectively 8.5% more in total taxes).

100% of the Police Tax goes to support the public safety activities of the Chambersburg Police Department and not for any other department or function or employee or use.

This budget has no increase in the Fire Tax; which would remain at 2.5 mil for 2015.

| Average Single Family House Inside The Borough | 2015 | | 2016 | |
|---|-------------|--------|-------------|--------|
| Police Tax (to the General Fund) | \$353.29 | \$0.97 | \$386.94 | \$1.06 |
| Fire Tax (to the Motor Equipment Fund) | \$41.84 | \$0.11 | \$41.84 | \$0.11 |
| <i>Total (per year)</i> | \$395.13 | \$1.08 | \$428.78 | \$1.17 |

Without this tax increase the Police Department budget would be \$371,725 over budget; and no contingency for unforeseen Police Department expenses.

No government buildings, schools, charities or township property owners pay any Police or Fire Tax on their property – commercial property owners may pay more. Also, for many folks, 100% of this cost is deductible on your Federal Income Taxes, returned to you in your tax refund every year.



Single Family House
\$428.78 per year*



Schools
No tax



Non-profits
No tax



Government
No tax



Commercial/Industrial
More

**Based upon a mean assessed value of single family residential property inside the Borough*

The other state mandated taxes are set by law and are not changed year-to-year. They include the Local Services Tax, which is a \$1 per week tax on workers inside the Borough; the Earned Income and Wage Tax, which is a set tax on wages earned by those who live inside the Borough; and the Deed Transfer Tax, which is a set tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues of the Borough.

Also, the Electric Department and the Gas Department make a Payment in Lieu of Gross Receipts Taxes (PILOTS) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth; as such they are tax exempt. So instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities.

The Borough's finances are sound but require action for the future.

Staff is proposing a budget that includes the following highlights:

- No change to the electric rate
- No change to the gas rate
- No change to the water rate
- No change to the sewer rate
- No change to the sanitary sewer customer service fee for pollution control
- The first sanitation rate increase since 2013 and only the second since 2005; average residential rates would increase from \$14 per month to \$17 per month but only effective on June 1, 2016; or for only about ½ of the year.

Chambersburg would still have the lowest composite utility rates in Pennsylvania. And this is such a benefit that an increase of the Police Tax (from \$1.08 per day to \$1.17 per day) is a logical and reasonable request.

No one likes a tax increase.

We have increased the size of the department by 3 police officers and 1 civilian employee in the last year. We have given mandated wage increases to our officers and expenses like health insurance go up every year. It would be unreasonable to not anticipate some Police Tax increase, earmarked for the Police Department, from time to time.

I would like to take this opportunity to thank all involved in preparing this proposed budget, especially Jason Cohen, Finance Director, Rachel Krum, Assistant Finance Director, Carol Ehrenreich, Personnel and Payroll, Jamia Wright, Borough Secretary, Kristine Baker, Assistant Borough Secretary, and our amazing management staff. I would also like to thank those members of Town Council who provided ideas and guidance through this process.

I propose that Town Council authorize advertisement of this Proposed Budget on November 16, 2015.

I suggest that Town Council receive public comments on the Proposed Budget on November 23, 2015.

Finally, I would propose that Council adopt it on December 21, 2015. I promise staff's full cooperation as we try, together, to be fiscally prudent with the finances of our community as we plan for its future.

Sincerely,



Jeffrey Stonehill
Borough Manager/Director of Utilities

11/16/2015



Mission, Policies, and Organization

As Proposed for 2016 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Mission, Policies, and Organization

As Proposed for 2016

The Borough of Chambersburg is a full service municipality organized under the Pennsylvania Borough Code to serve the citizens and businesses of Chambersburg. The Borough maintains a staff of over 200 full and part time employees to serve the community. Most Borough operations are conducted through offices located at 100 South Second Street, Chambersburg's historic City Hall. The staff is dedicated to serving your needs.

As a full service municipality, Chambersburg supplies a wide variety of services; more services than any other municipality in the Commonwealth. In addition to typical municipal services such as highway (58 miles of streets), storm water collection system, planning, zoning, and code enforcement, Chambersburg operates our own Police force, a combination paid and volunteer Fire Department, a Basic Life Support EMS service, a recreation department with acres of parkland, municipal parking, traffic and street light programs, community and economic development including a Main Street downtown revitalization effort and an Elm Street neighborhood preservation program, and more municipal utilities than any other town in Pennsylvania. Chambersburg is one of 35 Boroughs in Pennsylvania to own and operate an electric utility. Chambersburg is the largest municipal electric utility in the State, twice as large as the second largest, Ephrata, Lancaster County, and the only one to operate generation stations. Chambersburg is one of two municipalities in Pennsylvania to own and operate a gas utility. And the other is Philadelphia, which does not operate an electric utility. Chambersburg is one of 2,000 communities to own an electric system and one of 800 communities to own a gas system but one of only about 50 to own both. Chambersburg operates a regional water system and a regional sanitary sewer system; not through an independent Authority or an intermunicipal board, but under Council control directly. Chambersburg operates a trash utility, a parking utility, and a new storm sewer utility; one of the first storm sewer utilities to form under the new Federal mandate to regulate stormwater.

Begun in 2015, Chambersburg's new storm sewer utility is unique in Central Pennsylvania. While the Borough has operated a municipal separate storm sewer system (MS4) for almost a century, the system was owned and operated by the General Fund, not as a utility, and supported by available tax resources. In 2015, following renewal of our Pennsylvania Department of Environmental Protection MS4 permit in 2014, the Borough carved the system out of the General Fund and establish a fee-based utility department in a separate Enterprise Fund; not dissimilar to our other utilities including the Sanitary Sewer utility. From henceforth, the Borough will need to differentiate between two separate sewer utilities: a sanitary sewer system and a storm sewer system.

Situated as the County Seat of Franklin County, Chambersburg is a large and diverse community. Sometimes dealing with city issues, Chambersburg Borough still maintains a small-town quality of life. According the PA Department of Community and Economic Development, boroughs are the second most common form of municipal government in Pennsylvania, their number exceeded only by the number of second class townships. The 962 boroughs represent 37.5% of all general-purpose municipal governments in Pennsylvania. Chambersburg has a 2013 population (U.S. Census Bureau: State and County QuickFacts) of 20,508 residents up from 18,546 in 2009; a 10.6% increase in five years.

Chambersburg operates under the Council-Manager form of government. The Chief Administrative Officer of the organization is the Borough Manager, appointed by and serving at the pleasure of a majority of the Town Council. The Council, currently ten members, is elected by Wards for four year terms. The Council elects one of their own to serve as Council President, Council Vice-President, and Chairman and Vice-Chairman of the Finance/Personnel Committee. The Council serves as the legislative and quasi-judicial branches of local government. Their mission is to preserve the fiscal security of the Borough and set long term objectives and goals for staff. They also engage in all types of community planning.

In 2015, the Borough held municipal elections where half the elected seats on Town Council were chosen. We will see the retirement of three senior Councilmen: William McLaughlin, Thomas Newcomer, and Elaine Swartz; and, the departure of first term Councilman Bradley Elter. In January 2016, Town Council will hold its next bi-annual reorganization meeting. The new Council will look significantly different.

The Mayor is independently elected. Pursuant to the Pennsylvania Borough Code, the Mayor is the supervisor of the Borough Police Department, joins Council meetings as a non-voting member, and may approve local laws adopted by Council. The Mayor also serves as a dignitary representing the community.

Why is Chambersburg a Borough and Not a City?

According to the Pennsylvania Department of Community and Economic Development, "Boroughs are governed by an elected council. The membership of council varies depending on the method of election. Boroughs may elect their council members at large by a vote of the entire borough, or by wards. Boroughs may be divided into no more than 13 wards; each ward must contain a minimum of 300 registered voters. Where a borough is divided into wards, one or two members may be elected from each ward. Those boroughs electing three per ward may continue to do so until the number is changed."

"There are 53 third class cities in Pennsylvania. Under current law a third class city may be created from any borough, town or township with a population of at least 10,000 at the last federal census. To attain city status, the voters must approve the issue in a referendum. Cities whose populations drop below 10,000, do not lose their classification; in the 2000 Census, 17 third class cities reported populations under 10,000."

Chambersburg would qualify to incorporate as a third class city. However, all the utility systems of Chambersburg are incorporated under the Pennsylvania Borough Code. It would be an impossible challenge to move to become a third class city and still operate our vast utility systems. That would probably require a change to State law.

Finally, Chambersburg could adopt a Home Rule; a customized form of our Borough government. The basic concept of home rule is relatively simple. The basic authority to act in municipal affairs would be transferred from the Pennsylvania Borough Code, as set forth by the General Assembly, to a local charter, adopted and amended by the voters. This basic point as has been explained by PA Local Government Commission as "Home rule means shifting of responsibility for local government from the State Legislature to the local community a borough choosing home rule can tailor its governmental organization and powers to suit its special needs." Home Rule is done by a citizen commission and approved by referendum like a local constitution for the municipality. "It is a body of law, a framework within which the local council can adopt, adapt and administer legislation and regulations for the conduct of business and the maintenance of order and progress."

In the meantime, Chambersburg operates under the Pennsylvania Borough Code.

BOROUGH OF CHAMBERSBURG

Our Mission

The Borough of Chambersburg is a municipal government in south central Pennsylvania committed to the well being of those people who live, work, play and travel in the community. We will strive to:

- Furnish such quality service as our citizens may want at a cost they may approve.
- Manage our human, financial and physical resources in the most efficient and effective manner.
- Treat our employees, citizens and visitors with fairness, respect and equality.
- Protect persons, property and quality of life.
- Operate in accordance with the laws and constitutions of the Commonwealth of Pennsylvania and the United States of America.
- Make Chambersburg the model for Pennsylvania communities.

Borough Fiscal Calendar
(Borough Code is cited below as B.C.)

www.newpa.com/local-government/law-library/index.aspx

| Fiscal Year: | January 1 through December 31 |
|--|--|
| Prepare Proposed Budget: (B.C. Section 1307) | Beginning at least 30 days prior to adoption of budget. |
| Publish Notice of Proposed Budget: (B.C. Section 1308) | Before a 10-day public inspection period. |
| Public Inspection of Proposed Budget: (B.C. Section 1308) | For 10 days after notice. |
| Adopt Budget and Tax Ordinance: (B.C. Section 1310 & 1310.1) | Budget must be adopted not later than December 31; tax ordinance to be adopted after adoption of budget. |
| Amending budget in years following municipal election (November of the odd numbered year): (B.C. Section 1311) | During month of January. |
| Proposed amended budget available for public inspection: (B.C. Section 1311) | 10 days after notice is published. |
| Adopt amended budget: (B.C. Section 1311) | On or before February 15. |
| Issue tax duplicate to tax collector: (B.C. Section 1306) (b)] | Within 30 days after budget adoption or receipt of assessment roll, whichever is later. |
| Tax billing by tax collector: (Local Tax Collection Law) | Within 30 days after receiving tax duplicate, or 15 days if received after June 16. |
| Completion of audit by auditors or controller: (B.C. Section 1059[a]) | Within 90 days after close of fiscal year. |
| File copies of audit report with borough secretary, clerk of court of common pleas, Department of Community and Economic Development and Department of Transportation: (B.C. Section 1059[a] [6]) | Not later than 90 days after close of fiscal year. |
| Auditors publish concise financial statement: (B.C. Section 1059.1 [a]) | Within 10 days after completion of the audit. |
| Appeal to court of common pleas from report: (B.C. Section 1059.4) | Within 40 days after filing of the auditor's report in court of common pleas. |

**BOROUGH OF CHAMBERSBURG
FINANCIAL POLICY STATEMENT**

The Borough of Chambersburg has an important responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely, and to plan for the adequate funding of services as desired by the public through their elected representatives, the Town Council. The financial goals and policy statement of the Borough is adopted concurrently with the formal adoption of the annual budget.

BOROUGH OF CHAMBERSBURG FINANCIAL GOALS

Financial goals are broad and fairly timeless statements of the financial position of the municipality. The financial goals of the Borough of Chambersburg are as follows:

- To deliver quality services effectively and efficiently providing full value for each tax dollar, service fee, or other income collected;
- To maintain an adequate financial base to sustain the desired municipal services of the community; thereby preserving quality of life;
- To have the ability to withstand local and regional economic trends, to adjust our needs and requirements accordingly, and to respond to changes in a proactive and aggressive manner;
- To be conservative in our approach to financial management, to be open, transparent, and communicative whenever possible;
- To plan for impacts on future generations, to manage growth and change, and to never be impulsive with the people's trust.

BOROUGH OF CHAMBERSBURG OPERATING POSITION POLICY

Operating position refers to the Borough's ability to (1) balance its budget on a current basis, (2) maintain reserves for emergencies, and (3) maintain sufficient cash to pay its bills in a timely basis (liquidity).

- The Borough will pay all current operating expenditures with current operating revenues. Budgetary procedures that fund current expenditures at the expense of future needs will be avoided.
- The Borough will establish a contingency reserve in the annual operating budget to: a) provide for non-recurring unforeseen expenditures of an emergency nature; b) provide orderly budgetary adjustments when revenues are lost through the actions of other governmental bodies; c) provide the local match for public or private grants that may become available; and d) to meet unexpected small increases in service delivery costs. This reserve will be maintained at one percent (1%) of the general operating budget.
- The Borough will strive to maintain the unreserved, undesignated fund balance of the General Fund at a level of at least equal to five percent (5%) of the total General Fund budget.
- The Borough will use fund balances for one-time capital or emergency expenditures only if: a) they are surplus balances remaining after all reserve and fund allocations are made; or b) the Borough has made a rational analysis with justifying evidence that it has an adequate level of short- and long-term resources.
- The Borough will prepare a cash-flow analysis of all funds on a regular basis. Disbursements, collections and investments will be managed to provide sufficient cash for daily financial needs.
- The Borough will prepare quarterly reports summarizing operating revenues and operating expenditures, as well as major balance sheet items to the extent practical.

BOROUGH OF CHAMBERSBURG REVENUE POLICY

Revenues determine the Borough's capacity to provide services.

- The Borough will strive to maintain a diversified and stable revenue base as protection from short-term fluctuations in any one revenue service.
- The Borough will project revenue for the General Fund and all operating funds each year for at least the next three years. Each existing and potential revenue source will be re-examined each year. Revenue estimates will be conservative and developed in an objective and reasonable manner.
- The Borough will strive to reduce reliance on the property tax by: a) expanding and diversifying the Borough tax base; b) seeking to develop additional revenue sources; c) seeking State legislation for alternate local taxes; and d) being aware of and considering all meaningful, appropriate grants for which it is eligible.
- The Borough will strive to maintain the annual rate of property tax collections at 99%.
- The Borough will carefully and routinely monitor receivables and manage collection of amounts due.
- The Borough will use one-time or special purpose revenues to finance capital projects or for expenditures required by the revenue, and not to subsidize recurring personnel, operating or maintenance costs.
- Proceeds from the sale of Borough surplus properties, when not otherwise earmarked or legally designated to another fund, will be transferred to the capital reserves.
- The general governmental functions will strive to recover, on average, a minimum of 35% percent of total costs by generating revenues through fees and charges for special programs or the use of Borough facilities and equipment.
- Our Enterprise Funds will generate revenue sufficient to support the full direct and indirect costs of not only utility operation but a Payment in Lieu of Taxes (PILOT) contribution to the General Fund.
- The Borough will periodically review its financial structure and related administrative measures to ensure that they act as appropriate deterrents to acts by the public which violate the Borough's local Code of Ordinances.

BOROUGH OF CHAMBERSBURG EXPENDITURE POLICY

Expenditures are rough measures of the Borough's service output. The expenditure policy also attempts to measure how effective the services are and how efficiently they are delivered.

- The Borough will maintain a balanced annual operating budget in all governmental funds.
- The Borough will pay for all current operating and maintenance expenses from current revenues and other financing sources.
- The Borough will integrate performance and productivity measures into the budget where possible.
- The Borough will determine the cost of all internal services, including overhead, and seek complete reimbursement of such services.
- The Borough will provide adequate funding for all employee benefits in the annual operating budget.
- The Borough will maintain a budgetary control system which will enable it to adhere to the adopted budget.
- The Borough will maintain a payment review and approval process with special emphasis on large payments to ensure accuracy.
- The Borough will encourage the delivery of services, in whole or in part, by other public and private organizations whenever and wherever greater efficiency and effectiveness can be expected.
- The Borough will utilize technology and productivity advancements that will help reduce or avoid increasing personnel costs.
- The Borough will maintain an effective risk management program to minimize losses and reduce insurance costs.
- The Borough will seek arrangements to share services with other municipalities where costs are reduced.

**BOROUGH OF CHAMBERSBURG
DEBT POLICY**

Debt is an effective way to finance capital improvements, but its misuse can cause serious financial problems.

- The Borough will not use short-term borrowing to finance operating needs except in the case of extreme financial emergency. Short-term borrowings include budget, tax and revenue anticipation notes.
- The Borough will use long-term debt for only those capital improvements that cannot be readily financed from current revenues.
- The final maturity date for any long-term debt will not exceed the expected useful life of the capital improvement so financed.
- The net (non-self supporting) general obligation debt of the Borough will not exceed 5% of the total assessed value of taxable property; or \$500 per capita.
- The Borough will use special assessments, revenue bonds, and/or any other available self-liquidating debt instruments instead of general obligation bonds whenever possible and appropriate.
- The Borough will encourage and maintain good relations with Finance and Bond rating agencies, and will follow a policy of full and open disclosure on every financial report and bond prospectus.

BOROUGH OF CHAMBERSBURG CASH POLICY

The timely deposit and investment of Borough monies are an important fiscal responsibility.

The Borough's investment policy is guided by four fundamental principles: legality, safety, liquidity and yield.

- The Borough will deposit its monies only in bank or trust companies located and authorized to do business in Pennsylvania; and authorized as an official Borough depository by the Town Council.
- The Borough will invest its monies only in those investment vehicles authorized by State statutes.
- The Borough will collateralize all deposits and investments at 105% of the market value of such deposits and investments.
- The Borough will prepare a cash flow analysis of all funds on a regular basis.
- Disbursements, collections, deposits and investments will be managed to ensure maximum cash availability.
- The Borough will pool cash from its various funds to obtain the maximum possible return on its investments. Interest will be credited to the source of the invested monies.
- Interfund cash loans will be recognized and repaid as if the loans were with outside agencies.

BOROUGH OF CHAMBERSBURG LIQUID INVESTMENTS POLICY

The Borough maintains liquid financial resources and those resources are invested while in holding. The following, other than State law, guides this practice:

- The Borough will not invest in the following:
 - Options or futures contracts;
 - Non-marketable securities;
 - Un-registered securities;
 - Derivatives;
 - Private placements;
 - Speculative Real Estate (excluding diversified REIT mutual funds);
 - Short selling or the purchase of securities on margin or swaps;
 - Commodities other than those necessary for operating;
 - Oil, gas, timber, or natural resource properties or other mineral rights;
 - Warrants;
 - Venture capital;
 - Securities lending;

- The on-going monitoring of investments must be a regular and disciplined process. It is the mechanism for revisiting the investment option selection process and confirming that the criteria originally satisfied remain so and that the investment continues to be a prudent investment. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an on-going process. The Finance Director shall periodically monitor and address the criteria used in the investment selection process. It is possible that for a short period of time a recommended investment may fall outside of the range of the investment guidelines. This investment will be scrutinized closely to determine the reason for fluctuation, the amount of divergence, and the time period that is anticipated the investment will remain at levels outside of the guidelines. Any exception to the investment guidelines will be properly documented.

- The Finance Director shall submit a report that will highlight the investment guidelines set forth in this Investment Policy. Any exception to the investment guidelines and a recommended course of action will also be addressed in writing. The Town Council may review the investments in a timely manner. The Town Council may, on a quarterly basis, evaluate each investment in terms of its performance compared to relevant market indices and peer groups over trailing three-, five-, and ten-year periods. Greater weight will be given to five- and ten-year performance, since longer-term market cycles are more meaningful. Investments consistently under-performing in terms of risk and return will be carefully scrutinized to determine if action is warranted. Both the Finance Director and Town Council will maintain a copy of this policy for their files.

BOROUGH OF CHAMBERSBURG
FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS POLICY

In Accordance With
Governmental Accounting Standards Board (GASB) Statement No. 54

In accordance with the Governmental Accounting Standards Board statement number 54, the Borough of Chambersburg hereby adopts this fund balance policy. The Borough hereby establishes and will maintain reservations of fund balance in the manner further described herein. This policy is limited to the Borough's "governmental funds". The components of the fund balance will be identified and reported as non-spendable, restricted, committed, assigned and unassigned amounts. These components within the fund balance are used to identify the availability of resources and the corresponding limitations on spending decisions.

Another purpose of this policy is to establish guidelines for maintaining a sufficient fund balance to mitigate the financial risk that can occur from unforeseen revenue fluctuations and unanticipated expenditures. An adequate fund balance also provides cash liquidity necessary for the smooth operation of the general fund.

Fund balance is a measurement of available financial resources and is the difference between total assets and total liabilities within a fund.

The amounts within the fund balance are classified by the relative strength of restraints placed upon those funds. This is a categorization of the purposes for which those specific amounts can be spent. Starting with the most "binding" constraints with which the fund balance amounts shall be reported, the following are the required classifications of fund balance:

- Non-spendable - amounts that cannot be spent because they are not in a spendable form or are limited by contract and are legally required to remain intact. Examples of non-spendable assets are: inventories, prepayments, and the principal of a permanent fund
- Restricted - amounts limited by external parties or legislation. Examples of restricted assets are grants and donations with certain limitations.
- Committed - amounts limited by Borough Council policy or their specific action. An example of a committed resource would be an allocation of funds for an anticipated purchase or project.
- Assigned - amounts earmarked for a particular purpose and specifically intended to be used some time in the future.
- Unassigned - amounts available for expenditure and not at all restricted or limited in any manner. This would include any residual funds remaining at year end.

Order of Spending

Restricted and unrestricted funds

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Borough's policy is to spend those resources the following order:

1. Restricted
2. Unrestricted

Unrestricted - Unassigned, Assigned, Committed

Unless the Borough Code or the Town Council or the Borough Manager approves use of committed or assigned resources, the Borough policy is to spend unrestricted resources in the following order:

1. Unassigned
2. Assigned
3. Committed

Delegation of Responsibility

The responsibility for designating funds to specific classifications shall be as follows:

1. Restricted - may be determined by Borough Council
2. Committed - may be assigned by Borough Council
3. Assigned - may be assigned by Borough Council

Minimum Fund Balance Requirements

A minimum of 5% of the total budgeted expenditures (including interfund transfers out) shall be budgeted as the residual unassigned fund balance at year end.

Whenever a situation occurs whereas the minimum required fund balance will not be attained, whether in the budget process or during operation of the current year, certain actions shall be ordered by Borough Council. The three methods that can be employed in increasing the fund balance would be the following:

1. Increasing general fund revenues via tax or other revenue increases. These would basically be increases in tax rates and/or charges for services.
2. Decreasing general fund expenditures.
3. Increasing transfers (not requiring repayment) from other Borough funds.

**BOROUGH OF CHAMBERSBURG
POST-ISSUANCE DEBT COMPLIANCE POLICY**

This policy has been established by the Borough of Chambersburg to ensure post-issuance compliance for tax-exempt bonds or notes and taxable bonds or notes that have been or will be issued by the Borough of Chambersburg. This policy may be amended from time to time by the Borough of Chambersburg.

I. Purpose

The purpose of these post-issuance compliance policies (the "Policies") for tax-exempt bonds or notes and taxable bonds or notes (to the extent applicable) that have been, and will be, issued by the Borough of Chambersburg (the "Issuer") is to ensure compliance with (a) federal tax rules pertaining to expenditure of proceeds for qualified costs, rate of expenditure, use of bond financed property, investment of proceeds in compliance with arbitrage rules, and retention of records; (b) disclosure requirements as to all obligations issued by the Issuer to which such disclosure requirements apply; and (c) all miscellaneous state law and document requirements during the term of any Issuer financing.

II. The Post-Issuance Compliance Coordinator

The Post-Issuance Compliance Coordinator has the overall, final responsibility for monitoring whether the tax-exempt bonds or notes and any taxable bonds or notes (to the extent applicable) issued by the Issuer continue to comply with post-issuance requirements.

1. The Post-Issuance Compliance Coordinator (the "Coordinator") will be appointed by the Council of the Issuer (the "Council") at a regularly scheduled and duly held meeting. This person will be the individual who will be responsible for (whether by undertaking or by designating) the required monitoring activity, and the required reporting and disclosure activity.
2. The Coordinator will determine how often a review of tax-exempt bonds or notes and taxable bonds or notes should be conducted. While any tax-exempt bonds or notes and taxable bonds and notes are outstanding, reviews shall be conducted at least annually.
3. The Coordinator will form a Post-Issuance Compliance Team (the "Team") and appoint individuals to the Post-Issuance Compliance Team (each a "Team Member"), as the Coordinator believes are appropriate to implement the Policies. The Coordinator will communicate with the members of the Team when necessary. Initially, the Team shall consist of the Borough Manager and Borough Treasurer. The Team may consult with third parties as they deem necessary to effectuate post-issuance compliance.
 - a. Before any new issuance of debt, the Coordinator may hold a debt strategy meeting to coordinate the Issuer's long-term debt strategy. That meeting may include, as determined by the Coordinator, the Issuer solicitor, the underwriter of the debt (if applicable), the Issuer's bond or note counsel and such other persons as determined necessary by the Coordinator.
 - b. After any new issuance of debt, the Coordinator will identify the required monitoring activities and a schedule for such monitoring activities, and undertake or designate each required activity to a responsible Team Member.
 - c. The Coordinator will periodically attend relevant training sessions to remain informed of the laws and regulations affecting tax-exempt and taxable bond issues (if any), as those laws may change.
4. Responsibilities of the Team include:
 - a. Investment of Proceeds;
 - b. Project completion, and other expenditure of proceeds, if applicable;
 - c. Post-completion final tax allocation, if any;
 - d. Rebate compliance;
 - e. State law allocations and reporting;
 - f. Bond financed property and other bond issue inventory;
 - g. Private use monitoring;
 - h. Arbitrage/ sinking fund/ replacement proceeds monitoring;

- i. Development of comprehensive annual monitoring, reporting and testing schedule;
 - j. Rating agency and bond insurer surveillance;
 - k. Project change of use or project disposition;
 - l. Record retention policies;
 - m. Tax returns;
 - n. Continuing disclosure; and
 - o. Annual covenant compliance review, including tax covenants.
- Certain of these responsibilities are more fully described below.
5. The Coordinator will engage, as necessary, periodic Issuer solicitor or bond counsel reviews, including its review of any proposed change in the use of bond proceeds, or material amount of private business use.

III. *Identifying Required Monitoring Activity and Schedule Reviews*

1. Identify all financing obligations, including tax-exempt bonds and notes and taxable bonds and notes (including TANs / RANs, and Small Borrowings). (For purposes of these Policies, and where applicable, the term "bonds" also refers to "notes.")
2. The Issuer will establish routines for monitoring on-going compliance that are consistent with discovering any noncompliance in a timely manner so that it may be corrected. While specific review processes are described in detail below, timing for certain reviews will be as follows:
 - a. All contracts, leases or other arrangements providing special legal entitlement to use of bond-financed facilities will be reviewed prior to execution to ensure that they will not cause private use limits to be exceeded with respect to any issue of bonds.
 - b. With respect to each bond issue, the Issuer will ensure that it understands at the time of bond closing which funds and accounts containing bond proceeds may become subject to yield-restriction investment rules and will keep on file when such rules will begin to apply.
 - c. While rebate calculations may be performed more often, the Issuer will ensure upon the fifth anniversary date of the issuance date of the bonds, every five years thereafter, and upon final retirement of the bonds, that either no rebate is owed or provision has been made for the payment of any rebate owed within 60 days. The Issuer will consult with and retain appropriate rebate calculation professionals necessary to assist in this undertaking.
 - d. Prior to executing any contract, lease or other document which would materially change the use of the bond-financed project or selling of any bond-financed property, the Issuer will (i) confirm that such change will not require a remedial action to be taken with respect to any bond issue, (ii) take a remedial action, if necessary, or (iii) discuss with bond counsel whether a voluntary closing agreement with the Internal Revenue Service is appropriate.

IV. *Record Retention Program*

1. It is the policy of the Issuer that written records (which may be in electronic form) will be maintained with respect to each issue of tax-exempt bonds or notes for as long as such bonds remain outstanding, plus six years. For this purpose, such bonds include refunding bonds that refund the original bonds and thereby refinance the property that was financed by the original bonds.

The Coordinator (or designate) shall create a file for each series.

The following records shall be collected and maintained with each file, whether in unified form or by separate members of the Team:

- a. The official Transcript of Proceedings for the original issuance of the bonds;
- b. All documents regarding investment of bond proceeds and investment income, including purchases or sales of investments made with bond proceeds (including amounts treated as "gross proceeds" of bonds under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code")) and receipts of earnings on those investments;

- c. All documents (if any) regarding bidding for GICs, bidding for open market escrow securities, or bidding for any other investments;
- d. All records regarding expenditure of bond proceeds, including invoices and/or requisitions for: costs of issuance, credit enhancement, a debt service reserve fund, construction period interest, project expenditures, and any other expense until the final allocation of proceeds (including investment earnings on bond proceeds);
- e. All records pertaining to project draw schedules, construction contracts, contracts regarding acquisitions of property or equipment;
- f. Depreciation schedules regarding bond financed property or equipment;
- g. All documents relating to security for the bonds;
- h. All documents relating to any swap or other hedge or derivative agreements, including the bidding thereof;
- i. All documents regarding periodic interest rates on variable rate bond issues;
- j. All trustee records and reports;
- k. All documents relating to yield calculations;
- l. All documents relating to arbitrage compliance and to any spend-down calculations, rebate calculations and/or payments, or yield reduction payments, including computations, legal opinions and IRS Forms 8038-T;
- m. Records regarding payment of debt service on the bonds; and
- n. All records regarding third party use of the bond financed facilities beginning with policies and form contracts, including:

Service contracts, management contracts, sales or disposition of bond financed facilities, leases, subleases, leasehold improvement contracts, joint venture contracts relating to bond financed facilities, LLC contracts relating to bond financed facilities, partnership agreements relating to bond financed facilities, any other documents relating to private use of bond financed facilities. The basic purpose of the foregoing record retention policy for the tax-exempt bonds issued by the Issuer is to enable the Issuer to readily demonstrate to the Internal Revenue Service upon an audit of any tax exempt bond issue that the Issuer has fully complied with all federal tax requirements that must be satisfied after the issue date of such bonds so that, as applicable, interest on those bonds continues to be tax-exempt under section 103 of the Code.

Note: If records are kept electronically, refer to Rev. Proc. 97-22, Section 4.01.

The Coordinator may elect, to the extent the Coordinator deems necessary, to extend the Record Retention Program to those taxable bonds and notes issued for the benefit of the Issuer.

V. *Tax Requirements Associated with Sale and Issuance of Bonds or Notes*

1. The “issue price,” as defined in the Code, of the bonds will be documented at the time of issuance. Certifications of an underwriter if applicable, placement agent or purchaser and a final numbers package will establish “issue price” and will be reviewed and included in the bond transcript or other records maintained for the bond issue.
2. The weighted average maturity (taking into account the various issue prices of the maturities of the bonds) will be documented at the time of issuance.
3. An estimated average economic life of the expected bond-financed projects will be documented at the time of issuance.
4. Form 8038-G (tax exempt bonds) will be reviewed and filed not later than the 15th day of the 2nd calendar month following the quarter in which the bonds were issued. Filing of appropriate version or versions of Form 8038 will be confirmed with bond counsel.

VI. Expenditure of Proceeds

The Issuer shall maintain detailed records of expenditures of tax-exempt bond proceeds, and such expenditures will be reviewed by the Coordinator, or the designated Team Member.

1. Bond proceeds will be disbursed pursuant to an approved form of requisition as prepared by bond or note counsel, stating the date, amount and purpose of the disbursement. Any initial disbursement of bond or note closings may be made pursuant to direction set forth in the Closing Receipt, Closing Statement and Settlement Reconciliation prepared by bond or note counsel and delivered at the closing for such bonds.
2. Requisitions must identify the financed property in conformity with the Tax Certificate or Non-Arbitrage Certificate executed by the Issuer at closing, including any certifications as to the character and average economic life of the bond or note financed property.
3. Investment earnings on sale proceeds of the bonds or note will be tracked and will be requisitioned only for appropriate expenditures.
4. Only a small portion (5%) of the proceeds of bonds or notes for construction may be used for operating expenses or other “working capital” costs. Requisitions for costs of the bond financed facilities will accordingly be monitored to confirm that they are for capital costs of such facilities.
5. Requisitions for costs that were paid prior to the issuance of the bonds or notes are, in general, limited to capital costs paid subsequent to, or not more than 60 days prior to, the date a “declaration of intent” to reimburse the costs was adopted by the Issuer. If proceeds are used for reimbursement, a copy of the declaration will be obtained and included in the records for the bonds or notes, if not already part of the closing transcript for the bonds or notes.
6. Requisitions will be summarized in a “final allocation” of proceeds to uses not later than 18 months after the in-service date of the financed property (and in any event not later than 5 years and 60 days after the issuance and delivery of the bonds or notes).
7. Expenditure of bond or note proceeds will be measured against the expectations as set forth in the Tax Certificate (or Non-Arbitrage Certificate) as to the spending of bond or note proceeds. Expected expenditure schedules, project timelines, and plans and specifications will be maintained to support expectations. Reasons for failure to meet the expected schedule will be documented and retained in the records for the bonds or notes.
8. Expenditure of bond or note proceeds will be monitored for compliance with spending exceptions to the rebate requirement, as follows:
 - a. If the 6-month spending exception to rebate applies, expenditure of the bond or note proceeds (excluding bona fide debt service funds) will be at least 100% complete within 6 months of the date of issuance.
 - b. If the 18-month spending exception to rebate applies, expenditure of bond or note proceeds will be monitored against the following schedule for the arbitrage rebate exception for the issue, if applicable:
 - 15% within 6 months
 - 60% within 12 months
 - 100% within 18 months
 - c. If the 2-year spending exception to rebate applies, expenditure of “available construction proceeds” will be monitored against the following schedule for the arbitrage rebate exception for construction issues if applicable:
 - 10% within 6 months
 - 45% within 12 months
 - 75% within 18 months
 - 100% within 24 months
9. Bond-funded reserve funds, if any, cannot exceed the least of (i) 10% of the par amount of the bonds or notes (or the issue price of the bonds or notes, if there is more than a de minimis amount of original issue discount or premium), (ii) maximum annual debt service, and (iii) 125% of average annual debt service. The initial funding of any reserve fund will be measured against this limit.

VII. *Arbitrage Yield Restriction and Rebate Requirements*

1. The Coordinator, or the designated Team Member, shall create and maintain records of:
 - a. Purchases or sales of investments made with bond or note proceeds (including amounts treated as “gross proceeds” of bonds or notes under Section 148 of the Code) and receipts of earnings on those investments;
 - b. The final allocation of the proceeds (including investment earnings on bond or note proceeds), of obligations issued by the Issuer;
 - c. Information, when applicable, showing that the Issuer was eligible for any exemptions to the rebate requirements that were or will be claimed under the Code;
 - d. Information, when applicable, sufficient to demonstrate to the Internal Revenue Service upon an audit of a bond or note issue that the bond or note issue has complied with one or more available spending exceptions to the arbitrage rebate requirement with respect to that bond or note issue;
 - e. Information and calculations, when applicable, that will be sufficient to demonstrate to the Internal Revenue Service upon an audit of a bond or note issue, for which an exception to the arbitrage rebate requirement was applicable, that the rebate amount, if any, that was payable to the United States of America with respect to investments made with gross proceeds of that bond issue was calculated and timely paid with Form 8038-T timely filed with the Internal Revenue Service; and
 - f. Information and records showing that (i) investments held in yield-restricted advance refunding or defeasance escrows for bonds or notes, and (ii) investments made with unspent bond proceeds after the expiration of the applicable temporary period, were not invested in higher-yielding investments.
2. If, from examination of the above-referenced records, it becomes clear that a payment is owed, the Coordinator will refer the matter to bond or note counsel or a rebate professional and will ensure that all necessary payments are made in a timely manner.

VIII. *Use and Ownership of Bond-Financed Property*

Use of bond-financed property when completed and placed in service will be reviewed by the Coordinator, or the designated Team Member.

1. Average use of bond-financed property for a private business use over the life of the issue cannot exceed 10% of the proceeds (including up to 2% for costs of issuance).
2. Average use of bond-financed property for a private business that is unrelated or disproportionate to the Issuer’s use over the life of the issue cannot exceed 5% of the proceeds (including up to 2% for costs of issuance).
3. The Coordinator, or the designated Team Member, shall determine the Issuer’s compliance with the 10% and 5% requirements in accordance with Section 141 of the Code and the regulations thereto.
4. Agreements with business users or non-profit organizations for lease or management or service contracts, sponsored research, naming rights or any other potential nonexempt use of bond-financed property will be reviewed prior to execution of any contract to determine if property subject to the agreement is bond-financed.
5. Agreements with business users or other non-profit organizations for lease or management or service contracts or other private business use involving bond-financed property will be tracked and aggregated with other private business uses for compliance with the limits as set forth in the Tax Certificate or Non-Arbitrage Certificate.
6. No item of tax-exempt bond-financed property will be sold or transferred to a nonexempt party without (i) an opinion of bond counsel that such sale or transfer will not cause interest on the bonds to cease to be tax-exempt; or (ii) advance arrangement of a “remedial action” under the applicable Treasury Regulations after consultation with bond counsel.
7. To the extent that the Issuer discovers that any of the above limitations have been violated, the Issuer will seek advice of the Issuer solicitor or bond counsel and take appropriate measures to remediate the violation, if necessary.

IX. Investments

Investment of bond proceeds in compliance with the arbitrage bond rules and rebate of arbitrage will be supervised by the Coordinator, or the designated Team Member.

1. Guaranteed Investment Contracts (“*GIC*”) will be purchased only using the three-bid “safe harbor” of applicable Treasury regulations (see Treas. Reg. § 1.148-5(d)(6)(iii)), in compliance with fee limitations on GIC brokers (see Treas. Reg. § 1.148-5(e)(2)(iii)); provided, however, that to the extent that the safe harbor provisions cannot be met, the Issuer will consult with the Issuer solicitor or bond counsel.
2. Other investments will be purchased only in market transactions.
3. Calculations of rebate liability will be undertaken as set forth above in numbered paragraph VII.

X. Refundings

When tax-exempt bonds or notes are used to refund other bonds or notes (the “Refunded Bonds”), the new bonds or notes (the “Refunding Bonds”) will be treated as having financed the property originally financed with the Refunded Bonds (or any bonds refunded by the Refunded Bonds), such that financed property must be tracked until the last bonds (whether Refunded Bonds or Refunding Bonds) attributable to that property are retired. The Coordinator, or the designated Team Member, will continue reviewing the use of the any bond-financed property until the last bonds attributable to that property are retired; except to the extent that tracking is no longer required due to the economic life of the property coming to an end.

Refunding Bonds the proceeds of which are used to retire Refunded Bonds more than 90 days after the issue date of the Refunding Bonds are “Advance Refunding Bonds.” Advance Refunding Bonds have additional federal tax requirements in order to be tax-exempt bonds. In order to comply with these additional requirements, the Coordinator, or the designated Team Member, will:

1. Confirm directly, or in conjunction with a financial advisor or underwriter, the Issuer solicitor and/or bond counsel, that the issuer does not issue Advance Refunding Bonds that would violate the limit on the number of advance refundings for any of its tax-exempt bonds;
2. Confirm directly, or in conjunction with a financial advisor or underwriter, the Issuer solicitor and/or bond counsel, that the Refunded Bonds are being redeemed on their earliest call date or other allowable date;
3. Confirm directly, or in conjunction with a financial advisor or underwriter, the Issuer solicitor and/or bond counsel, that all non-bond proceeds amounts going into any Refunded Bond escrow comply with the rules relating to mixed escrows (meaning escrows which are funded with bond proceeds and non-proceeds) (see Treas. Reg. § 1.148-9(c)(2));
4. To the extent that investments other than United States Treasury Securities – State and Local Government Series (“SLGs”) will be placed in an escrow, confirm directly, or in conjunction with a financial advisor or underwriter, the Issuer solicitor and/or bond counsel, that SLGs were not a more efficient investment on the date of the bidding of any other type of investment; or, to the extent that SLGs sales have been suspended on such date, confirm that the safe harbors for determining the fair market value of yield-restricted defeasance escrows have been met (see Treas. Reg. 1.148-5(d)(6)(iii)). To the extent that SLGs are unavailable and the Issuer cannot obtain at least three bids to provide other investments, the Issuer will consult with the Issuer solicitor or bond counsel and a financial advisor or underwriter on how to proceed;
5. To the extent that an escrow funded with Advance Refunding Bond proceeds requires future purchases of 0% SLGs in order to comply with the applicable yield restrictions, the Issuer will purchase the 0% SLGs directly or, by written agreement, cause an escrow agent to purchase such SLGs. If the SLGs are to be purchased by an escrow agent, the Issuer will confirm that such SLGs have actually been purchased, or, to the extent SLGs sales are suspended, comply with alternate procedures (which currently are provided in Rev. Proc. 95-47); and
6. Determine whether it will measure private business use using a combined measurement period (meaning starting with the issue date of the Refunded Bonds and ending with the final retirement of the Refunding Bonds) or separate measurement periods for the Refunded Bonds and the Refunding Bonds; provided, that the Issuer may not use separate periods if the Refunded Bonds

were not in compliance with the private business use limits measured from their date of issuance to the date of issuance of the Refunding Bonds.

XI. *Correction of Violations*

The Issuer expects that its compliance with the procedures outlined in Articles IV - X above will prevent any violations of federal tax rules pertaining to its outstanding tax-exempt bonds or notes (including any Refunded Bonds). However, if the Issuer discovers a potential violation through its ongoing monitoring or otherwise, it will determine in conjunction with its bond or note counsel whether a violation actually exists. If it is found that a violation actually exists, the Issuer will determine whether (i) any remedial actions are available, or (ii) a voluntary closing agreement with the Internal Revenue Service is appropriate. The Issuer is specifically aware of the availability of the Tax Exempt Voluntary Closing Agreement Program, as described in the Internal Revenue Manual, Part 7, Chapter 2, Section 3. Common examples of violations are as follows:

1. Failure to purchase 0% SLGs at the appropriate time.
2. Non-exempt use of bond-financed property resulting in overall non-exempt use in excess of the 5% de minimis limit.
3. Failure to pay rebate in a timely manner.
4. Improper reimbursement of expenditures (too old or not capital).

XII. *Continuing Disclosure Activity*

1. SEC Rule 15c 2-12 requires certain reporting commitments for each issue. The Post-Issuance Compliance Coordinator, or the designated Post-Issuance Compliance Team Member, shall:
 - a. Determine the applicability of the continuing disclosure undertaking;
 - b. Identify all “obligated persons” for purposes of Rule 15c2-12;
 - c. Identify required filings, which may include: quantitative financial information and operating data disclosed in the official statement, audited financial statements, changes in fiscal year, and other information as specified in any Continuing Disclosure Agreement or Certificate;
 - d. Periodically determine that required filings have been prepared, sent to, and received by a Nationally Recognized Municipal Securities Information Repository (“NRMSIR”);
 - e. Disclose events listed below within 10 days of occurrence, including:
 - i. Principal and interest payment delinquencies;
 - ii. Non-payment related defaults, if material;
 - iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - v. Substitution of credit or liquidity providers, or their failure to perform;
 - vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue of the security (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other events affecting the tax status of the security;
 - vii. Modifications to rights of holders of the bonds, if material;
 - viii. Bond calls, if material;
 - ix. Defeasances;
 - x. Release, substitution or sale of property securing repayment of the bonds, if material;
 - xi. Rating changes;
 - xii. Tender offers;
 - xiii. Bankruptcy, insolvency, receivership, or a similar proceeding by an obligated person;
 - xiv. Consummation of a merger, consolidation, acquisition, or sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- xv. Appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material.
- f. Determine if it is in the best interest of the Issuer to retain a third-party dissemination agent to facilitate post-issuance continuing disclosure/filing and other requirements.
2. Determine if any bond purchase agreement requires the Issuer to notify underwriters of any fact or event that might cause the official statement to contain any untrue statement or omit a material fact, and make such notification as necessary.

XIII. *Other Required Reporting*

1. For each issue of bonds, the Coordinator, or the designated Team Member, shall, as required by any finance documents or covenants associated with such issue, or as required by laws or regulations governing such issue, maintain all records necessary to satisfy reporting requirements.
2. Determine what information, if any, must be filed with other entities such as Trustees or Paying Agents, Banks, Rating Agencies, Dissemination Agents, Bond Insurers, Credit Enhancers, *et cetera*, and make such filings as necessary;
3. Determine what, if any, state and local requirements are applicable to any issue;
 - a. Provide proof of filing UCC statements, as applicable;
 - b. Monitor continuation statements, as necessary;
 - c. Provide proof of filing recorded mortgages, deeds of trust, *et cetera*, with appropriate authorities;
4. Provide proof of insurance coverage, as necessary;
5. Monitor compliance with rate covenants or other financial covenants;
6. Monitor compliance with restrictions on transfers of property, including liens and encumbrances;
7. Ensure compliance with restrictions on types of investments, in addition to any limitations imposed by applicable tax code restrictions; and
8. Ensure compliance with restrictions on derivative and swap contracts.

**BOROUGH OF CHAMBERSBURG
COLLECTIONS POLICIES & PROCEDURES**

This policy has been established by the Borough of Chambersburg to ensure the most efficient use of taxpayer and ratepayer dollars, and to that end, to effectively pursue payment for services rendered by the Borough, or in relation to damages caused by third parties. As various types of amounts due to the Borough require and/or allow differing types of collections actions, the Borough has set below the following procedures with respect to collections of the varying types of activities engaged in by, or upon, the Borough, ultimately resulting in the invoicing of a third party:

I. *Collections Committee*

The Borough shall form and maintain a Collections Committee consisting of the following: President of Council or designee, Chairman of the Finance/Personnel Committee, Borough Manager or designee, Director of Finance or designee, and Borough Solicitor or designee. The Collections Committee will typically meet quarterly or more frequently if necessary, to review and determine a course of action on each outstanding claim that has reached the conclusion of the processes as outlined below, thereby having resulted in the imposition of a civil judgment.

II. *Disclaimer*

Depending upon the nature of the invoice, all issued invoices will contain the following language:

For Unintentional Damage, Intentional Damage, EMS Bills, utility bills, and other personal property related merchandise and jobbing debts:

“If payment is not received by the due date, debt collection procedures that may affect your credit rating/score will be pursued which may include but not be limited to forwarding the claim to a collection agency, placing a lien on the real property, and filing a civil suit. Furthermore, a writ of scire facias may be issued under the Municipal Claims and Tax Liens Act, 53 P.S. §7101 to enforce the lien. All past due accounts are subject to all related collection costs, including but not limited to reasonable interest, reasonable attorney’s fees at rates as adopted by the Borough from time to time, court costs, and reasonable collection agency fees.”; or

For real property related merchandise and jobbing debts other than certain curbs, and sidewalks:

“If payment is not received within thirty (30) days of invoice issuance, debt collection procedures that may affect your credit rating/score will be pursued which may include but not be limited to forwarding the claim to a collection agency, placing a lien on the real property, and filing a civil suit. Furthermore, a writ of scire facias may be issued under the Municipal Claims and Tax Liens Act, 53 P.S. §7101 to enforce the lien. All past due accounts are subject to all related collection costs, including but not limited to reasonable interest, reasonable attorney’s fees at rates as adopted by the Borough from time to time, court costs, and reasonable collection agency fees.”; or

For certain curbs and sidewalks merchandise and jobbing debts where the Borough does the work:

“Should the Borough complete this project on your behalf, payment arrangements are available to you via a five (5) year loan at a rate of four percent (4%) interest, or a ten (10) year loan at a rate of six percent (6%) interest. Additionally, a lien will be placed against your real property, the filing fee for which will be included in the amount invoiced to you. In the absence of entering into a loan agreement or making payment in full, within thirty (30) days of invoicing, debt collection procedures which may affect your credit rating/score, will be pursued which may include but not be limited to forwarding the claim to a collection agency and/or filing a civil suit.. Furthermore, a writ of scire facias may be issued under the Municipal Claims and Tax Liens Act, 53 P.S. §7101 et seq. to enforce the lien. All past due accounts are subject to all related collection costs, including but not limited to reasonable interest, reasonable attorney’s fees at rates as adopted by the Borough from time to time, court costs, and reasonable collection agency fees.”

III. Unintentional Damage (Statute of Limitations: 2 yrs. from date of damage to file civil claim)

- Examples of unintentional damage claims include: vehicle crash into the fountain or electric pole. This will cover actual Borough-owned property.
- Note: For non-Borough owned real or personal property damage where the Borough has remedied or repaired the damage, invoices to the actual property owner are categorized as a 4 year contract claim.
- Upon investigating the incident and determining if the third party possesses an insurance policy against which a claim may be filed, the Police Department will provide the Finance Department and Borough Secretary with a copy of the Incident Report immediately upon its completion.

If insurance is applicable

- The Borough Secretary will immediately contact the third party’s insurance company and begin the claim process by opening a claim in the name of the Borough.
- In conjunction with the work necessary to repair the damage, a Job Order will be created.
- Upon completion of the work, the department(s) responsible for the work will notify the Finance Department that the project is complete.
- The Finance Department will verify that all large Purchase Orders (over One Thousand Dollars (\$1,000.00) associated with the Job Order have been closed.
- Upon completion of the Job Order, as determined by the Finance Department, the Borough Secretary will be notified accordingly, and provide the third party’s insurance company with the claim amount, equivalent to all costs incurred, including labor and materials as required to repair or replace the damage, plus ten percent (10%) (if labor/materials are provided by Borough) (\$10 per invoice is added if a vendor does the work, invoices the Borough, and the Borough passes along the invoice).

- At the conclusion of the insurance claim process (if the claim is not satisfied in full by the insurance company), but no longer than six (6) months from the date of damage, the Finance Department will issue an invoice for the outstanding amount to the responsible party.
- Responsible party has thirty (30) days from date of invoice issuance to make a payment in full or enter into a payment agreement with the Borough.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a delinquent notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into within sixty (60) days of invoice issuance, the outstanding amount will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than fourteen (14) months from the date of damage, the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas if the outstanding amount is greater than twelve thousand dollars (\$12,000.00) or the minimum monetary threshold for the Court of Common Pleas as adjusted. Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.
- Should the outstanding amount be less than one hundred and fifty dollars (\$150.00), and the third party collection agency reports that they have exhausted all efforts, the debt will be written off as bad debt and removed from the outstanding receivables listing, as the amount is less than the cost of the filing fee for filing suit with the Magisterial District Justice's office.
- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing, in an attempt to acquire a judgment against the third party.
- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment.
- In the event of receiving payment in full, the third party collection agency will be notified accordingly

If insurance is not applicable

- In conjunction with the work necessary to repair the damage, a Job Order will be created.
- Upon completion of the work, the department(s) responsible for the work will notify the Finance Department that the project is complete.
- The Finance Department will verify that all large Purchase Orders (over One Thousand Dollars (\$1,000.00) associated with the Job Order have been closed.
- Upon completion of the Job Order, as determined by the Finance Department, the Finance Department will issue an invoice for the outstanding amount to the responsible party, equivalent to all costs incurred, including labor and materials as required to repair or replace the damage,

plus ten percent (10%) (if labor/materials are provided by Borough) (\$10 per invoice is added if a vendor does the work, invoices the Borough, and the Borough passes along the invoice).

- Responsible party has thirty (30) days from date of invoice issuance to make a payment in full or enter into a payment agreement with the Borough.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a delinquent notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into within sixty (60) days of invoice issuance, the outstanding amount will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than fourteen (14) months from the date of damage, the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas if the outstanding amount is greater than twelve thousand dollars (\$12,000.00) or the minimum monetary threshold for the Court of Common Pleas as adjusted. Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.
- Should the outstanding amount be less than one hundred and fifty dollars (\$150.00), and the third party collection agency reports that they have exhausted all efforts, the debt will be written off as bad debt and removed from the outstanding receivables listing, as the amount is less than the cost of the filing fee for filing suit with the Magisterial District Justice's office.
- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing, in an attempt to acquire a judgment against the third party.
- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment.
- In the event of receiving payment in full, the third party collection agency will be notified accordingly.

IV. *Intentional Damage (Statute of Limitations: 1 yr. from date of damage to file civil claim) (This process is to be followed regardless of criminal charges/restitution, until we receive notice that restitution has been granted)*

- Examples of intentional damage include: graffiti, vandalism, arson etc. and will cover actual Borough owned property.
- Note: For non-Borough owned real or personal property damage where the Borough has remedied or repaired the damage, invoices to the actual property owners are categorized as a 4 year contract claim.
- Upon investigating the incident, the Police Department will provide the Finance Department and Borough Secretary with a copy of the Incident Report immediately upon its completion.

- In conjunction with the work necessary to repair the damage, a Job Order will be created.
- Upon completion of the work, the department(s) responsible for the work will notify the Finance Department that the project is complete.
- The Finance Department will verify that all large Purchase Orders (over One Thousand Dollars (\$1,000.00) associated with the Job Order have been closed.
- Upon completion of the Job Order, as determined by the Finance Department, the Finance Department will issue an invoice for the outstanding amount to the responsible party, equivalent to all costs incurred, including labor and materials as required to repair or replace the damage, plus ten percent (10%) (if labor/materials are provided by Borough) (\$10 per invoice is added if a vendor does the work, invoices the Borough, and the Borough passes along the invoice).
- Responsible party has thirty (30) days from date of invoice issuance to make a payment in full or enter into a payment agreement with the Borough.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a delinquent notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into within sixty (60) days of invoice issuance, the outstanding amount will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than nine (9) months from the date of damage, the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than \$150.00, or with the 39th Judicial District Court of Common Pleas if the outstanding amount is greater than twelve thousand dollars (\$12,000.00) or the minimum monetary threshold for the Court of Common Pleas as adjusted. Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.
- Should the outstanding amount be less than one hundred and fifty dollars (\$150.00), and the third party collection agency reports that they have exhausted all efforts, the debt will be written off as bad debt and removed from the outstanding receivables listing, as the amount is less than the cost of the filing fee for filing suit with the Magisterial District Justice's office.
- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing, in an attempt to acquire a judgment against the third party.
- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment.
- In the event of receiving payment in full, the third party collection agency will be notified accordingly.

V. *Contract Violation: EMS Billing and personal property related merchandise and jobbing claims (Statute of Limitations: 4 yrs. from date of delinquency to file civil claim)*

Examples of personal property related merchandise and jobbing claims include but are not limited to: store purchases / requisitions, parade/event related work, and invoices relating to non-Borough owned personal property damage where the Borough has remedied or repaired the damage.

- For EMS Billing claims:
 - The Ambulance Billing Specialist will first attempt to recover all associated costs via any applicable insurance procedures.
 - Upon exhausting all efforts to receive payment via insurance, the Finance Department will issue an invoice for the outstanding amount to the responsible party.
- For personal property related merchandise and jobbing claims:
 - The Finance Department will issue an invoice for the outstanding amount to the responsible party.
- For personal property related merchandise and jobbing invoices relating to non-Borough owned personal property damage where the Borough has remedied or repaired the damage:
 - In conjunction with the work necessary to complete the project, a Job Order will be created.
 - Upon completion of the work the department(s) responsible for the work will notify the Finance Department that the project is complete.
 - The Finance Department will verify that all large Purchase Orders (projects over One Thousand Dollars (\$1,000.00) associated with the Job Order have been closed.
 - Upon completion of the Job Order, as determined by the Finance Department, the Finance Department will issue an invoice for the outstanding amount to the responsible party, equivalent to all costs, including labor and materials, incurred plus ten percent (10%) (if labor/materials are provided by Borough) (\$10 per invoice is added if a vendor does the work, invoices the Borough, and the Borough passes along the invoice).
- Then, for both EMS Billing and personal property related merchandise and jobbing claims, the responsible party has thirty (30) days from date of invoice issuance to make a payment in full or enter into a payment agreement with the Borough.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a delinquent notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into within sixty (60) days of invoice issuance, the outstanding amount will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than fourteen (14) months from the date of invoice issuance, the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial

District Court of Common Pleas if the outstanding amount is greater than twelve thousand dollars (\$12,000.00) or the minimum monetary threshold for the Court of Common Pleas as adjusted. Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.

- Should the outstanding amount be less than one hundred and fifty dollars (\$150.00), and the third party collection agency reports that they have exhausted all efforts, the debt will be written off as bad debt and removed from the outstanding receivables listing, as the amount is less than the cost of the filing fee for filing suit with the Magisterial District Justice's office.
- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing, in an attempt to acquire a judgment against the third party.
- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment.
- In the event of receiving payment in full, the third party collection agency will be notified accordingly.

VI. *Contract Violations related to Real Property: Certain Merchandise & Jobbing projects and Inspection Billing (Statute of Limitations: 4 yrs. from date of delinquency to file civil claim/6 mo., as measured from the date of completion of the work, or as otherwise dictated by 53 P.S. Section 7143, to file a lien)*

- Examples include but not limited to: water and sewer line extensions, sidewalks, tap fees, opening or vacating streets, real property service order, code violations including rubbish, mowing, and invoices relating to non-Borough owned real property damage where the Borough has remedied or repaired the damage.
- In conjunction with the work necessary to complete the project, a Job Order will be created.
- Upon completion of the work the department(s) responsible for the work will notify the Finance Department that the project is complete.
- The Finance Department will verify that all large Purchase Orders (over One Thousand Dollars (\$1,000.00) associated with the Job Order have been closed.
- Upon completion of the Job Order, as determined by the Finance Department, the Finance Department will issue an invoice for the outstanding amount to the responsible party, equivalent to all costs, including labor and materials, incurred plus ten percent (10%) (if labor/materials are provided by Borough) (\$10 per invoice is added if a vendor does the work, invoices the Borough, and the Borough passes along the invoice).
- The responsible party has thirty (30) days from date of invoice issuance to make a payment in full, enter into a payment agreement. In addition, The Borough may offer the debtor an option to enter into a loan agreement for curbs and sidewalk replacement / repair projects.
- If payment in full is not received, no payment agreement is entered into, or no Borough loan is issued, within thirty (30) days of invoice issuance, a delinquent notice will be sent to the responsible party.

- If payment in full is not received, no payment agreement is entered into, or no Borough loan is issued within sixty (60) days of invoice issuance, but no later than six (6) months from the time any work was completed or assessed, the Finance Department will file a lien against the property, and the outstanding amount (including the costs associated with the filing of the lien) will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than fourteen (14) months from the date of invoice issuance, the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas as a *scire facias* action if the outstanding amount is greater than \$3,000.
- Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.
- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing if required, in an attempt to acquire a judgment against the third party.
- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment.
- In the event of receiving payment in full, liens will be satisfied, and the third party collection agency will be notified accordingly.

VII. *Contract Violation: Utility Billing (Statute of Limitations: 4 yrs. from date of delinquency to file civil claim/last day of the 3rd calendar year from date of delinquency to file lien for sewer, water and electric utilities, 6 months from date of delinquency to file lien for all other utilities)*

If utility service is under a tenant's name

- The Final Invoice shall be issued to the responsible party as listed on the account.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a delinquent notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into within sixty (60) days of invoice issuance, the Final Invoice shall be issued to the property owner.
- If payment in full is not received, or no payment agreement is entered into, within thirty (30) days of invoice issuance to the property owner, a delinquent notice will be sent to the property owner.
- If payment in full is not received, or no payment agreement is entered into, between sixty
- (60) days of invoice issuance to the property owner and no more than six (6) months from the date the service was supplied, a lien will be filed against the associated property parcel, and the outstanding amount (including the costs associated with the filing of the lien) will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the

- third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than fourteen (14) months from the date of invoice issuance, the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas as a *scire facias* action if the outstanding amount is greater than \$3,000.00. Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.
 - A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing, in an attempt to acquire a judgment against the third party.
 - Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment.
 - In the event of receiving payment in full, liens will be satisfied, and the third party collection agency will be notified accordingly.

If utility service is under the property owner's name

- The Final Invoice shall be issued to the responsible party as listed on the account.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a delinquent notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into, between sixty (60) days of invoice issuance to the property owner and no more than six (6) months from the date the service was supplied, a lien will be filed against the associated property parcel, and the outstanding amount (including the costs associated with the filing of the lien) will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than fourteen (14) months from the date of invoice issuance, the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas as a *scire facias* action if the outstanding amount is greater than \$3,000.00. Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.
- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing, in an attempt to acquire a judgment against the third party.
- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the

matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment. Matters resulting in the filing of a lien for invoices not amounting to \$150.00, which will have since been written off as bad debt, will also be forwarded to the Borough's Collections Committee.

- In the event of receiving payment in full, liens will be satisfied, and the third party collection agency will be notified accordingly.

Glossary

The following glossary contains a number of terms which often arise in the administration of specialized municipal programs. The glossary, while not intended to be all inclusive, does contain terms often used by financial, planning, legal and technical specialists in their dealings with a municipal official.

Administrative - Pertaining to management of functions and activities, as opposed to legislative and judicial decision making.

Agency and Trust Funds - Such funds are established to account for cash and other assets held by a municipality as agent or trustee for another party such as Electric Department customer deposits. The two classes of funds are similar because the resources of the funds are not assets of the municipality but, through the operation of law or by agreement, the municipality is responsible for their accountability. An example of the agency fund is the Firemen's Relief Fund whose assets are received with the purpose of being paid to the Firemen's Relief Association. The Police Pension Fund, administered by the municipality, is an example of a trust fund.

Agenda - A list of items to be brought up at a meeting.

Budget Amendment - An alteration, addition or deletion which changes the meaning or scope of this original formal document. Often these are laws or regulations. However plans or specifications can also be amended. The Borough Manager is herein authorized to complete Budget Amendments as necessary and directed by Town Council.

Appropriation - The sum of money authorized by a Town Council to be spent for an expenditure by cost center.

Assessment - The value placed on an item of real or personal property for property tax purposes. The rate of tax times the value equals the amount of charge levied on the property. It may also be a special charge levied on each property within a special assessment district for an improvement benefiting the property or for a service provided only within the district.

The property assessment for the Borough of Chambersburg, as calculated by the Franklin County Board of Assessment, as of September 24, 2015, is \$198,943,840.

Audit - An examination of the financial activities of the Borough and the report based on such examination by our independent auditors, Smith, Elliot, Kearns & Company, LLC.

Bond - A document issued by a person in exchange for money promising to pay money to the person who holds the document on a specific date for a specific purpose or unless a specific payment is not made. Bonds normally bear interest. They are both a common way of raising money for capital improvements and securing payment by developers and vendors for their obligations.

Borough Manager - In Chambersburg, the Borough Manager is the Chief Administrative Officer of the municipality. All departments other than Police are directly supervised by the Borough Manager. The Manager is appointed and serves at the pleasure of a majority of Town Council. His compensation is set by the adopted Chambersburg Pay Plan as with all non-bargaining unit employees.

Budget - A plan for spending and receiving money to sustain municipal operations during a fiscal year together with related explanation. A capital budget is such a plan for financing purchase or construction of items of high cost and long life, such as fire apparatus, streets and buildings.

Building Permits (including Use and Occupancy Permits) - The Borough of Chambersburg requires any person constructing or improving a building to secure a Land Use Permit and Uniform Construction Code Permit. The Borough utilizes a third party agency, Pennsylvania Municipal Code Alliance (PMCA), for many permit and inspection activities. A valid Certificate of Occupancy may also be required. Chambersburg is unique in our strict enforcement of building, health, and safety codes.

Capital Reserve – Funds where expenditures are made to acquire fixed assets or additions known as capital outlays. These expenditures are recorded in their corresponding funds where the assets are to be used. Ultimately, under good property accounting, such assets acquired will be reflected in the general fixed assets group of accounts. In Chambersburg, only the General Capital Reserve is an actual Sinking Fund. The utility capital reserve accounts are actually subordinate to the Enterprise Funds and are not actually independent funds other than for planning purposes.

Capital Improvements Plan - A schedule of purchase or construction of items of high cost, such as fire apparatus, streets and buildings, with a useful life over five years, together with a plan for spending and receiving the money to pay for the items. Each year Town Council reviews such a plan.

Certification - A formal, written declaration by the authorized officer that certain facts are true or valid.

Comprehensive Plan - Our comprehensive development plan consists of maps, charts and textual matter, and indicates the recommendations of the planning commission for the continuing development of the municipality. The comprehensive plan includes, but is not limited to, the following related basic elements: a statement of objectives, a plan for land use, a map or statement indicating the relationship of the municipality and its proposed development to the adjacent municipalities and areas. The Chambersburg Comprehensive Plan was adopted: November 17, 2008.

Conditional Use Permit - A use which is not appropriate to a particular zone district as a whole, but may be suitable in certain localities within the district only when specific conditions and factors prescribed for such cases within the zoning ordinance are present. Conditional uses are allowed or denied by the Borough.

Constituent - A person served by an elected official, normally a resident or voter. Residents and businesses of the surrounding townships of Hamilton, Greene, and Guilford are *not* constituents.

Council (Either Town or Borough) - The governing body of our municipality. The legislative and policy board of the community. Ten members (five wards with two members per ward) elected for four-year terms in alternating two year periods. The Mayor is an ex officio non-voting member of Council.

Debt Service - Payments to creditors, primarily the holders of municipal bonds. Debt service includes principal, interest and minor incidentals such as paying agents' fees.

Developer - Any landowner, agent of such landowner or tenant with the permission of such landowner, who makes or causes to be made a subdivision of land or a land development.

Easement - A right-of-way for public or quasi-public use. Normally, they are used for public utilities, trails, utility lines, floodways, and other purposes. The fee title to land in the easement areas remains tied to the adjacent land and the easement rights are relinquished when the public or quasi-public use ceases.

Electricians – In Chambersburg, electricians are required to obtain licenses to operate on the Borough electric distribution system.

Eminent Domain - The concept of the power of certain governmental entities to acquire, for public use, privately owned real estate by means of legal processes and adjudicated compensation to the private owner.

Executive - The power to carry out laws and functions, veto legislation, appoint officers and perform other duties as prescribed by law. In Chambersburg, the Borough Manager maintains the administrative portion of the executive function. The Borough Council President retains the balance of the authorities.

Executive Session - A meeting closed to the public. They can legally be held only for certain limited purposes.

Feasibility Study - A preliminary survey to determine the design, aesthetics, construction and economic aspects of a proposed project.

Fire Code Inspections – Any property owner or authorized agent who intends to conduct an operation or business, or install or modify systems and equipment which is regulated by the International Fire Code must first make application to the Chambersburg ES Department and obtain a business inspection permit per the International Fire Code Section 105.1.1 amended.

Flood Plain - The area along a natural watercourse subject to periodic overflow by water. The Borough and FEMA have disseminated flood plain maps for delineation of the flood plain.

General Fund - Used to account for all revenues and the activities financed by governmental activities, not accounted for in some special fund. The main purposes are for public safety, recreation, and general highway.

General Obligation Debt – Any loan or financial instrument giving borrowing power to a municipality, based upon pledging of the full faith and credit or taxing power of the municipality to retire debt and pay interest.

General Obligation Debt Funds - Established to account for the proceeds from bond sales and other revenues properly allocated to these funds and the costs of projects financed by them. Costs for public improvements are recovered from general revenues. In Chambersburg, all debt is GO debt but none of it is ever used for general government purposes; all debt is for utility purposes.

Governing Body - The Town Council.

Grants - The Borough anticipates receiving monies from the Department of Environmental Protection for recycling, the Department of Community and Economic Development for housing rehab, CDBG, and other development grants, and additional monies from the Department of Conservation and Natural Resources for development of our parks. The Borough regularly applies to a variety of state and federal agencies for grants.

Highway Aid – Also known as Liquid Fuels, as provided by law, the local share of the State Liquid Fuels Tax and its use for expenditures is subject to the regulations of the Department of Transportation.

Improvements - Those physical changes to the land necessary to produce usable and desirable lots from raw acreage including, but not limited to, grading, paving, curbs, gutters, storm sewers and drains, improvements to existing watercourses, sidewalks, crosswalks, street signs, monuments, water supply facilities and sewage disposal facilities.

Job Description - An outline of the duties assigned a class of personnel positions together with the training and experience normally required to qualify for the class.

Land Development - The improvement of one lot or two or more contiguous lots, tracts or parcels of land for any purpose involving a group of two or more buildings or the division or allocation of land or space between or among two or more existing or prospective occupants to include streets, common areas, leaseholds, condominiums, building groups or other features; a subdivision of land.

Land Use Plan - The provisions for the development of a tract of land, including a subdivision plat, all covenants relating to use, location and bulk of buildings and other structures, intensity of use or density of development, streets, ways and parking facilities, common open space and public facilities.

Legislative - Pertaining to the power to make laws as opposed to administrative, executive and judicial.

Manager - The chief administrator of a municipality appointed by the Town Council to run its operations, to make suggestions of policy or process, and to carry out laws and directions.

Mayor - In Chambersburg, an elected official of borough government who represents the borough at certain official and ceremonial functions, and who supervises the police department under the Borough Code; and who sits with Town Council, executes legislation, and breaks tie votes.

Meeting - A gathering of elected officials set or called in accordance with prescribed laws and where business may be transacted.

Mil - Often misspelled as MILL, a property tax unit, equal to one dollar of tax per one thousand dollars of assessment. Literally, a mil is a measure of money less than cents. When one purchases gasoline one might pay \$2.999, which equals two dollars, ninety-nine cents and nine mil per gallon.

Minimum Municipal Obligations (MMO) - In Pennsylvania, the state mandated smallest amount a municipality must contribute to any pension plan established for its employees. The amount is calculated using actuarial science to ensure that municipal pension plans are sufficiently funded. The Borough, regardless of the amount contributed by it, is also required to keep the pension plan solvent. If the pension funds become insufficient to meet obligations then the Borough must augment the pension funds using money from other sources. The general funds of the Borough are thus in effect guarantor and insurance policy against under-contributions by employees or poor performance of pension fund investments. However, the Borough is responsible for making up any shortfall between the MMO and the sum of contributions the Borough makes for each employee as a percentage of that employee's wages, plus realized earnings on the pension fund investments.

Modified Accrual Basis - The basis of accounting under which expenditures other than accrued interest on general long-term debt are recorded at the time liabilities are incurred and revenues are recorded when received in cash except for material and/or available revenues, which should be accrued to reflect properly the taxes levied and revenues earned.

Nonconforming Use - A use, whether of land or of structure, not complying with the applicable use provisions in a zoning ordinance or amendment as enacted, where such use was lawfully in existence prior to the enactment of the ordinance or amendment or prior to its application to the location.

Nonconforming Structure - A structure or part of a structure manifestly not designed to comply with the applicable use provisions in a zoning ordinance or amendment as enacted, where the structure lawfully existed prior to the enactment of the ordinance or amendment. Such nonconforming structures include, but are not limited to nonconforming signs.

Official - A person who occupies a municipal legislative, quasi-judicial, administrative, executive or enforcement position.

Ordinance - A law or statute enacted by the Borough. See resolution.

Pay Plan – In Chambersburg, Town Council has adopted a regimented plan for wages that includes steps and grades for all employees. This pay plan removes any bias from compensation decisions.

Personnel - A method of recruiting, selecting and promoting people to perform the work of the Borough organization and the method of classifying and assigning a pay scale to their jobs together with related personnel activities and regulations concerning hours of work, training, grievance procedures and labor relations.

Planning - A process of deciding what is to be done and how it is to be accomplished; the process of deciding how land should be used and where public facilities should be located.

Planning and Zoning Commission - A planning agency, authorized by law to prepare and recommend plans for the development of physical, social, economic and cultural resources and facilities within a political subdivision.

Plat - The official map of a subdivision of land.

Plumber – In Chambersburg, plumbers are required to obtain licenses to operate on Borough water and sewer systems.

Public Hearing - A meeting or portion of a meeting set up to give members of the public a chance to speak on a particular subject such as the provisions of a proposed ordinance.

Referendum - A vote by the people of our municipality or an area on an issue. A referendum may be started by a governing body or initiated by petition. In Pennsylvania, most referenda are non-binding statements of policy.

Regulation - A rule, procedure or other formal requirement passed to carry out the purpose of a law. It carries the same legal power as the law. However, the rule or formal requirement may only be used to carry out the purpose of the law under which it is passed.

Revenue Bonds – Also called Self Liquidating Debt, a borrowing tool with higher interest rates than general obligation debt that does not need voter or state approval. Repayment of these bonds is guaranteed by revenues generated by the project and not municipal taxing power. Chambersburg has no revenue bonds.

Resolution - A decision, opinion or directive of the Town Council expressed in a formally drafted document but not having the force or effect of law.

Revisions - Written or added changes, corrections or improvements to a plan, specification or drawing.

Revolving Loans – Similar to a credit card or line of credit, this is a type of debt for special purposes providing a constant source of funds for assessable public improvements. Often involves grants. Chambersburg provides such loans for economic development and property improvement, with established guidelines.

Right-of-Way - Any area reserved by law or by common consent to a public or municipal use. Streets and easements are typical examples.

Sewers - The pipes in the ground or the systems associated. Chambersburg maintains two distinct sewer systems, a sanitary sewer system for waste water and a storm sewer system for rain, snow melt, and runoff.

Specifications - The written instructions which accompany and supplement the drawings in a contract.

Stormwater - Stormwater is generated when precipitation from rain and snowmelt events flows over land or impervious surfaces and does not percolate into the ground. As the runoff flows over the land or impervious surfaces (paved streets, parking lots, and building rooftops), it accumulates debris, chemicals, sediment or other pollutants that could adversely affect water quality if the runoff is discharged untreated. The primary method to control stormwater discharges is the use of best management practices (BMPs). In addition, most stormwater discharges are considered point sources and require coverage under an National Pollutant Discharge Elimination System (NPDES) permit.

Storm Sewer – An appurtenance associated with the Borough’s Municipal Separate Storm Sewer System (MS4). MS4 does not solely refer to municipally-owned storm sewer systems, but rather is a term with a much broader application that includes, in addition to local jurisdictions. An MS4 is not always just a system of underground pipes; it can include roads with drainage systems, gutters, and ditches. The regulatory definition of an MS4 is:

According to 40 CFR 122.26(b)(8), “municipal separate storm sewer means a conveyance or system of conveyances (including roads with drainage systems, municipal streets, catch basins, curbs, gutters, ditches, man-made channels, or storm drains):

(1) Owned or operated by a State, city, town, borough, county, parish, district, association, or other public body (created by or pursuant to State law)...including special districts under State law such as a sewer district, flood control district or drainage district, or similar entity, or an Indian tribe or an authorized Indian tribal organization, or a designated and approved management agency under section 208 of the Clean Water Act that discharges into the waters of the United States.” (Note: “Waters of the United States” refers to surface water only.)

(2) “Designed or used for collecting or conveying storm water

(3) Which is not a combined sewer; and

(4) Which is not part of a Publicly Owned Treatment Works (POTW) as defined at 40 CFR 122.2”

Subdivision - The division of a single tract or other parcel of land into two or more lots. (Specific definitions will vary in specific ordinances or regulations).

Subdivision and Land Development Ordinance (SALDO) - The provisions for the subdivision of a lot(s) or development of a tract of land, as adopted in 1979 and amended, including all covenants relating to use, location and bulk of buildings and other structures, intensity of use or density of development, streets, ways and parking facilities, common open space and public facilities.

Uniform Construction Code - The Uniform Construction Code, contained in 34 Pa. Code, Chapters 401 through 405, as well as those ancillary codes referenced in Department of Labor and Industry regulations Section 403.21, as amended from time to time, as adopted and incorporated by reference as the Municipal Building Code of the Borough of Chambersburg. When any building or construction activity is contemplated within the Borough, application must be made to the Borough on a form to be provided by the Borough for the issuance of a land use permit.

Utilities - These funds account for the financial transactions of utility services rendered to the general public financed by specific user charges (electric fund, water fund, sanitation fund, sewer fund). The utility operations are maintained separate from general government operations such as Police or Emergency Services.

Special Exception Use - A use that is permitted in a particular zoning district only when specific criteria prescribed for such cases within the zoning ordinance are present. Special exception uses are allowed or denied by the Zoning Hearing Board following a public hearing.

Special Revenue Funds - These funds are established to account for revenues specifically raised for a particular purpose. A special fund is usually created for each purpose (i.e. fire taxes account if there was a fire tax or grant funds).

Variance - The permission granted by the Zoning Hearing Board, following a public hearing, for an adjustment to some Zoning Ordinance regulation to alleviate an unnecessary hardship. The permission granted must not be contrary to the public interest and must maintain the spirit and original intent of the Ordinance.

Zoning Ordinance - The provisions for land uses and associated lot regulations, as adopted in 1956 and amended, into various districts as well as other requirements related to the character of each district and its peculiar suitability for particular uses and with a view to conserving the value of buildings and encouraging the most appropriate use of land throughout the Borough.

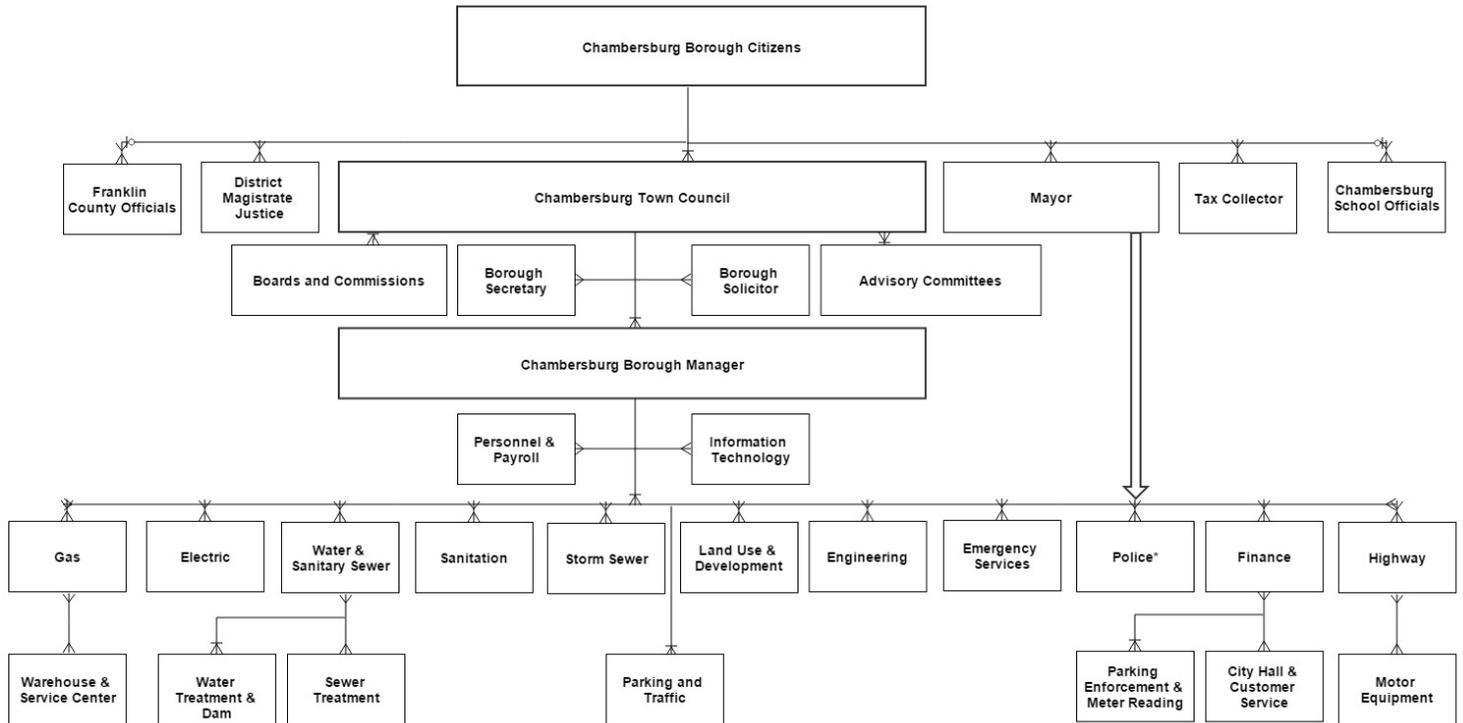
2016 Functions and Departments (Sorted by Department)

| Department | Cost Center | Department Head |
|----------------|--|----------------------------------|
| ADMIN SERVICES | PERSONNEL & PAYROLL | Borough Manager |
| ADMIN SERVICES | IT | Borough Manager |
| ADMIN SERVICES | FINANCE & ACCOUNTING | Finance Director |
| ADMIN SERVICES | CUSTOMER SERVICE & CITY HALL | Finance Director |
| ADMIN SERVICES | CLERICAL POOL | Borough Manager |
| ADMIN SERVICES | GENERAL & ADMINISTRATIVE | Borough Manager |
| ADMIN SERVICES | CAPITAL OUTLAY - ADMINISTRATIVE EQUIPMENT | Borough Manager |
| ELECTRIC | DIESEL PRODUCTION OPERATION | Electric Superintendent |
| ELECTRIC | DIESEL PRODUCTION MAINTENANCE | Electric Superintendent |
| ELECTRIC | PURCHASE POWER OPERATION & MAINTENANCE | Electric Superintendent |
| ELECTRIC | TRANSMISSION SYSTEM OPERATION MAINTENANCE | Electric Superintendent |
| ELECTRIC | DISTRIBUTION SYSTEM OPERATION | Electric Superintendent |
| ELECTRIC | DISTRIBUTION SYSTEM MAINTENANCE | Electric Superintendent |
| ELECTRIC | CUSTOMER ACCOUNTING & COLLECTING | Electric Superintendent |
| ELECTRIC | GENERAL & ADMINISTRATIVE | Electric Superintendent |
| ELECTRIC | CAPITAL OUTLAY - PURCHASE POWER FACILITIES | Electric Superintendent |
| ELECTRIC | CAPITAL OUTLAY - DIESEL PLANT | Electric Superintendent |
| ELECTRIC | CAPITAL OUTLAY - TRANSMISSION SYSTEM | Electric Superintendent |
| ELECTRIC | CAPITAL OUTLAY - DISTRIBUTION SYSTEM | Electric Superintendent |
| ELECTRIC | CAPITAL OUTLAY - GENERAL EQUIPMENT | Electric Superintendent |
| ENGINEERING | FIELD EXPENSES | Assistant to the Borough Manager |
| ENGINEERING | GENERAL & ADMINISTRATIVE | Assistant to the Borough Manager |
| ENGINEERING | CAPITAL OUTLAY - ENGINEERING EQUIPMENT | Assistant to the Borough Manager |
| GAS | PURCHASE GAS OPERATION & MAINTENANCE | Gas Superintendent |
| GAS | TRANSMISSION OPERATION | Gas Superintendent |
| GAS | TRANSMISSION MAINTENANCE | Gas Superintendent |
| GAS | DISTRIBUTION OPERATION | Gas Superintendent |
| GAS | DISTRIBUTION MAINTENANCE | Gas Superintendent |
| GAS | CNG STATION OPERATION & MAINTENANCE | Gas Superintendent |
| GAS | CUSTOMER ACCOUNTING & COLLECTING | Gas Superintendent |
| GAS | GENERAL & ADMINISTRATIVE | Gas Superintendent |
| GAS | CAPITAL OUTLAY - TRANSMISSION SYSTEM | Gas Superintendent |
| GAS | CAPITAL OUTLAY - DISTRIBUTION SYSTEM | Gas Superintendent |
| GAS | CAPITAL OUTLAY - CNG STATION | Gas Superintendent |
| GAS | CAPITAL OUTLAY - GENERAL EQUIPMENT | Gas Superintendent |

| Department | Cost Center | Department Head |
|-----------------|--|----------------------------------|
| GENERAL | GENERAL GOVERNMENTAL & COUNCIL | Borough Manager |
| GENERAL | OPERATING EXPENSES - HIGHWAY | Assistant Borough Manager |
| GENERAL | FIRE SUPPRESSION – FIRE | ES Chief |
| GENERAL | AMBULANCE - FIRE | ES Chief |
| GENERAL | FIRE CODE - FIRE | ES Chief |
| GENERAL | GENERAL & ADMINISTRATIVE - FIRE | ES Chief |
| GENERAL | OPERATING EXPENSES - POLICE | Police Chief |
| GENERAL | OPERATING EXPENSES - RECREATION | Recreation Superintendent |
| GENERAL | OPERATING EXPENSES - PLANNING | Assistant to the Borough Manager |
| GENERAL | OPERATING EXPENSES - ZONING | Assistant to the Borough Manager |
| GENERAL | OPERATING EXPENSES - PROPERTY MAINTENANCE | Assistant to the Borough Manager |
| GENERAL | OPERATING EXPENSES - CIVIC & COMMUNITY | Borough Manager |
| GENERAL CAPITAL | CAPITAL OUTLAY - GENERAL & ADMINISTRATIVE | Borough Manager |
| GENERAL CAPITAL | CAPITAL OUTLAY - HIGHWAY DEPARTMENT | Assistant Borough Manager |
| GENERAL CAPITAL | CAPITAL OUTLAY - EMERGENCY SERVICES DEPT | Borough Manager |
| GENERAL CAPITAL | CAPITAL OUTLAY - POLICE DEPARTMENT | Borough Manager |
| GENERAL CAPITAL | CAPITAL OUTLAY - RECREATION DEPARTMENT | Borough Manager |
| GENERAL CAPITAL | CAPITAL OUTLAY - PLANNING DEPARTMENT | Borough Manager |
| GENERAL CAPITAL | CAPITAL OUTLAY - ZONING DEPARTMENT | Borough Manager |
| GENERAL CAPITAL | CAPITAL OUTLAY - PROPERTY MAINTENANCE | Borough Manager |
| GENERAL CAPITAL | CAPITAL OUTLAY - CIVIC & COMMUNITY | Borough Manager |
| LIQUID FUELS | STATE GRANT PROGRAM | Borough Manager |
| MOTOR EQUIP | GARAGE OPERATION | Assistant Borough Manager |
| MOTOR EQUIP | MOTOR VEHICLE UPKEEP | Assistant Borough Manager |
| MOTOR EQUIP | GENERAL & ADMINISTRATIVE | Assistant Borough Manager |
| MOTOR EQUIP | CAPITAL OUTLAY - GARAGE EQUIPMENT | Assistant Borough Manager |
| PARKING TRAFFIC | METERED PARKING OPERATION & MAINTENANCE | Borough Manager |
| PARKING TRAFFIC | PARKING & TRAFFIC | Borough Manager |
| PARKING TRAFFIC | STREET LIGHTING | Borough Manager |
| PARKING TRAFFIC | GENERAL & ADMINISTRATIVE | Borough Manager |
| PARKING TRAFFIC | CAPITAL OUTLAY - GENERAL | Borough Manager |
| PROJECT HEAT | OPERATING EXPENSES | Borough Secretary |
| KASHER FIRE TAX | REAL ESTATE TAX FOR FIRE EQUIPMENT | Finance Director |
| SANITARY SEWER | TREATMENT PLANT | Sewer & Water Superintendent |
| SANITARY SEWER | COLLECTION SYSTEM | Sewer & Water Superintendent |
| SANITARY SEWER | CUSTOMER ACCOUNTING & COLLECTING | Sewer & Water Superintendent |
| SANITARY SEWER | GENERAL & ADMINISTRATIVE | Sewer & Water Superintendent |
| SANITARY SEWER | CAPITAL OUTLAY - TREATMENT PLANT | Sewer & Water Superintendent |
| SANITARY SEWER | CAPITAL OUTLAY - COLLECTION SYSTEM | Sewer & Water Superintendent |
| SANITARY SEWER | CAPITAL OUTLAY - GENERAL EQUIPMENT | Sewer & Water Superintendent |
| SANITATION | DISPOSAL SYSTEM | Assistant Borough Manager |
| SANITATION | COLLECTION SYSTEM | Assistant Borough Manager |
| SANITATION | RECYCLING PROGRAM | Assistant Borough Manager |
| SANITATION | GREEN YARD WASTE RECYCLING CENTER | Assistant Borough Manager |
| SANITATION | STREET SWEEPING & ALLEY CLEANING | Assistant Borough Manager |
| SANITATION | MOWING, WEED CONTROL & VECTOR CONTROL | Assistant Borough Manager |
| SANITATION | CUSTOMER ACCOUNTING & COLLECTING | Assistant Borough Manager |
| SANITATION | GENERAL & ADMINISTRATIVE | Assistant Borough Manager |
| SANITATION | CAPITAL OUTLAY - GENERAL | Assistant Borough Manager |
| SANITATION | CAPITAL OUTLAY - GREEN WASTE RECYCLING CNR | Assistant Borough Manager |

| Department | Cost Center | Department Head |
|----------------|--------------------------------------|----------------------------------|
| SELF INSURANCE | GENERAL LIABILITY CLAIM PAYMENTS | Finance Director |
| SELF INSURANCE | GENERAL LIABILITY - LEGAL FEES | Finance Director |
| SELF INSURANCE | GENERAL LIABILITY - SPECIAL SERVICES | Finance Director |
| SELF INSURANCE | UNEMPLOYMENT | Finance Director |
| SELF INSURANCE | LIFE INSURANCE | Finance Director |
| SELF INSURANCE | FLOOD INSURANCE | Finance Director |
| SELF INSURANCE | AUTO INSURANCE | Finance Director |
| SELF INSURANCE | ERRORS & OMISSIONS INSURANCE | Finance Director |
| SELF INSURANCE | HEALTH INSURANCE | Borough Manager |
| SISTER CITY | OPERATING EXPENSES | Mayor |
| STORES | WAREHOUSE EXPENSES | Gas Superintendent |
| STORES | GENERAL & ADMINISTRATIVE EXPENSES | Gas Superintendent |
| STORES | CAPITAL OUTLAY - WAREHOUSE EQUIPMENT | Gas Superintendent |
| STORM SEWER | OPERATING EXPENSES | Assistant to the Borough Manager |
| STORM SEWER | COLLECTION SYSTEM | Assistant to the Borough Manager |
| STORM SEWER | GENERAL & ADMINISTRATIVE | Assistant to the Borough Manager |
| STORM SEWER | CAPITAL OUTLAY - STORM SEWER SYSTEM | Assistant to the Borough Manager |
| WATER | SUPPLY SYSTEM | Sewer & Water Superintendent |
| WATER | TRANSMISSION SYSTEM | Sewer & Water Superintendent |
| WATER | DISTRIBUTION SYSTEM | Sewer & Water Superintendent |
| WATER | TREATMENT SYSTEM | Sewer & Water Superintendent |
| WATER | CUSTOMER ACCOUNTING & COLLECTING | Sewer & Water Superintendent |
| WATER | GENERAL & ADMINISTRATIVE | Sewer & Water Superintendent |
| WATER | CAPITAL OUTLAY - SUPPLY SYSTEM | Sewer & Water Superintendent |
| WATER | CAPITAL OUTLAY - TRANSMISSION SYSTEM | Sewer & Water Superintendent |
| WATER | CAPITAL OUTLAY - DISTRIBUTION SYSTEM | Sewer & Water Superintendent |
| WATER | CAPITAL OUTLAY - TREATMENT SYSTEM | Sewer & Water Superintendent |
| WATER | CAPITAL OUTLAY - GENERAL EQUIPMENT | Sewer & Water Superintendent |
| WORKERS COMP | CLAIMS & ADMINISTRATION | Finance Director |

Organizational Chart



*** Per the Borough Code, the Chambersburg Police Department is supervised by the Mayor for day-to-day operation and the Borough Manager for administrative and financial management**

Act 37 of 2014 Revised the Pennsylvania Borough Code

The Borough Code had been in its current form since 1966 and contained many provisions that were archaic or in conflict with other statutes. Thus, the Pennsylvania State Association of Boroughs (PSAB) established the Borough Code Revision Committee as an ad hoc committee in 2003. The committee formally requested the ongoing participation, technical advice, and expertise of Commission staff in this comprehensive Code revision, based on the Commission's experience with the Second Class Township Code Recodification in 1995 and efforts on the Third Class City Code Recodification (introduced as Senate Bill 497 in the 2013-2014 Legislative Session, and enacted as Act 22 of 2014).

With the committee completing its review of all the articles, Commission staff produced an executive summary explaining the highlights of the proposed changes article-by-article, a commentary explaining the highlights section-by-section, and disposition and derivation tables to show where existing sections may have been relocated and from where new sections have originated. The Local Government Commission introduced the proposed recodification as House Bill 1702 during the 2011-2012 Legislative Session. On December 19, 2011, the House of Representatives voted on and passed House Bill 1702. Subsequently, the Senate Local Government Committee amended the bill and reported it out on January 18, 2012, as Printer's Number 2962. The bill was reported as amended from the Senate Appropriations Committee as Printer's Number 3331 on April 2, 2012. House Bill 1702 passed the Senate on May 1, 2012, and was returned to the House of Representatives for concurrence on Senate amendments. The House of Representatives concurred in Senate amendments on May 7, 2012, and Governor Corbett signed House Bill 1702 into law as Act 43 of 2012. The Act became effective on July 16, 2012.

Act 37 of 2014 incorporates the provisions of the Borough Code, the act of February 1, 1966 (1965 P.L. 1656, No. 581), as amended and reenacted by Act 43 of 2012, into Title 8 (Boroughs and Incorporated Towns) of the Pennsylvania Consolidated Statutes. Act 43 was a several year effort of PA State Association of Boroughs and the Local Government Commission to modernize the Code. Working with the Legislative Reference Bureau, Act 37 places the language of the Borough Code into Consolidated Statute format and incorporates a number of technical and substantive changes. House Bill 1719, Printer's Number 3275, became Act 37 of 2014 when it was signed into law by the Governor on April 18, 2014. The new consolidated statute is effective on June 18, 2014.

This Act is now the governing law of the Borough of Chambersburg.

11/16/2015



General Fund Budget

As Proposed for 2016 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

General Fund Budget

As Proposed for 2016

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 main “GOVERNMENTAL” fund and the home of the most basic municipal operations of the Borough. It therefore gets the most scrutiny.

In many towns, the General Fund is the only fund. In most boroughs in Pennsylvania, the General Fund would house almost all municipal employees and operations. That is not true in Chambersburg. However, the General Fund does house our most basic municipal operations.

The General Fund is comprised of six (6) departments:

General Government – The General Government Department is the civil and administrative activities of the Town Council, the Borough Manager, and the Boards, Commissions and Committees; but not those activities or expenses attributed to the utilities or the internal services of the Borough.

Police Department – The law enforcement division of the Borough, under the Supervision of the Police Chief, and the Administration of the Mayor.

Emergency Services – The Emergency Services Department combines the Fire Department, the Fire Code Department and the Ambulance Department. It is under the Supervision of the Emergency Services Chief, and the Administration of the Borough Manager.

Recreation Department – Management and supervision of community resources such as the parks, playgrounds, Cumberland Valley Rail Trail, the Eugene C. Clarke Jr. Community Center, and the Municipal Pool at Memorial Park; under the Supervision of the Recreation Superintendent, and the Administration of the Borough Manager.

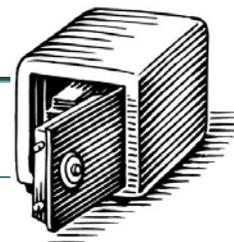
Land Use & Community Development – The Land Use & Community Development Department combines Planning, Zoning, Property Maintenance and Code Enforcement. It is under the Supervision of the Assistant to the Borough Manager/Land Use & Development Director, and the Administration of the Borough Manager.

Highway Department – The maintenance and street crew, which handle street maintenance, storm response, and other street related functions. It is under the Supervision of the Assistant Borough Manager/Public Works Director, and the Administration of the Borough Manager.

Unlike the utilities or the internal service funds, the General Fund receives all of its revenue from either taxes, as established by State law, or transfers from other funds.

The General Fund must be balanced, cannot run a deficit, and the Borough will not use debt to balance its budget per adopted financial policies.

Revenues



Some General Fund Revenue is “earmarked” for specific General Fund departments; other revenue is just thrown into the safe for all General Fund departments.

No taxes are used to supplement utility operations. In fact, just the opposite, our Electric and Gas utilities pay taxes (similar to private companies) to the General Fund. The Water Department paid through 2013, but in anticipation of a possible change in State law that would prohibit water utilities from making payments for general government operations, we ceased this practice. These payments are called Payments in Lieu of Gross Receipts Taxes or PILOTs.

The Borough is very careful to keep our utilities and our General Fund separate. Those functions that are multi-department functions (such as the Finance Department or the Motor Equipment Fund) are also kept out of the General Fund because they are shared departments; known as internal services. Therefore, the only functions that remain in the General Fund are the functions that are required to be there by rule.

There are a number of different types of taxes collected by the Borough for use in the General Fund. However, most of these taxes are set by State law, cannot be adjusted year-to-year, and therefore not subject to any annual review. State law only allows the Borough one tax that it can adjust year-to-year: the real estate tax.

Real estate or property taxes are regressive, non-elastic, and are generally an unfair way to raise revenue as they are based on a property’s inherent value rather than the resources of the property owner. In Chambersburg we have historically used property taxes for one purpose only: to fund the Chambersburg Police Department.

Beginning in 2013, Town Council decided to **begin the levy of a separate fire tax.** This decision was unavoidable given the Town Council’s failure to convince an arbitrator to reduce benefits, increase employee contributions to benefits, or prevent annual wage increases awarded these employees. Beginning last year, the budget now includes **both a police tax and a fire tax.**

To be clear, the real estate tax is split: first, a general levy, which is used exclusively for the Police Department; and second, a fire levy, which will be used exclusively to provide fire and EMS equipment and vehicles for the Emergency Services Department. Police and Fire will be the only use of real estate taxes in the budget. **No real estate taxes are used for any other function but police and fire.**

As the fire tax is used only for equipment and vehicles for the Emergency Services Department, it has no direct impact on the General Fund. Proceeds from the fire tax will be given to the Motor Equipment Fund; the motor pool of the Borough, which is a separate fund. However, in the Motor Equipment Fund, all those proceeds will be used for the motorized equipment fleet; fire apparatus and ambulances. This will, in turn, help by allowing a rebate on its contribution to support fire apparatus and ambulances; an indirect benefit for the General Fund. The rebate, by local law, is the Richard Kasher Fire Tax; named after the arbitrator from our last appeal.

In addition to real estate taxes, the General Fund receives proceeds from earned income tax, deed transfer tax, and the Local Services tax.

Please find enclosed some **frequently asked questions** about taxes:

1. Why does the Borough of Chambersburg keep raising taxes?
The Borough of Chambersburg did not raise taxes between 2007 and 2013; and only once in the last decade. Perhaps your taxes were raised by others such as Franklin County or the Chambersburg Area School District. In 2014, the Borough did raise taxes but only to fund police and fire services. In 2015, the Borough, once again, did not raise taxes. **This 2016 budget does contain a proposal to raise only the Police Tax.**
2. Why do I pay so much in taxes?
In 2015, the Borough will only collect a small portion of the taxes you pay. Most of your taxes do not go to the Borough. In fact, most of your taxes go to support other government agencies despite the fact that most of your services are supplied by the Borough.
3. The Borough has so many employees, so many trucks, is that where my tax money goes?
Almost all the employees of the Borough and most of the equipment of the Borough is owned and operated by our utility departments (Electric, Gas, Water, Sewer and Sanitation Departments) and our utility support departments (engineering, motor equipment, and administrative services). Your taxes do not support any utility operations, personnel or equipment. Further, as the budget document reveals, the Borough's utility rates are very reasonable.
4. Why if I live in the township, do I pay taxes to the Borough?
Unless you own property inside the Borough, or have a job inside the Borough, you pay the Borough no taxes. Further, if you just have a job in the Borough you pay only \$1 per week to the Borough and nothing else. In fact, almost no township residents contribute any tax money to the Borough. For example, the Sales Tax collected at stores inside the Borough all goes to support others, not the Borough. Finally, the Borough has no relationship with Chambersburg Area School District taxes or Franklin County taxes.
5. Why does the Chambersburg Area School District have such high taxes?
The budget and tax rates for the Chambersburg Area School District are set by the independently elected School Board and not the Borough. The Borough has no say in these issues.
6. Why does Franklin County have such high taxes?
The budget and tax rates for Franklin County are set by the independently elected County Commissioners and not the Borough. The Borough has no say in these issues.
7. Where do my taxes go?
All real estate taxes prior to 2014 were used exclusively to support the Police Department. No real estate taxes were used for any other purpose. Beginning in 2014, a portion of real estate taxes was also used to support equipment and vehicles for the Emergency Services Department. No portion of real estate taxes will be used for any other purpose other than the Police Department or to support equipment and vehicles for the Emergency Services Department. Not to pay for streets, or parks, or utilities, or any other employees of the Borough; such as the Borough Manager or anything else.

The other state mandated taxes are set by law and are not changed year-to-year. They include the Local Services Tax, which is a \$1 per week tax on workers inside the Borough; the Earned Income and Wage Tax, which is a set tax on wages earned by those who live inside the Borough; and the Deed Transfer Tax, which is a set tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues of the Borough.

Also, the Electric Department and the Gas Department make a Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth. As such, they are tax exempt. So instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities. Finally, the other revenue received by the General Fund is grants. In most years, the Borough receives very little grant money. However, in 2015, the Borough was lucky to have an accumulated surplus of Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels) available in 2015 – approximately \$1.17 million – a result of a limited number of Borough-owned street paving projects completed in 2012, 2013 and 2014, leaving a larger than normal amount of Highway Aid grant money available for use for one year: 2015.

8. Doesn't the Borough get a lot of money for all the new businesses near Norland Avenue?
The Borough utilities sell a considerable amount of utility services in this new neighborhood increasing the size of the Borough's independent utility accounts. However, these developments generate very little additional taxes to support the Borough. Most of the revenue they create is in the form of Sales Tax and in Pennsylvania, local municipalities receive no Sales Tax share. Further, the sale of alcohol generally provides almost zero income to the host municipality. These developments have been very good for our community and create low unemployment, but they do not generate income proportional to the responsibilities they create for police, fire and traffic.
9. Doesn't every property owner contribute real estate taxes for police and fire?
No, many types of properties are exempt under State law from paying real estate taxes. Those exempted properties include schools, colleges, churches, charities, and other government agencies. So, while these property owners add to the economic vitality of our community, they do not necessarily contribute any money to support police or fire services. However, some of these agencies (Chambersburg Hospital is a good example) make a voluntary contribution in support of the Borough's public safety services regardless of their tax exempt status. We encourage all tax exempt property owners to donate to the police and fire services every year.
10. Why can't you bill people directly for police and fire instead of using real estate taxes?
State law prohibits the levy of taxes as a fee on persons (called per capita taxes). Instead, the law allows us only to use property as the sole means to determine how much tax to collect. So, if you rent your property, your landlord will pay the real estate tax and it will be reflected in the rent you pay. There is no other system allowed. The Ambulance Club is not a tax or fee; rather, it is more like a service. You provide us a gift and in exchange, we accept assignment from your health insurance company if you need to use the Borough ambulance service.
11. If the police and fire are paid for by Borough non-exempt real estate owners, why do they respond to police and fire calls in the townships?
State law requires that emergency services respond to all dispatches for health and safety. The Borough's emergency services will always support our township neighbors regardless of money issues. We also enjoy the support of the various volunteer fire companies from the townships and the Pennsylvania State Police. Mutual aid is a very important principle in public safety.
12. How can the Borough afford police officers and fire fighters when the money to pay for them can only come from such a small group of taxpayers?
We agree that the system is broken. We can envision nothing but painful tax increases in the future to pay for growing police and fire expenses. Something must change in the next few years.
13. Why don't the townships have local real estate taxes?
The local townships do not have police departments. They rely on the Pennsylvania State Police. They do not have township employee fire departments. They rely on the generosity of volunteer

firefighters. All of the Borough's local real estate taxes go for these functions. And while we might wish to not have paid police and fire departments, unfortunately we cannot go back.

14. Can the Borough get rid of our Police Department or our ES Department?

No, it is not practical or legal at this point. While an arbitrator's ruling against firefighter layoffs until at least 2016 has been partially overturned, the truth is we would be loathe relying exclusively on the shrinking ranks of volunteers alone. Further, we are skeptical that the Pennsylvania State Police or the dwindling firefighters in the townships will be sufficient to protect the townships alone; not to mention our Borough in decades to come. The best new system would be a united system of Borough paid firefighters, Borough police officers, and regional township volunteers all working in one organization; one regional effort. We support the growth of our police and fire departments and providing *our* services expanded into the townships; one Chambersburg "area" force.

To that end, in the proposed 2016 budget, I have requested that the townships take the first step and consider allowing the Chambersburg Emergency Service Department to do **fire safety code inspections at commercial businesses in the townships**. This new service would have been a precursor of our future cooperation. There was no public support for first important step.

15. What is the Franklin Fire Company? Are they a township fire company?

No, the Franklin Fire Company is Station 4 of the Borough of Chambersburg. It is our best staffed and best equipped volunteer fire company. By agreement, we have encouraged the Franklin Fire Company to provide fire services both inside the Borough and in the townships. All the Borough contributes to their operation is some fuel and lots of good will.

16. If the Borough has a police tax and a fire tax, what pays for streets?

We use the other taxes of the Borough (such as Earned Income Tax and Deed Transfer Tax) to pay for the Highway Department and the Recreation Department. The Sanitation Department is a separate utility (not unlike the Electric, Gas, Water, or Sewer Departments) and they keep the streets clean, free of leaves, and well swept. Highway construction projects are done with Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels). Our grant only pays for street construction made to Borough owned streets. Keeping up with all highway maintenance on Borough streets without a dedicated funding source is very challenging. Much of the Recreation Department is self-supporting with user fees; such as the Memorial Park Pool. Finally, the Land Use and Community Development programs are generally supported with fees.

The truth is we have very little revenue, very few opportunities to increase revenue and a lot of responsibilities.

17. Why are Borough streets in such bad shape?

First, it is important to recognize that the Borough does not own or maintain many of the streets inside the Borough. The Pennsylvania Department of Transportation maintains most of the major streets such as Main Street, Memorial Square, Lincoln Highway, Second Street, Loudon Street, Wayne Avenue, Scotland Avenue, and many others. The Borough owns most of the side streets and many of the alleys. The Borough utilities start fixing pipes in all streets about two years before a street is paved. With so many old streets, there are a lot of pipes being fixed at any one time. The Borough only has the Highway Aid grant money account to fix our streets and repaving costs a lot of money when government bid rules are followed. Of course, the Borough does not pay to fix State owned streets, County owned bridges, private streets, or township roads. Finally, the Borough has let some streets degrade as we have neither the resources to pave them nor do those streets have the traffic flow to justify the expense. We do use grants whenever possible. It is a never ending battle to keep up with street maintenance with no dedicated funding source.

For example, the US11 paving project through town in 2015 was exclusively a State project.

In the 2016 budget, I have recommended another year of significant side street paving. That being said, it is impossible to find the resources to keep up with the demand to pave streets.

18. Why won't you pave my street?

Most of the streets that are being paved in the Borough are either State owned streets or paid for by grants or developers as they build adjacent projects. The Borough has no dedicated funding source beyond the Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels) to pave your Borough owned street. One suggestion is that the Borough invoice adjacent property owners to pay for their share of street paving; at least for alley work. That is already done for curbs and sidewalks. The biggest complaint against that idea is that most folks feel their taxes should pay for street paving. However, as this budget details, **taxes paid now do not cover any of the cost of paving streets.**

19. Why does it take so many employees to work on street projects?

For many reasons, including safety and the handling of large construction equipment, the Borough utility and highway workers are usually seen in large numbers. However, the Borough highway department only has seven (7) full time employees so you are probably seeing contractors who won competitive low bids for projects rather than employees. We do not pay them by the employee, we pay contractors by the project and therefore they are incentivized to do as much work as fast as possible to squeeze out projects; that usual means they bring many employees.

20. Why do township residents pay more for using the Memorial Park Pool or other Recreation Department programs?

Up until 2009, the Chambersburg Area School District contributed to the cost of operating the Borough Recreation Department. The school tax money comes from both Borough and township residents. In 2009, an agreement was reached where the district stopped supporting the program in exchange for a grant, which ended in 2014. Therefore, township residents, who are residents of the Chambersburg Area School District, are no longer contributing to support the Borough Recreation Department operation. As such and only being fair, township residents are asked to pay a little more than Borough residents. We are prohibited from denying anyone access to our recreation programs. However, there is no prohibition on having a two-tier fee system. If the townships' boards wanted to contribute directly, their residents could enjoy the lower tier rates.

21. Why do pool fees go up every year?

Just about everything it costs to run the pool goes up in cost every year. However, all fees are adopted by Town Council in a public meeting.

22. Why do Borough employees get such good wages and benefits; can't they be cut?

No, most Borough employees are represented by collective bargaining units and those units have negotiated labor agreements with Town Council or (in the case of the uniform employees of the police and fire service) had those labor agreements imposed on the Borough. The Town Council cannot unilaterally change the terms and conditions of employment. Nor can Town Council necessarily layoff employees. Certainly we think we have great employees, and in most cases they are compensated in proportion to what municipal workers across the Commonwealth are paid. Regardless, there is no reason to blame the employees themselves, who are generally good workers and our friends and neighbors.

23. If you need to raise the Police Tax and have a Fire Tax, how can you afford projects like new windows in City Hall or buying houses for parking lots or a City Hall expansion?
Your taxes do not pay for things like the upkeep of property. Your taxes go only to support the Police Department and to provide fire and EMS equipment and vehicles for the Emergency Services Department. Projects like restoration of our century old historic wooden windows were paid almost exclusively by the utility funds in proportion to their importance in our budget. No real estate taxes were used for this or any other similar purpose. The parking lots are paid by the Parking Department, a separate fund of the Borough, which receives no tax income. Almost all the projects of the Borough and most of the buildings are owned and operated by our utility departments (Electric, Gas, Water, Sewer and Sanitation Departments) and our utility support departments (Engineering, Motor Equipment, and Administrative Services). The exceptions to that rule are the parks and recreation areas, the firehouses, and the Police Department Annex on S. Second Street.
24. Why can you not just take utility money and pay for police officers and firefighters?
The Borough cannot wholesale move funds from utilities, which are kept in separate accounts, to the General Fund to pay for fire, police or parks. Nor would this be fair to utility customers. Also, the Electric Department and the Gas Department already make a Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth. As such, they are tax exempt. So instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities. State law does not allow the Sewer Department from making similar payments. We could ask the Water Department to pay taxes but we have not done so in years.
25. Are there assets the Borough can sell, such as parks, to avoid tax increases?
No, in general most of our assets are prohibited from being sold. For example, our parkland is usually deed restricted to remain as public parks. Further, most of the assets are owned and operated by our utility departments (Electric, Gas, Water, Sewer and Sanitation Departments) and our utility support departments (Engineering, Motor Equipment, and Administrative Services) so their sale would not help the General Fund.
26. Can we raise a different tax such as a sales tax or a hotel tax?
No, in general the Commonwealth of Pennsylvania does not allow us the right to raise any other type of taxes. In 2014, the Town Council requested that the General Assembly allow Franklin County to raise the county hotel tax and share proceeds with Chambersburg. That proposal was not approved by the State. Also, sales tax, liquor taxes, business taxes, and other local taxes are not an option under State law. In 2015, the State proposed an increase in the hotel taxes across the State; for tourism, with a prohibition on using them by any local town for anything else.
27. Can we buy fewer trucks, do less construction, or lower the number of employees?
No, in general all of our vehicles are owned by the Motor Equipment Fund and rented to the utilities, not the General Fund. The only vehicles rented by the General Fund are police vehicles, fire vehicles and recreation equipment. Your taxes do not pay for vehicles for the utilities. Your taxes go only to support the Police Department equipment and vehicles and to provide fire and EMS equipment and vehicles for the Emergency Services Department. Almost all the construction projects of the Borough, other than street paving projects (and some of those too) are by our utility departments (Electric, Gas, Water, and Sewer) or our utility support departments (Administrative Services). So really when it comes down to the budget gap, it is a police, fire, recreation or street paving issue.

28. What is the long term answer, other than taxes, to pay for these functions?

There is currently no answer in Chambersburg or any other municipality that has police or paid fire services. Every municipality in Pennsylvania with police or paid fire services is in the same or much worse situation. If Chambersburg did not have our utilities (Electric, Gas, Water, Sewer and Sanitation Departments) and the shared services they provide to underwrite the cost of operations (Engineering, Motor Equipment, and Administrative Services), Chambersburg would be destitute.

Just remember, we are blessed to have strong, well operating, local utilities, which are paying Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth instead.

Conclusion

The only conceivable solution is either:

- A wider tax base (i.e. a united system of Borough paid firefighters, Borough police officers, and regional township volunteers all working in one organization; one regional effort); or
- A change to State law to allow an optional sales tax, liquor tax, or business tax.

There are no gimmicks, easy answers, or tricks to help the General Fund. To make matters worse, almost every single category of revenue in the General Fund is at a fixed rate, as set by State Law, and cannot be raised or adjusted by Town Council. The major revenues of the Borough's General Fund are:

- Real Estate Tax - adjustable by Town Council each December
- Local Services Tax - set at maximum under State Law
- Earned Income Tax - set at maximum under State Law
- Deed Transfer Tax - set at maximum under State Law
- State Pension Aide - selected by State
- Highway Aid (liquid fuels) - selected by State
- Police Fines
- Ambulance Fees
- Electric and Gas Payments in Lieu of Gross Receipts Taxes

Time to Raise the Police Tax

All real estate taxes prior to 2014 were used exclusively to support the Police Department. No real estate taxes were used for any other purpose. Beginning in 2014, a portion of real estate taxes was also used to support equipment and vehicles for the Emergency Services Department. No portion of real estate taxes will be used for any other purpose other than the Police Department or to support equipment and vehicles for the Emergency Services Department. Not to pay for streets, or parks, or utilities, or any other employees of the Borough; such as the Borough Manager or anything else.

I have been warning Council of this decision for almost two years. We have added Police Department personnel, given mandated Police wage increases, and not sufficiently balanced these expenses with revenue. Unfortunately, action is required now.

In April 2014, Moody's downgraded Chambersburg's General Obligation credit rating from **Aa2** to **Aa3**. They stated that our financial outlook remains stable. "Chambersburg's financial position has stabilized after four years of decline, with positive operations in fiscal 2012..." They added "Significantly increased General Fund balance and growth in available reserve levels" would improve our credit rating. They added that they are looking for "Substantial growth in the borough's tax base and socioeconomic profile."

We must address the costs of the General Fund without reliance on shifting costs to unrelated budget areas. What Moody's will seek, is a commitment by Council to pay for the Police Department budget with the Police Tax.

In 2016, we anticipate the Police Department will generate approximately \$150,000 in fines and fees for the General Fund. In addition, we are anticipating State aid to offset their pension costs.

Finally, the Chambersburg Area School District reimburses the Police Department for all expenses related to the school crossing guard program.

This will leave a Police Department budget need of \$4,456,725.

There is no way that a Police Tax of 21 mil could finance this level of expenditures. The yield from 21 mil is anticipated to be \$4,085,000.

That would leave a gap of **\$371,725**.

It would be illogical to continue to take money from other General Fund operations to supplement the shortfall created by the Police Tax.

To properly balance the Police Department budget in 2016, the Borough will need a Police Tax of 23 mil or an increase of 2 mil (9.5%). This will create a surplus of between \$0 and \$52,775 (1%); the first such surplus in Chambersburg history and a reasonable 1% cushion for unforeseen Police Department expenses; further it may avoid any Police Tax increase in 2017 created by the growing wage & benefit expenses.

It is the Borough Manager's recommendation that the Borough increase the Police Tax from 21 mil to 23 mil in 2016 (9.5%).

This proposed budget, as originally presented includes only the second increase in the Police Tax in the last ten years.

| <u>Real Estate Tax Rate</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Mil | 17 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 21 | 21 | 23 |

Please be aware of the actual impact of this proposal:

The average single family house inside the Borough has an assessed value of \$16,823.61; for illustration purposes, the average home owned by a member of Town Council has an assessed value of \$18,825.62 or slightly over the Borough average.

In 2015, with a 21 mil Police Tax and a 2.5 mil Fire Tax, the average single family home paid \$353.29 in Police Tax and \$41.84 in Fire Tax; for a total annual tax bill of \$395.13 or \$1.08 per day.

With this proposed increase to a 23 mil Police Tax (while keeping the Fire Tax at 2.5 mil), the average single family home will pay \$386.94 in Police Tax and \$41.84 in Fire Tax; for a total annual tax bill of \$428.78 (\$1.17 per day) or \$33.65 more real estate taxes (or effectively 8.5% more in total taxes).

100% of the Police Tax goes to support the public safety activities of the Chambersburg Police Department and not for any other department or function or employee or use.

This budget has no increase in the Fire Tax; which would remain at 2.5 mil for 2015.

| <u>Average Single Family House Inside The Borough</u> | <u>2015</u> | | <u>2016</u> | |
|---|-------------|--------|-------------|--------|
| Police Tax (to the General Fund) | \$353.29 | \$0.97 | \$386.94 | \$1.06 |
| Fire Tax (to the Motor Equipment Fund) | \$41.84 | \$0.11 | \$41.84 | \$0.11 |
| <i>Total (per year)</i> | \$395.13 | \$1.08 | \$428.78 | \$1.17 |

Without this tax increase the Police Department budget would be \$371,725 over budget.

No government buildings, schools, charities or township property owners pay any Police or Fire Tax on their property – commercial property owners may pay more. Also, for many folks, 100% of this cost is deductible on your Federal Income Taxes, returned to you in your tax refund every year.



Single Family House
\$428.78 per year*



Schools
No tax



Non-profits
No tax



Government
No tax



Commercial/Industrial
More

**Based upon a median assessed value of single family residential property inside the Borough*

The other state mandated taxes are set by law and are not changed year-to-year. They include the Local Services Tax, which is a \$1 per week tax on workers inside the Borough; the Earned Income and Wage Tax, which is a set tax on wages earned by those who live inside the Borough; and the Deed Transfer Tax, which is a set tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues of the Borough.

Also, the Electric Department and the Gas Department make a Payment in Lieu of Gross Receipts Taxes (PILOTS) to the General Fund. If these two departments were private corporations, they would pay taxes

to the Commonwealth; as such they are tax exempt. So instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities.

In summary, the Borough's finances are sound but require action for the future. This proposed 2016 budget is a large step towards strong fiscal solvency for our General Fund. The issue that has plagued the Borough for the last few years: the gap between the Police Tax and the Police Department budget is addressed in a way that will find support among those who analyze our budget.

No layoff or reduction in Police personnel is required. No elimination in public safety services is required. Although this budget does not solve the long term issue of how to fund a Police Department where our neighbors seem disinterested in regional cooperation, that issue will continue into the future, it does address our near term challenges.

| 2015 General Fund Revenues (Excerpt) | 2010 | 2011 | 2012 |
|--|-------------|-------------|-------------|
| | ACTUAL | ACTUAL | ACTUAL |
| POLICE TAX (mil) | 20 | 20 | 20 |
| POLICE TAX (rose to 21 mil in 2014) | \$3,714,590 | \$3,731,681 | \$3,780,102 |
| LOCAL SERVICES TAX ON WORKERS | \$727,887 | \$691,809 | \$748,586 |
| DEED TRANSFER TAX ON REAL ESTATE SALES | \$255,899 | \$251,816 | \$305,466 |
| WAGE & EARNED INCOME TAX ON RESIDENTS | \$1,501,053 | \$1,578,210 | \$1,715,736 |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX - ELECTRIC | \$850,000 | \$900,000 | \$950,000 |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX - GAS | \$375,000 | \$375,000 | \$400,000 |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX -WATER | \$84,000 | \$72,000 | \$72,000 |
| POLICE FINES & FEES | \$137,777 | \$118,413 | \$136,238 |
| AMBULANCE FEES & CHARGES | \$914,590 | \$935,822 | \$966,135 |
| SAFER GRANT (ended in 2014) | - | - | \$130,012 |
| MOTOR EQUIPMENT FUND REBATE From the Fire Tax | - | - | - |

| 2015 General Fund Revenues (Excerpt) | 2013 | 2014 | 2015 | 2016 |
|--|-------------|-------------|-------------|-------------|
| | ACTUAL | ACTUAL | BUDGET | BUDGET |
| POLICE TAX (mil) | 20 | 21 | 21 | 23 |
| POLICE TAX (rose to 21 mil in 2014) | \$3,986,144 | \$4,233,887 | \$4,085,000 | \$4,509,500 |
| LOCAL SERVICES TAX ON WORKERS | \$732,086 | \$789,710 | \$650,000 | \$875,000 |
| DEED TRANSFER TAX ON REAL ESTATE SALES | \$248,950 | \$283,627 | \$230,000 | \$450,000 |
| WAGE & EARNED INCOME TAX ON RESIDENTS | \$1,789,579 | \$1,836,344 | \$1,700,000 | \$2,000,000 |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX - ELECTRIC | \$1,010,580 | \$1,060,580 | \$1,060,580 | \$1,100,000 |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX - GAS | \$400,000 | \$400,000 | \$400,000 | \$415,000 |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX -WATER | \$72,000 | - | - | - |
| POLICE FINES & FEES | \$172,262 | \$183,120 | \$142,700 | \$163,500 |
| AMBULANCE FEES & CHARGES | \$1,041,177 | \$1,216,429 | \$1,160,000 | \$1,298,000 |
| SAFER GRANT (ended in 2014) | \$862,652 | \$622,143 | | |
| MOTOR EQUIPMENT FUND REBATE From the Fire Tax | - | \$530,000 | \$530,000 | \$520,000 |

The 2016 General Fund Budget Anticipations Revenue Growth

This is a very optimistic budget and much less conservative than years past.

In addition to an expectation that Town Council will raise the Police Tax to 23 mil, this budget also includes an estimate that the Local Services Tax, the Deed Transfer Tax and the Wage Tax will all increase yields without any increase in rates.

The Borough has no authority to increase these rates.

Per State law, the Borough cannot raise any other tax other than a real estate tax. This includes a prohibition on creating any new tax such as a sales tax or a hotel tax. The Commonwealth of Pennsylvania allows us only one tool inside our toolbox. In 2014, the Town Council requested that the General Assembly allow Franklin County to raise the county hotel tax and share proceeds with Chambersburg. That proposal was not approved by the State. Also, sales tax, liquor taxes, business taxes, and other local taxes are not an option under State law. In 2015, the State proposed an increase in the hotel taxes across the State; for tourism, with a prohibition on using them by any local town for anything else.

Tax Types and Limits

| | |
|--|--|
| Local Services Tax | This tax may be levied on any wage earned within the borough by both residents and non-residents. Persons earning less than \$12,000 annually may be exempted; currently at the Statutory Rate Limit of \$52 per year. |
| Earned Income Tax | A tax on wages and net profits may be levied on both residents and non-residents if the non-resident's municipality does not levy the same. The taxpayer's residence takes precedence over his place of occupation if both have the tax. The tax shall be split with the school district in any portion that is agreed upon. In case no agreement is reached, each may collect one-half of 1% currently at the Statutory Rate Limit. |
| Deed Transfer Tax | The tax shall be split with the school district in any portion that is agreed upon. In case no agreement is reached, the municipality shall collect 1%; currently at the Statutory Rate Limit. |
| Police Tax | A borough may levy a millage on the assessed value of real property up to 30 mil for general purposes. |
| Fire Tax | A borough may levy a millage on the assessed value of real property up to 3 mil for the Purchase of fire equipment, fire apparatus, fire training, or fire training school; it may exceed 3 mil upon approval by voters in a referendum |
| Recreation Tax | A borough may levy a millage on the assessed value of real property with no limit |
| Interest and principal on any indebtedness incurred, sufficient for purpose, pursuant to the Local Government Debt Act or any other act governing indebtedness | |

We suggest a political process to change State law to allow an optional sales tax, liquor tax, or business taxes such that between \$700,000 and \$1.5 million in new annual revenue for Police and Fire can be realized. Without such a change, we are really looking at an inevitable fiscal crisis in our General Fund created by Harrisburg.

2016 General Fund Revenues – Proposed

| | 2014 BUDGET | 2014 ACTUAL | 2015 BUDGET | 2016 PROPOSED BUDGET |
|--|----------------|----------------|----------------|----------------------------|
| POLICE TAX | \$4,041,000 | \$4,233,887 | \$4,085,000 | \$4,509,500 |
| LOCAL SERVICES TAX ON WORKERS | \$650,000 | \$789,710 | \$725,000 | \$875,000 |
| DEED TRANSFER TAX ON REAL ESTATE SALES | \$230,000 | \$283,627 | \$230,000 | \$450,000 |
| WAGE & EARNED INCOME TAX ON RESIDENTS | \$1,700,000 | \$1,836,344 | \$1,750,000 | \$2,000,000 |
| STATE PENSION GRANT | \$781,800 | \$779,639 | \$894,400 | \$888,500 |
| OTHER INTER-GOVERNMENTAL GRANTS | \$140,750 | \$141,449 | \$10,000 | \$10,000 |
| INVOICED WORK | \$55,000 | \$88,747 | \$60,000 | \$70,000 |
| MISC STATE SALES TAX | \$1,900 | \$1,549 | \$1,600 | \$1,600 |
| TAXABLE RECREATION CHARGES | \$36,400 | \$25,805 | \$28,000 | \$28,000 |
| INTEREST INCOME | \$3,000 | \$4,871 | \$2,500 | \$25,000 |
| STREET EXCAVATION PERMITS | - | \$10,594 | \$8,000 | \$12,000 |
| CURB & SIDEWALK PERMITS | - | \$5,752 | \$2,000 | \$3,500 |
| SNOW/ICE REMOVAL FINES | \$4,000 | \$18,510 | \$10,000 | \$10,000 |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX - ELECTRIC | \$1,060,580 | \$1,060,580 | \$1,100,000 | \$1,100,000 |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX - GAS | \$400,000 | \$400,000 | \$410,000 | \$415,000 |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX -WATER | - | - | - | - |
| POLICE FINES & FEES | \$140,000 | \$166,371 | \$150,000 | \$150,000 |
| FALSE POLICE & FIRE CALLS | \$9,000 | \$9,875 | \$7,000 | \$9,000 |
| OTHER POLICE DEPARTMENT FEES | \$2,700 | \$6,874 | \$4,000 | \$4,500 |
| PROPERTY MAINTENANCE CODE VIOLATION FINES & FEES | \$2,100 | \$7,400 | \$3,700 | \$5,200 |
| RECREATION DEPARTMENT RECEIPTS | \$360,000 | \$314,457 | \$350,000 | \$377,250 |
| RECREATION VENDING, CONCESSION & CONSIGNMENT | \$15,600 | \$14,968 | \$15,600 | \$16,000 |
| PROPERTY MAINTENANCE INSPECTION FEES | \$115,000 | \$126,365 | \$122,350 | \$130,750 |
| LAND USE AND DEVELOPMENT PERMIT FEES | \$2,000 | \$1,784 | \$2,000 | \$2,000 |
| FIRE CODE PERMITS & FEES | \$50,000 | \$48,020 | \$50,000 | \$50,000 |
| ZONING PERMITS & FEES | \$3,000 | \$5,000 | \$3,000 | \$3,500 |
| CONTRIBUTIONS FOR AMBULANCE SERVICE | \$42,000 | \$50,429 | \$45,000 | \$50,000 |
| AMBULANCE SERVICE CHARGES | \$1,035,000 | \$1,042,720 | \$1,050,000 | \$1,123,000 |
| AMBULANCE CLUB MEMBERSHIP FEES | \$125,000 | \$123,320 | \$125,000 | \$125,000 |
| SCHOOL CROSSING GUARD GRANT | \$50,000 | \$42,563 | \$45,000 | \$53,000 |
| COMCAST TELEVISION FRANCHISE FEE | \$310,000 | \$286,638 | \$300,000 | \$300,000 |
| REFUNDS PRIOR YEAR PAYMENTS | \$29,000 | \$10,949 | \$13,000 | \$13,000 |
| REAL ESTATE PROPERTY RENTALS | \$10,000 | \$18,556 | \$15,000 | \$18,000 |
| CONTRIBUTIONS FROM PRIVATE SOURCES | \$2,000 | \$1,600 | \$4,000 | \$2,000 |
| MISCELLANEOUS | \$10,000 | \$15,344 | \$13,000 | \$15,000 |
| TRANSFERS FROM OTHER FUNDS | \$4,140 | \$4,140 | - | - |
| TRANSFERS FROM HIGHWAY AID (LIQUID FUELS GRANT) | \$400,000 | \$225,000 | \$1,170,000 | - |
| TRANSFERS FROM ENGINEERING DEPARTMENT SAFER GRANT | - | \$25,000 | \$50,000 | \$100,525 |
| MOTOR EQUIPMENT FUND REBATE (FIRE TAX) | \$605,000 | \$622,143 | - | - |
| 2016 TOTAL ESTIMATED GENERAL FUND REVENUE | \$12,955,970 | \$13,362,628 | 13,384,150 | 13,465,825 |
| Percent Change | | | 3% | 0.6% |

General Fund Revenue

| | | | |
|--|----------------------|-----------------|--------|
| <u>Police Tax Revenue (70002, 70003, 70008, 70011)</u> | 2016 | \$ 4,509,500.00 | 23 mil |
| | Budget Estimate 2015 | \$ 4,085,000.00 | 21 mil |
| | 2014 | \$ 4,233,886.98 | 21 mil |
| | 2013 | \$ 3,986,144.13 | 20 mil |
| | 2012 | \$ 3,780,101.93 | 20 mil |
| | 2011 | \$ 3,731,680.91 | 20 mil |
| | 2010 | \$ 3,714,589.83 | 20 mil |
| | | | |
| <u>Deed Transfer Tax Revenue (70009)</u> | 2016 | \$ 450,000.00 | |
| | Budget Estimate 2015 | \$ 230,000.00 | |
| | 2014 | \$ 283,627.43 | |
| | 2013 | \$ 248,949.95 | |
| | 2012 | \$ 305,466.46 | |
| | 2011 | \$ 251,816.17 | |
| | 2010 | \$ 255,898.51 | |
| | | | |
| <u>Earned Income Tax Revenue (70010)</u> | 2016 | \$ 2,000,000.00 | |
| | Budget Estimate 2015 | \$ 1,750,000.00 | |
| | 2014 | \$ 1,836,343.95 | |
| | 2013 | \$ 1,789,578.50 | |
| | 2012 | \$ 1,715,736.15 | |
| | 2011 | \$ 1,578,209.64 | |
| | 2010 | \$ 1,501,053.10 | |
| | | | |
| <u>LST (or EMST) Tax Revenue (70005)</u> | 2016 | \$ 875,000.00 | |
| | Budget Estimate 2015 | \$ 725,000.00 | |
| | 2014 | \$ 789,709.81 | |
| | 2013 | \$ 732,085.80 | |
| | 2012 | \$ 748,585.79 | |
| | 2011 | \$ 691,808.66 | |
| | 2010 | \$ 727,886.67 | |
| | | | |
| <u>Police Fines Revenue (70031, 70034)</u> | 2016 | \$ 154,500.00 | |
| | Budget Estimate 2015 | \$ 154,000.00 | |
| | 2014 | \$ 173,245.33 | |
| | 2013 | \$ 176,261.66 | |
| | 2012 | \$ 136,237.66 | |
| | 2011 | \$ 118,412.99 | |
| | 2010 | \$ 137,776.17 | |
| | | | |
| <u>Ambulance Billing Revenue (70046, 70047)</u> | 2016 | \$ 1,248,000.00 | |
| | Budget Estimate 2015 | \$ 1,175,000.00 | |
| | 2014 | \$ 1,166,039.85 | |
| | 2013 | \$ 1,041,177.13 | |
| | 2012 | \$ 966,135.39 | |
| | 2011 | \$ 935,822.00 | |
| | 2010 | \$ 914,589.87 | |
| | | | |

Police Department



The Chambersburg Police Department will work hand in hand with members of the community in order to improve and enhance the richness of our quality of life consistent with the following principles: Respect for human rights, reduction of crime and disorder, employee, personal and professional well-being, community safety, high standards for excellence and continuous improvement.

Department Head: Chief David Arnold

| | 2014 Actual | 2015 Budget | 2016 Budget |
|--------------------------|--------------------|---------------------|--------------------|
| <u>Police Operations</u> | \$4,379,613 | \$4,906,680 | \$5,168,725 |
| <u>Earmarked Revenue</u> | | | |
| Police Tax | \$4,233,887 | \$4,085,000 | \$4,509,500 |
| Police Fines & Other | \$ 173,245 | \$ 154,000 | \$ 154,500 |
| State Pension Grant | \$ 399,615 | \$ 499,000 | \$ 509,000 |
| Crossing Guard Grant | \$ 42,565 | \$ 45,000 | \$ 53,000 |
| <i>Subtotal</i> | <i>\$4,849,312</i> | <i>\$4,783,000</i> | <i>\$5,226,000</i> |
| Excess (Deficit) | \$469,699 Surplus | (\$123,680) Deficit | \$57,275 Surplus |

| | 2014 Actual | 2015 Budget | 2016 Budget |
|----------------------------|-------------|-------------|-------------|
| <u>Police Operations</u> | | | |
| <u>Non Personnel Costs</u> | \$1,032,151 | \$1,021,380 | \$ 996,300 |
| <u>Personnel Costs</u> | \$3,347,613 | \$3,885,300 | \$4,172,425 |

A two (2) mil increase in the Police Tax is included herein. Without this increase one can anticipate a \$367,225 deficit in the Police Department in 2016.

Each year, Town Council has been aggressive at hiring extra police officers in advance of future retirements. These actions have been taken without available funding to pay for extra police officers. Therefore, this budget includes payroll sufficient for three (3) extra police officers, already on staff; including one (1) police officer currently on military leave.

This budget includes resources for the one (1) Community Resource Officer hired in 2015.

In addition, this budget includes agreed upon cost of living increases of 1.95% for all employees.

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 Budget | 2015 Actual | 2016 Budget |
|-----------------|------|------|------|------|------|------|------|------|------|----------------|----------------|----------------|
| Chief | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Clerical | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 |
| Admin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Officers | 30 | 33 | 33 | 33 | 33 | 33 | 31 | 33 | 32 | 32 | 34 | 34* |

*Currently, the Chambersburg Police Department is supposed to have 31 sworn officers per local law. As of today, we currently have 34 sworn officers with one on temporary military leave. That one officer may or may not be gone most of 2016. As a result, a full year of wages is included on his behalf. The next anticipated retirement is not until 2017.

Therefore, for all of 2016, the budget includes sufficient revenue allocation for 34 officers, 1 community resource officer, and 1 police chief. The two clerical employees, as with all clerical employees, are not paid for by the department to which they are assigned. They are paid by the Clerical Pool in the Administrative Services Department.

Major items for 2015:

The Police Department is testing wearing some “outer” vests, which take the load off an officer’s belt and distribute it onto his shoulders. This gives better comfort and reduces strain on the back when compared to traditional bullet-proof vests. There is money in this budget for vests. The Police Department will be purchasing (2) of the smaller Ford SUVs for the K-9 officers. The current ones are 2007 models and due to the large amount of idle time they have had computer and electrical issues. We also want to buy one vehicle for the detectives. It will be kept for up to 8 years. With it only being operated one shift a day, and with fewer operators, the Police Department will be able to get more years out of these vehicles. Total number of vehicles will be reduced by (2) for 2016.

In 2016, the Police Department plans to have traffic citation printers and scanners in at least 3 patrol cars. They will improve accuracy and will cut down on the time involved in making the traffic stop. The citations can be sent electronically to the MDJ office. This will also save some office staff time. In 2016, an inventory control system will be added for evidence and materials. This will include bar coding so evidence is properly tracked and its location verified for court. The two projects will cost approximately \$11,200.



The new storage shed for the Police Shooting Range at the Borough Farm

Emergency Services Department



The Chambersburg Emergency Services Department is an all-hazard incident management department, which delivers fire prevention / suppression and emergency medical service to protect the lives and property of the citizens that live, work or visit the Borough of Chambersburg.

Department Head: Chief Howard “Butch” Leonhard, Jr.

| | 2014 Actual | 2015 Budget | 2016 Budget |
|----------------------------|---------------------|-----------------------|-----------------------|
| <u>ES Dept. Operations</u> | \$3,387,199 | \$3,644,275 | \$3,667,875 |
| <u>Earmarked Revenue</u> | | | |
| Fire Tax Transfer | \$ 480,000 | \$ 480,000 | \$ 470,000 |
| Local Services Tax | \$ 789,710 | \$ 725,000 | \$ 875,000 |
| Fire Code Inspections | \$ 48,020 | \$ 50,000 | \$ 50,000 |
| Ambulance Fees | \$1,166,040 | \$1,175,000 | \$1,248,000 |
| <i>Subtotal</i> | <i>\$2,483,770</i> | <i>\$2,430,000</i> | <i>\$2,643,000</i> |
| Excess (Deficit) | (\$903,429) Deficit | (\$1,214,275) Deficit | (\$1,024,875) Deficit |
| SAFER GRANT | \$ 622,143 | \$ - | \$ - |

| | 2014 Actual | 2015 Budget | 2016 Budget |
|----------------------------|-------------|-------------|-------------|
| <u>ES Dept. Operations</u> | | | |
| <u>Non Personnel Costs</u> | \$1,100,114 | \$1,102,875 | \$1,070,475 |
| <u>Personnel Costs</u> | \$2,287,085 | \$2,541,400 | \$2,597,400 |

There is a structural deficit in the Chambersburg Emergency Services Department. Other non-Emergency Services Department revenues are carrying the cost of the department.

While the revenue from the ambulance service and the Fire Code safety inspections is not enough to pay for the cost of operating the Emergency Services Department, this and the Fire Tax combined are counted as a very respectable effort to close the gap in costs. The balance of the Emergency Services Department operating expenses is likewise closed by undesignated revenue, above and beyond the Fire Tax. Every dollar of undesignated revenue used to close the gap between these revenues and the Emergency Services Department is one less dollar that can be used for parks or recreation, highways or streets, or other functions such as economic development or new initiatives in community development.

In 2015, with a 2.5 mil Fire Tax, the average single family home paid \$41.84 in Fire Tax or 11¢ per day.

This budget has no increase in the Fire Tax; which would remain at 2.5 mil for 2016.

100% of the Fire Tax goes to support the apparatus of the Chambersburg Emergency Services Department and not for any other department or function or employee or use.

| Average Single Family House Inside The Borough | 2015 | | 2016 | |
|--|----------|--------|----------|--------|
| Police Tax (to the General Fund) | \$353.29 | \$0.97 | \$386.94 | \$1.06 |
| Fire Tax (to the Motor Equipment Fund) | \$41.84 | \$0.11 | \$41.84 | \$0.11 |
| <i>Total (per year)</i> | \$395.13 | \$1.08 | \$428.78 | \$1.17 |

The Fire Tax is deposited into the Motor Equipment Fund. Upon receipt, a rebate is created and sent back to the General Fund to reimburse the Emergency Services Department for their equipment rental fees paid. In this manner, the Emergency Services Department is still paying its fair payments for their equipment, but that payment is balanced by the Fire Tax in the form of a rebate.

Work With Townships to Provide Commercial Fire Code Inspection Services

The surrounding townships all utilize volunteer fire companies. Some of them are quite professional in behavior although unpaid. A few companies have paid drivers or paid ambulance personnel. That being said, they are struggling for volunteers or revenues to support their volunteer operations. There is no single unified strategy for regional fire services. We cannot even agree on a regional model for dispatch.

In 2016, we should explore my proposal that Hamilton, Guilford, and Greene Townships adopt the International Fire Code and contract with the Borough ES Department as a third party Code Agency for Commercial Fire Code Inspection Services. This would be just like when the townships adopted the Uniform Construction Code in 2004 and contracted with Commonwealth Code Inspection Services (CCIS) to provide third party Code Agency services for those codes. In 2015, PMCA replaced CCIS.

Yet still, to date, no agencies in any of the townships are providing commercial fire code inspection. The Volunteer Fire Companies generally are unequipped to do inspections. Although PMCA can do these inspections, we have discussed letting our fire department, where every firefighter is a certified code inspector, do these inspections on a systematic basis. I believe that PMCA would support this plan.

It is our hope and desire that the townships will contract with the Borough to expand our successful fire code inspection program to township businesses at no cost to their taxpayers. As with inside the Borough, the townships businesses would pay for the program. The businesses and the community would be safer.

We cannot believe that the townships would not support the adoption of systematic Fire Code inspection with the goal of preventing fires, saving lives, and property. In addition, part of the inspection fee would be shared with the local volunteer fire company responsible for protecting each business. That provides a further incentive to establish this program.

It would take 6 to 8 months to negotiate a program – only the townships can adopt the program and set the fees. The portion of revenue collected, which would be shared with the townships, can be decided during discussions. This important new ES Department program will begin with a meeting with stakeholders and exploring how this program may function.

We think this is the easiest way to start working together. Finally, it creates additional revenue to support volunteer fire companies and it does not require the townships to adopt a Fire Tax of their own; where no such tax exists.

The Second Ambulance is Very Busy and It Could Become Busier

The second ambulance, stationed at the McKinley Street Firehouse, provides service to the south end of the Borough on average 10 days a month since January 2014. When in service, it increases firefighting staff for Engine 1-4. Also, through scheduling on-duty relief personnel to drive this ambulance, the ES Department has created a consistent monthly overtime costs; measured 2014 to 2015. At this point, one Medicare basic life saving (BLS) emergency transport covers all the daily overtime.

In 2016, the Borough will continue to explore ways to overcome new Medicare insurance rules, which are significantly cutting down revenues for calls to nursing homes. We want the nursing homes to appreciate this problem and work with us to develop a fair compensation system; perhaps one that won't be recognized by Medicare, but might be a levy a fair fee system to the patients in these facilities.

There are now seven nursing homes in and around the Borough, which tend to be "super users." Our BLS unit responds regardless of dispatch or complaint type. In October 2015, new ICD-10 codes were implemented. Now, calls must meet standards of medical necessity in 1 of the 4 secondary code categories: patient is bed-confined before and after ambulance trip, patient has a need for continuous supervision, patient has a need for physical restraint, or patient has dependence on enabling machines or devices. The patient's Medicare is billed only if transport is justified by one of these medical necessities. That being said, the Borough must respond and often transport even if Medicare will no longer pay the invoice. Most nursing home patients do not utilize health insurance as secondary payer and the Borough's Finance Department is increasingly writing off balances as bad debt.

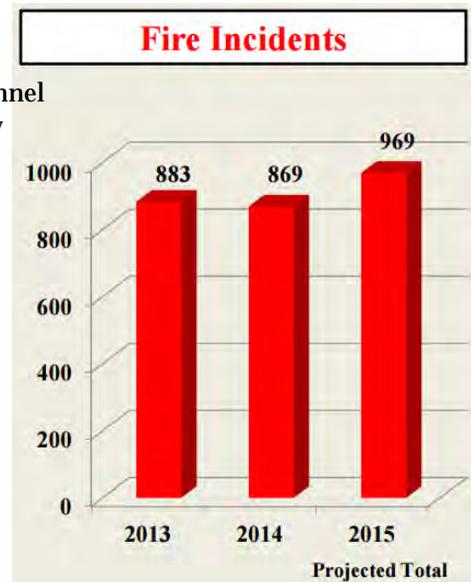
Finally, we continue to work with our partner, West Shore EMS, which changed their name this year to Holy Spirit EMS. Holy Spirit has found it tough to continue to provide advanced life support (ALS) ambulance service in and around the Borough of Chambersburg. The fees paid for ALS service can be worse when the ALS provider and the transport ambulance are not one in the same. We do not want to see Holy Spirit EMS pull out of Franklin County but, their main base of operations is in Camp Hill, Cumberland County, and if it does not make continued financial sense to be in Chambersburg, they might withdraw. If that happens, the Borough will need to have a plan to insure that our citizens continue to receive timely and professional ALS service.

2016 Goals

- Recruit and retain qualified volunteer personnel
- Strive for team concept with both career and volunteer personnel
- Conduct assessment of operations to improve service delivery
- Update Department Strategic Plan
- Preplan high hazard occupancies
- Increase hands-on operational training

2016 Projects

- Install diesel exhaust system at HQ and McKinley Stations
- Install emergency generators at HQ and McKinley Stations



In 2016, there is no anticipated change to the number of fire personnel.

Personnel

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 Budget | 2016 Budget |
|-----------------|------|------|------|------|------|------|------|------|------|------|----------------|----------------|
| Chief | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 |
| Clerical | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| Officers | 18 | 21 | 21 | 22 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |

Do we need a more global solution to fire protection?

We have plenty of questions but not a lot of good answers. Further, it is not possible to ignore this problem any longer. The Chambersburg ES 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. Meanwhile, we have heard that our neighbors in the Townships are struggling to find qualified and committed volunteer firefighters, response times are slowing, and the future of an all-volunteer force in the Townships is questionable. Can we work together to find a more global solution to regional firefighting?

It is my proposal that the various parties involved in this issue including the Franklin County Fire Chiefs Association, the County Department of Emergency Services, the County Commissioners, Volunteer Fire Companies, the Township Supervisors, Town Council, our Fire Chief and the fire union, all gather and see what global solutions can be proposed to address public safety in Franklin County.

We cannot continue to ignore this issue and our neighbors in the townships have a bigger problem than they may recognize. Only together can we work towards a solution.



This year, Chief Howard "Butch" Leonhard and Assistant Chief Dustin Ulrich both received their Bachelor's Degree in Fire Administration along with the award of Chief Fire Officer.

The Chambersburg Fire Department is in a class of its own since it is one of only three departments in the State to have two or more officers with the Chief Fire Officer designation.

Recreation Department



The Chambersburg Recreation Department provides quality recreation experiences for our community through well organized and diverse programs, as well as, a properly maintained park system.

Department Head: Guy Shaul

| | 2014 Actual | 2015 Budget | 2016 Budget |
|------------------------------|---------------------|-----------------------|-----------------------|
| <u>Recreation Operations</u> | \$1,348,143 | \$1,518,175 | \$1,559,575 |
| <u>Earmarked Revenue</u> | | | |
| Recreation Tax | \$ - | \$ - | \$ - |
| Recreation Fees | \$ 355,230 | \$ 393,600 | \$ 421,250 |
| CASD Grant | \$ 122,245 | \$ - | \$ - |
| <i>Subtotal</i> | <i>\$ 477,475</i> | <i>\$ 393,600</i> | <i>\$ 421,250</i> |
| Excess (Deficit) | (\$870,668) Deficit | (\$1,124,575) Deficit | (\$1,138,325) Deficit |

There is a structural deficit in the Chambersburg Recreation Department. Other non-Recreation revenues are carrying the cost of the department. Further, the deficit is growing every year.

The Recreation Department has done an excellent job of creating programs and growing their revenues every single year. That being said, there is no dedicated source reoccurring tax revenues to be used for recreation in Chambersburg; other than undesignated revenues and recreation receipts.

Recreation programs rarely break even. Communities must commit to funding recreation for non-fiscal reasons such as economic development or community health and safety.

Staff

Julie Redding, Assistant Superintendent

Jody Mayer, Office Manager

Samantha Stratton, Program/Office Assistant

Full Time Maintenance Personnel

Cortney Peyton

Jeff Umberger

Chris Stewart

Part Time & Seasonal Personnel

15 part time maintenance workers

12 part time security guards

100+ part time pool personnel

18 part time special event monitors

The Recreation Department took a big hit in 2011 when Town Council eliminated one full time maintenance supervisor position. This is still causing issues for maintenance. To combat this effect, we added a number of seasonal employees to the Recreation Department. The seasonal employees are part time and they add additional administrative and oversight issues. It remains a challenge for the department to maintain the park system with a maintenance staff of three. Part time and seasonal

employees come with more challenges including new workers, limited commitment, and constant training. An attempt is made to try to offset the maintenance work load with the use of outside contractors.

The programming at the Eugene C. Clark, Jr. Community Center has really expanded. In 2015, there was a personnel change to accommodate the additional workload. Specifically, Town Council approved the expansion of the current part time clerical worker into also becoming a part time assistant programs director as well. That position will be two positions in one person and therefore one full time employee. This was not a new employee, but rather an expansion of responsibilities of an existing part time program assistant's job. We added a part time clerical component to her job as well. I very much supported this decision and it became effective with the adoption of the 2015 budget. The employee is paid 1/2 as a part time clerical worker and 1/2 as a part time program assistant to afford her as a full time employee.

Samantha Stratton is our full time Recreation Program and Office Assistant. She assists with implementing all recreation programs, organization of league-related registration information, development of new program and other clerical duties as assigned including managing the recreation management software that runs the department. She works under the general supervision of the Recreation Superintendent. Examples of her work include assisting with the instruction of preschool, youth and adult programs, clinics and compiling individual and team registrations, checking for accuracy of registration documents in the recreation management software, coordinating, creating and distributing flyers/posters/brochures for upcoming programs and events; working to set up program spaces for classes. She also assists with office duties such as working the front desk window, scheduling facilities, answering telephones, filing, registering participants in programs, handling money, etc. Like everyone else in the department she works nontraditional schedule; including some evenings and weekends.

Facility income has seen a healthy increase in 2015:



The chart is a dark blue rounded rectangle with a light blue border. At the top, the title 'Facility Income' is written in a large, green, serif font. Below the title, in a smaller, light blue, sans-serif font, is the subtitle '(Approx. totals for January-August)'. The chart is divided into two columns by a thin red horizontal line. The left column is headed '2015' and the right column is headed '2014'. Each column contains a list of items with their corresponding dollar amounts. The items are: Pool, Pool Concessions, Pavilions, Room/Gym rentals, and Field/Lights. At the bottom of each column, the word 'Total' is followed by the sum of the items. Below the table, there are three lines of red text providing a summary of the changes.

| | 2015 | 2014 |
|--------------------|------------------|-------------------------------|
| • Pool | \$104,500 | • Pool \$98,000 |
| • Pool Concessions | \$37,000 | • Pool Concessions \$29,000 |
| • Pavilions | \$4,000 | • Pavilions \$3,000 |
| • Room/Gym rentals | \$12,500 | • Room/Gym rentals \$19,500 |
| • Field/Lights | \$1,500 | • Field/Lights \$1,500 |
| Total | \$159,500 | Total \$151,000 |

Facility Income up 6% from 2014
(mainly due to higher Pool income)
Overall Dept. Income is up 3% as a whole
compared to 2014

| Program Operating Income/Expenses | | | |
|--------------------------------------|-----------------|--------------------------------|-----------|
| 2015 | | 2014 | |
| Income/Expenses through August | | Income/Expenses through August | |
| • Income | \$112,000 ↑ 3% | • Income | \$110,000 |
| • Expenses | \$109,000 ↑ 11% | • Expenses | \$97,000 |
| Projected Income/Expenses for 2015 | | Income/Expenses for 2014 | |
| • Income | \$173,000 ↑ 1% | • Income | \$171,000 |
| • Expenses | \$132,000 ↓ 10% | • Expenses | \$119,000 |

In 2016, the Recreation Department is not proposing any new employees or new facilities.

Nicholson Square Park Improvements Project

In 2015, the Borough applied to both the PA Department of Conservation and Natural Resources and the PA Department of Environmental Protection for funds to undertake the Nicholson Square Park Improvements Project in 2016.

The project will include: a new youth playground for ages 5 through 12, a new Tot Lot play area for ages 2 through 5, a 2,050 linear foot bituminous walking trail, benches, landscaping, and the installation of an ADA parking space. The total cost is estimated at \$466,242.

The Borough does not have sufficient funds to provide for this project. The Nicholson Square Homeowners Association has generously pledged a cash match of \$50,000 towards this project. There are some remaining funds available in the Borough’s General Capital Reserve to assist with funding. If the two grants are not received in 2016, the Borough may postpone the project to 2017, phase its installation, or cancel the project.

Mike Waters Memorial Park Building Upgrade

In 2016, the Recreation Department will create a new Women’s restroom entrance on the outside of the park building, create an exterior hallway back to Men’s restroom and possibly re-locate the water fountain. In addition, faux stone or brick face will be installed to make the building more attractive, and security cameras and lights will be relocated. Finally, a large tree near the building will be removed and the nearby pathway relocated. The estimated cost of these improvements is \$39,000.

Memorial Park Pool

In 2015, Town Council authorized the Recreation Department to hire an aquatic engineering and design firm with sufficient knowledge and experience to assist our staff with evaluation of our existing municipal pool complex. The consultant team of MKSD Architects and Counsilman-Hunsaker Aquatics will identify issues of technical, health, safety, and mechanical in nature, propose conceptual solutions including a variety of choices and alternatives and work with Town Council in preparing for a public debate on the cost-benefit of the various alternatives, which would extend the useful life of this important community asset for generations.

It is anticipated the report will be presented to Town Council in January 2016.

In addition to suffering from the seasonal impact of weather on the pool operation, the Memorial Park Pool has recently found it difficult to collect enough revenue to balance the cost of operation on an annual basis. In addition, no capital reserve has been established to rebuild or reconstruct the facility.

The consultants will break their analysis into two parts: the first will review the current condition of the facility and categorize what repairs, changes, or improvements are need to extend the useful life for a minimum of 25 years. The second will develop a concept for a modern aquatic or water based municipal recreation facility of a size and scope compatible with the fiscal constraints, demographic projections, and possible user base found in Chambersburg.

Once Town Council receives the report, they will be faced with several difficult choices. No matter what changes they make, no funds have been set aside for capital improvements beyond regular maintenance.

Healthy Community

In 2016, we want to use the North Square Farmers Market and their connection to the organic Fulton Farm at Wilson College as a base to expand healthy food choices education among the Borough's youth. It is our hope to underwrite the development of an outreach program to community youth and school kids to encourage their commitment to a healthy lifestyle.



Citizen Conservation Corps Program

Beginning in 2014, as a part of the Pennsylvania Workforce Development Project, the Chambersburg Recreation Department has organized a Citizen Conservation Corps to work in Borough Recreation Department facilities. The Corps members were students, who worked in crews under the guidance of skilled, adult crew leaders. They gained hands-on training in carpentry, masonry, landscaping and other trades, while being offered a variety of off-site educational opportunities, such as GED preparation, vocational-technical classes, college courses and job shadowing by another organization.

Projects might include tree planting, building and fixing recreation pavilions, or planting and maintaining flowerbeds. The first year of the program was a big success. We will try again in 2016.

Social Media

In 2015, the Borough authorized a test www.twitter.com id for the Recreation Department: @ChambersburgRec in addition to the unique website already in operation.



Department Needs

- Qualified instructors to teach our programs
- Continue to grow our advertising & marketing efforts, possibly through Social Media
- More space for programs (fields & gyms)
- More parking at Recreation Center

Department Goals

- Continue to offer quality child, youth and adult programs
- Continue to offer non-sports programs
- Collaborate with community organizations to expand our programming and find new instructors for our programs

Operational Changes

- Maintenance issues and demands on personnel
- Park Guards program success and expanding
- Expansion of security cameras
- Participate in the upgrade of Borough financial management software

Land Use and Community Development Department



The Chambersburg Land Use and Community Development Department includes the planning, zoning, community and economic development functions in the Borough as well as enforcement of the building, health, and property maintenance codes. The Land Use & Community Development Department helps to plan and design the Borough's form and character, support community values, preserve the environment, promote the wise use of resources and protect public health and safety through code enforcement.

Department Head: Phil Wolgemuth, Assistant to the Borough Manager

| | 2014 Actual | 2015 Budget | 2016 Budget |
|-------------------|-------------|-------------|-------------|
| <u>Operations</u> | \$435,257 | \$451,700 | \$519,925 |

The Chambersburg Land Use and Community Development Department includes the planning, zoning, community and economic development functions in the Borough as well as enforcement of the building, health, and property maintenance codes.

Providing staff support for the Health Board, the Planning and Zoning Commission, the Curb and Sidewalk Compliance Committee, the Zoning Hearing Board, and many other commissions and committees, the staff of the Land Use & Community Development Department is very busy.

A department of multifaceted disciplines, Land Use and Community Development focuses on code issues, land use issues, grant programs, strategic planning, and economic development.

The Land Use & Community Development Department helps to plan and design the Borough's form and character, support community values, preserve the environment, promote the wise use of resources and protect public health and safety through code enforcement.

The department provides high quality service to Borough citizens and customers according to the following principles:

- Listen, to understand your needs;
- Give clear, accurate and prompt answers to your questions;
- Help resolve problems in an open, objective manner;
- Explain how you can achieve your goals under the Borough's rules or the uniform code;
- Maintain high ethical standards;
- Work to improve our service in the most cost effective manner possible.

Community planning involves: citizens, neighborhood groups, businesses, stakeholder, land developers, and contractors along with Borough staff, and appointed and elected officials. The Town Council are elected officials. The Town Council appoints citizens to serve on the Board of Health, Building Code Board of Appeals, Curb & Sidewalk Compliance Committee, Elm Street Advisory Council, Housing Commission, Parking, Traffic & Street Light Committee, Planning & Zoning Commission, and the Zoning Hearing Board. These groups help process various parts of the planning and community development process. The Land Use and Community Development Department staff works with everyone to insure that the process is well executed. The Assistant Borough Solicitor is appointed to work with this department as well.

There are three (3) main areas of concentration in this department: Codes, Planning & Zoning, and Economic and Community Development.

Codes

The Codes Office is responsible for enforcing the Property Maintenance Code, Rental Property Code and Brush, Grass and Weeds Code as well as the PA Retail Food Facility Safety Act and Uniform Construction Code, which are enforced by Pennsylvania Municipal Code Alliance (PMCA), the Borough's state-certified third party code enforcement agency. PMCA personnel also enforce the Rental Property Code with administrative support from the Codes Office.

In 2015, the Borough and most of the townships shifted their third party Code Agency services from Commonwealth Code Inspection Services (CCIS) to the Pennsylvania Municipal Code Alliance (PMCA) through a Request for Proposals (RFP) process and deliberation of who was the best contractor.

The Codes Office's goals and challenges for 2016 include:

- Based on new contract with PMCA, and improved scheduling for inspector, recommend continuing PMCA Rental Property Code inspection rather than hiring an inspector. In 2016 recommend wages and benefits for Kathy Newcomer, Community Development Specialist/Property Maintenance Code Officer to be paid from Property Maintenance Code budget (General Fund) rather than federal grants. As such, additional staff time to be made available for complaint-based Property Maintenance Code inspections.
- In 2016 recommend increasing annual residential rental unit inspection fee from \$25 per unit to \$30 per unit and changing it to an annual license fee.
- Finalize Rental Property Code amendments to be presented to Town Council and residential rental unit owners, along with annual fee increase, between November 2015 and February 2016.
- Conduct necessary code enforcement when Finance Department terminates water service for dwelling units.
- Continue aggressive and innovative code enforcement strategies in conjunction with Town Council, the Borough Manager and Solicitors.

Tall Grass and Brush Enforcement

In 2016, the Borough will continue this very successful inspection protocol using a part time enforcement officer.

Residential Rental Inspection Enforcement and the Effect on the Codes Budget

- The Codes Office is responsible for enforcing the Property Maintenance Code and the Rental Property Code. PMCA personnel also enforce the Rental Property Code with administrative support from the Codes Office. However, when we have a significant challenge with a local landlord, it is the Codes Office that must set about to use the complex and time consuming legal system to bring the landlord into compliance.
- Town Council has repeatedly stated that landlords who are bad community citizens (in the form of specific, chronic, and repeated Code violations) need to be prosecuted.
- This budget contemplates additional administrative costs associated with that level of enforcement.

Rental Property Code

| Year | Systematic Inspections | Follow-up Inspections | Total Rental Unit Inspections |
|---------|------------------------|-----------------------|-------------------------------|
| 2013 | 1,060 | 524 | 1,584 |
| 2014 | 938 | 507 | 1,445 |
| 7/31/15 | 672 | 310 | 982 |

Property Maintenance Code

| Year | Rental Unit Violation Notices | Non-Rental Unit Violation Notices | Total Violation Notices |
|---------|-------------------------------|-----------------------------------|-------------------------|
| 2013 | 128 | 88 | 216 |
| 2014 | 149 | 141 | 290 |
| 7/31/15 | 83 | 68 | 151 |

In 2016, the Borough will convene a landlords information session where we will explain the potential changes to the Residential Rental Inspection Code and will solicit feedback. Likely, these changes will include minor Code amendments and potentially a change in fees for 2017. In 2016, it is recommended that we increase the annual residential rental unit inspection fee from \$25 per unit to \$30 per unit and changing it to an annual license fee. These changes are not in this budget.

Brush, Grass & Weeds Code

| Year | Violation Notices |
|---------|-------------------|
| 2013 | 284 |
| 2014 | 922 |
| 7/31/15 | 429 |

Planning and Zoning

The Planning and Zoning Office coordinates review and approval of subdivision and land development plans to include fee collection, review and analysis, meeting facilitation, street addressing, document recordation, and public works security administration. The office also processes Land Use Permit Applications (LUPA) and Zoning Hearing Board (ZHB) appeals. Further, they provide technical assistance regarding the Comprehensive Plan and other planning-related issues.

The Planning and Zoning Office's goals and challenges for 2016 include:

- Administer PennDOT grants for transportation projects, such as the North Chambersburg Transportation Improvements Project and the Traffic Signal Improvement Project.
- Submit to PennDOT plans for Garfield Street/Derbyshire Street traffic pattern change, Loudon Street traffic pattern change and illuminated signs for Interstate 81 detours.
- Finalize consultant agreement with Johnson, Mirmiran and Thompson to conduct Bicycle and Pedestrian Plan. In 2015 a stakeholder's committee recommended to Town Council to hire Johnson, Mirmiran & Thompson to complete the Pedestrian and Bicycle Improvements Plan for a lump sum amount of \$35,000. Even though the stakeholder's committee is conducting a campaign to raise \$35,000 for consultant services, the Borough will include in the 2016 budget \$17,500 to provide financial support to accomplish this project; if necessary.
- Seek Sustainable Pennsylvania Community Certification.
- Draft amendments to the Subdivision and Land Development Code, Zoning Code and other codes as referred by Town Council.
- Prepare Request for Proposal to provide Planning Consultant Services to conduct in 2017 update to the Comprehensive Plan that was adopted in 2008.

Community and Economic Development

The Community and Economic Development Office is the administrator of Community Development Block Grants (CDBG), HOME Investment Partnership Program grants, Elm Street Program grants and the Borough's Housing Rehabilitation Program. The office also provides outreach and technical assistance for a variety of downtown and borough-wide economic development projects.

The Community and Economic Development Office's goals and challenges for 2016 include:

- Work with BOPIC, Downtown Chambersburg, Inc. and PA Downtown Center to seek re-designation for Elm Street and Main Street programs.
- Prepare Request for Proposal to provide Planning Consultant Services to prepare Elm Street Neighborhood Plan update for re-designation.
- Provide to BOPIC \$16,000 (\$300/week) for administrative support for the Elm Street Program as well as provide \$10,000 to match the Elm Street planning grant.
- Administer CDBG funding allocated to the South Street Improvements Project, the Elder Street Improvements Project and project to install ADA curb ramps in the Second Ward;
- Conduct income survey at Nicholson Square Village to determine whether CDBG can be used to develop the public park area;
- Close-out all CDBG and HOME contracts with DCED;

- To support the Housing Rehabilitation Program prepare application for CDBG or HOME as administered by HUD or DCED.

Downtown Retail Plan

In 2016, at the request of Town Council, the Borough will explore the creation of a separate retail plan for Chambersburg downtown. We cannot abandon our vision of downtown as a vibrant sense of place for shopping, dining, entertainment and gathering. Downtowns are still considered the heart of many communities, and proactive residential support and programs that assist and retain independent retailers are just a few of the components that keep that heart strong. The 2016 budget contemplates hiring a consultant to conduct an assessment of our downtown area and provide recommendations that will support a new comprehensive retail recruitment plan.

Together with area stakeholders such as the Franklin County Area Development Corporation, we hope to identify and target large blocks of real estate that can be bundled and encouraged for redevelopment.

Some work has already been done by DCI to start this process. We envision not only a retail recruitment plan but also downtown merchant retention plan and workshops to encourage entrepreneurs as well as national chains that are compatible with the demographics and available locations in our downtown.

Downtown Development Assistance in Community and Economic Development

In October 2014, our partner, the Franklin County Area Development Corporation acquired the former Chambersburg Central Junior High School at 285 E. Queen St. The 104-year-old building, vacant more than four years, was purchased for \$250,000 and will serve as the basis of an estimated \$7 million project.

“The acquisition is the tip of the iceberg,” said L. Michael Ross, FCADC president. “We’re excited about the opportunity it affords. We have some conceptual plans that would split the building in two.”

Half would be for market-rate apartments and the other half for a community use that has not been defined yet, according to Ross. The first phase of the redevelopment is expected to commence in the spring. “It’s going to require a significant investment,” Ross said. “Once it’s done, and it will get done in phases, we hope it will become an anchor for downtown. If we show some level of success, it may drive others to invest downtown.”

FCADC plans to work with McKissick Associates, Harrisburg, on a mixed use redevelopment. The company, owned by Vern McKissick, has affection for historic structures and is sensitive to historic neighborhoods. Its experience in the adaptive reuse of older buildings, including a Hazleton school once listed among Pennsylvania’s 10 most endangered buildings, have earned the company many awards.

Downtown Chambersburg, Inc.

Total Expenses for 2015

\$54,000 = Maintenance

\$20,000 = Marketing the Downtown

\$ 8,000 = Downtown Master Plan

Highway Department



Perform a variety of activities from snow and ice removal to patching and overlaying streets and alleys, and cleaning and maintaining the municipal separate storm sewer system. Lending a hand to the Sanitation Department, Code Enforcement Department, or the Motor Equipment fund, Highway Department personnel are out fixing signs, cleaning storm drain inlets, or patching holes almost every day.

Department Head: David Finch, Assistant Borough Manager

| | 2014 Actual | 2015 Budget | 2016 Budget |
|-------------------|-------------|-------------|-------------|
| <u>Operations</u> | \$1,378,937 | \$1,218,530 | \$1,080,075 |

The Highway Department has successfully trimmed its budget by better accounting for activities associated with Sanitation, Central Garage, Parking, and Storm Sewer maintenance under those cost centers rather than under Highway, which is the only one of these functions in the General Fund.

Much of the work of the crew is billed to other departments including those mentioned, and the Water and Sewer Departments, which utilize the same crew for many activities.

The Highway Department assists the Code Enforcement Department with mowing lawns, picking up debris, and gaining access to abandoned property. They also are called on to move furniture, set up the Borough Christmas tree, clean bird excrement off of sidewalks, chase bees out of parking lots, and remove signs from telephone poles. Recently, the Highway Department assisted with managing a hazardous fuel spill in the downtown, playing a crucial role in mitigating the flow of gasoline into the Conococheague. While many of these jobs have nothing to do with highways, it is still our responsibility to do them. As noted last year, these are not interruptions to our daily routine but are the definition of it.

Major items for 2016:

- David Finch (Assistant Borough Manager/Public Works Director) and Elwood Sord (Assistant Public Works Director/Roadmaster) 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. Dennis Fleagle is now the Public Works Supervisor/Assistant Roadmaster
- 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.
- **In addition to this operating budget, in 2015, the Borough will transfer \$1,175,000 from the 2015 Liquid Fuels Fund to the General Capital Reserve to undertake all the proposed paving proposed in 2016.**
- Otherwise, this proposed budget includes the same number of employees; no additional employees.

General Government



General Government functions include a variety of activities from the organization and management of Town Council to various intergovernmental activities (Council of Governments, Franklin County Council of Governments, membership in the PA League of Municipalities and the Boroughs Association, etc.), includes the insurances and consulting expenses of general government, and civic activities such as the maintenance of the downtown, community events, and the Shade Tree Commission.

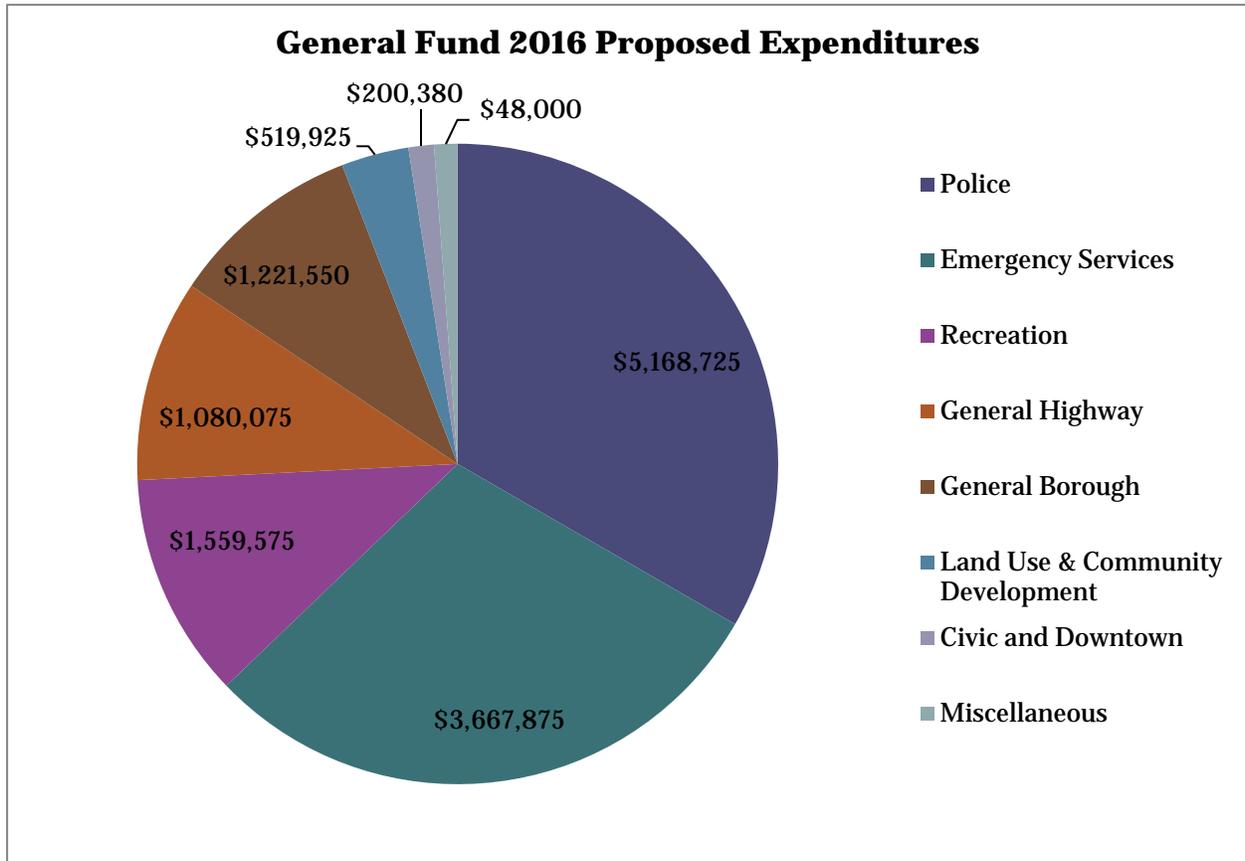
Department Head: Jeffrey Stonehill, Borough Manager/Director of Utilities

| | 2014 Actual | 2015 Budget | 2016 Budget |
|--|-------------|--------------|-------------|
| <u>Executive Operations</u> | \$1,065,492 | \$1,281,050 | \$1,221,550 |
| <u>Civic & Downtown Operations</u> | \$1,548,000 | \$ 1,533,740 | \$248,380 |

The main change in the Civic & Downtown Operations is that this cost center is no longer transferring money back to the General Capital Reserve for street paving operations. Instead, paving is being accomplished without impacting the finances of the General Fund at all.

Major items for 2016:

- Elected officials compensation remains fixed with no increase (per State law)
- Borough Solicitor compensation scheduled to rise to \$180 per hour.
- This budget includes a significant increase for the Shade Tree Commission from \$10,500 to \$30,100
- Support of the Ice Fest Ice Slide installation will continue at a cost not to exceed \$10,000
- The Borough will continue to contract with Downtown Chambersburg, Inc., to perform the downtown maintenance program at a rate of \$54,000 per year for 2016; with the condition that the Chambersburg Area Development Corporation annually donate a share of \$8,000 to this program either in cash or documented in-kind donation of support so that the program budget rises to \$62,000 per year
- The Borough will continue to financially support Downtown Chambersburg Inc to administer the downtown partnership marketing program at a rate of \$20,000 per year for 2015; with the condition that the Partnership annually raise an amount of cash contributions at least equal to that sum from various charities, merchants, stakeholders, partners, or economic development agencies
- The Borough will continue to participate and support the efforts of the Downtown Business Council to have successful events that bring visitors and commerce to the downtown, with a lump sum cash grant of \$5,000 for that purpose, of which \$1,200 to be used for Christmas lights and decorations; not including the dozens of hours of staff time as in-kind support
- The Borough will continue our program of regular maintenance of the Memorial Square and Glen Street fountains



| 2016 Budget | | |
|---|---------------|-------|
| Police | \$ 5,168,725 | 38.4% |
| Emergency Services | \$ 3,667,875 | 27.2% |
| Recreation | \$ 1,559,575 | 11.6% |
| General Highway | \$ 1,080,075 | 8.0% |
| General Borough | \$ 1,221,550 | 9.1% |
| Land Use & Community Development | \$ 519,925 | 3.9% |
| Civic and Downtown | \$ 200,380 | 1.5% |
| Miscellaneous | \$ 48,000 | 0.3% |
| Total Expenditures | \$ 13,466,105 | |
| Total Revenue | \$ 13,466,105 | |

11/16/2015



Electric Department Budget

As Proposed for 2016 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Electric Department Budget

As Proposed for 2016

The Chambersburg Electric Department serves approximately 11,300 electric customers in South Central Pennsylvania covering a service territory of about 6.5 square miles in the Borough of Chambersburg (BOC). Chambersburg's electric customers, unlike many modern regions in the country, are still composed of a diverse, healthy and traditional mix of residential, commercial, institutional, and industrial facilities. Its electrical load in both summer and winter are nearly the same. However, the predominant peak occurred recently during the extremely cold winter months at approximately 64 Megawatts. To put this in perspective that is approximately the equivalent of 64,000 - 1,000 Watt hair dryers all running at the same time; or, almost 6 of those hairdryers for every customer in the Borough. The Borough obviously then has to plan ahead to have more energy and power available to meet the higher forecasted peak demands, while also trying to keep costs to a minimum.

The availability of electricity to the Borough of Chambersburg began sometime after the Franklin Electric Company applied for a Charter to furnish electric current on August 29, 1874. It is uncertain how long this firm remained in business. The Cumberland Valley Railroad Company constructed a portable electric light plant located on a railcar in 1883. In 1884, this device lighted arc lamps around the Public Square for the Centennial and lighted the grounds for a baseball game which was played at night.

On November 29, 1889, the Borough placed a contract for installing an Electric Light Plant to light the streets of the Borough in the amount of \$9,757. This street lighting system was operated from dark until twelve o'clock midnight. It was not operated on moonlit nights. In 1891, the Borough went into the commercial phase of supplying "current" to consumers. The Borough installed its first steam driven generators in 1893. The high voltage distribution system naturally grew over the years as radial spokes emanated from the power plant located at the hub of the Borough. This system became the central driving force for commerce as local industries embraced electrically driven machines. Rates were \$0.12 per kilowatt hours in 1901, \$0.06 in 1935 and averaged \$0.0842 in 2008. About 8 million kilowatt hours were generated in 1935. In 2008, the total billed kilowatt hours were 303,299,213 of which approximately 15%, or approximately 38 million kilowatt hours, were generated by our generation facilities.

Dissatisfied persons within the Borough sought to restrain the Borough from producing electricity in its early years. Fortunately, the courts dismissed the suit. For the first fifty years of operation, all electricity distributed by the Department was produced within the Borough by its own generating equipment which was added as needed. During World War II, generators were unavailable to meet increased generation demands by the local industries producing for the war effort. Thus, a 69 kV transmission line was constructed from South Penn, later West Penn, Power Company lines to augment the Borough's generation. After the war-related restrictions were lifted, Chambersburg began to invest in needed generating equipment into the 1960s with the addition of steam turbines and later two dual-fueled diesel/gas engines.

The decision to cease the Borough's steam-driven generation operations was made in 1975 because of the age of the equipment and new environmental requirements for burning coal. Most of the electricity was then purchased at wholesale from West Penn Power. The transmission system and distribution substations were expanded over the next thirty years to meet an ever-increasing customer load.

During the past decades, the Department continued to add to and upgrade the substations and distribution system. During that time a new 3.2 megawatt dual-fuel generator was added to the two existing dual-fuel units, which increased the Borough's generating capacity to 7.5 megawatts. The Department also upgraded to state-of-the-art control systems and installed a Supervisory Control and Data Acquisition ("SCADA") system network. During this time, the Borough has been developing and installing a Borough-wide Geographical Information System (GIS) to combine utility maps, customer service records and numerous data files into a single geographical reference system. The Department has been instrumental in installing a fiber optic cable system among the various substations and various Borough facilities located throughout the Borough. This installation expanded in 2013 by entering into a fiber optic sharing agreement with Franklin County. Our fiber backbone will now be used to support the infrastructure of both government organizations, our computer networks and someday our telephone systems.

It has been another successful year for our Wartsila constructed power plant at Orchard Park, including our four eighteen-cylinder, 8,086 horsepower engines that generates 5.73 megawatts each. The \$19.9 million project, which included the construction of an adjoining substation and other system improvements, became operational in 2003. As a result of the new plant, the Borough had joined the Pennsylvania, New Jersey and Maryland (PJM) Interconnection, a regional power grid and is now able to purchase and sell electricity on the grid.

In 2012, the Borough embarked on a new phase of both wholesale power purchasing and generation. In 2009, Council agreed with staff's proposal to halt work and spending on the landfill gas project as it was being conceived of at the time. The project was originally intended to be a high-BTU refinery to be built and operated at the Scotland Landfill site by the Borough and/or a refined gas pipeline to the Borough for mixing and consumption at Orchard Park Generating Station. The conclusion of staff's analysis was to give up direct negotiations for development with the landfill owner (IESI, Blue Ridge), the costly development process, and to wait and see if a third party developer would contact the Borough with a more economically viable "extension cord" power project that they were willing to develop. This was the only remaining project concept that would be considered going forward. As was somewhat expected, in 2010, a third party, PPL Renewable Energy, contacted the Borough to solicit interest in a power-only project involving their development of the Scotland Landfill site. The Borough's role in the development of this project was the ambitious plan to build the "extension cord", which was completed on time.

In late 2012, early 2013, a PPL Renewable Energy 6.4-megawatt methane-to-electricity power generation system opened at the Blue Ridge Landfill. The landfill will provide 3.2 million cubic feet of methane gas from the 268-acre facility to power four Caterpillar engine generators. The generators will power the equivalent of approximately 3,500 homes. Methane-to-energy systems at landfills have a dual benefit for the environment - they generate electricity from renewable fuel while also eliminating emissions of methane, a gas which may contribute to global climate change. The plant prevents the equivalent of 33,000 tons of carbon dioxide emissions each year.

Chambersburg now acquires the full output of the electricity under a Purchased Power Agreement (PPA) for the initial 10-year term, 2013-2022, at a fixed price of \$63/MWh for the entire term with no additional delivery or congestion fees as the connection is made to a substation within Chambersburg's power system. In addition, there is the potential to invest in further future generation over an extended term.

The electric energy produced from this landmark facility represents an approximate 15%-18% savings from our previous requirements contract with DTE but only for a 10%-16% slice of the Borough's overall electricity needs.

As you recall, the Borough's long standing power supply agreement with DTE Energy expired on December 31, 2012 and the Electric Department has entered into new lower cost wholesale power supply agreements starting in 2013. The cost of wholesale energy generally remains favorable during this time for future power procurement. Electricity is a commodity, bought, sold, and traded hour to hour. As a result of the new market variability, in 2010 Pennsylvania adopted a change to the Borough Code to allow the 35 municipal electric systems to acquire energy in a different manner than years past. Specifically, energy can be negotiated and bought without the cumbersome and untenable sealed bid process used to buy most large items by the Borough. In light of these changes, Chambersburg with its consultant GDS Associates of Marietta, Georgia, has developed a Power Supply Master Plan, which Town Council adopted on May 14, 2012.

In light of those challenging planning objectives, the Borough Electric strategy team developed a power supply portfolio approach and comprehensive plan which was adopted by Council a few years ago now, which specifically spelled out a procurement strategy for fulfillment of the Borough's future contract power needs. Presently in planning year 2015, the Borough continues to enjoy over 20 power purchase agreements (PPA or PPA's) including the award winning PPL Renewable Energy/Talen Energy, soon to be named Energy Power Partners landfill gas to electricity plant. The sustainable/renewable power from the landfill gas to power plant, a supply block of about 6 MW, comes to Chambersburg on the Borough-owned "Extension Cord", helping Chambersburg attain an approximate 17% annual renewable energy mark in 2014, a level that only a handful of electric utilities, cities, or even States could match. The multiple sources of electric energy coming in, coupled with the sale of Chambersburg's own generation to PJM, significantly reduces the Borough's vulnerabilities and price swings like the 2007 to 2012 time period and those we saw with the one supplier.

The Council-adopted power purchase "team" approach limits our emotional buying through purchasing various size, term, and delivery paths of blocks up to just two times per year. In 2015 both spring and fall, it was recommended to look at purchasing longer term and larger blocks due to the highly favorable pricing outlook that we are seeing even out to 2023.

What follows is the complete Electric PPA Summary and proposed new portfolio products since the fall purchases of 2013:

Chambersburg Power Supply Portfolio 2013-2023

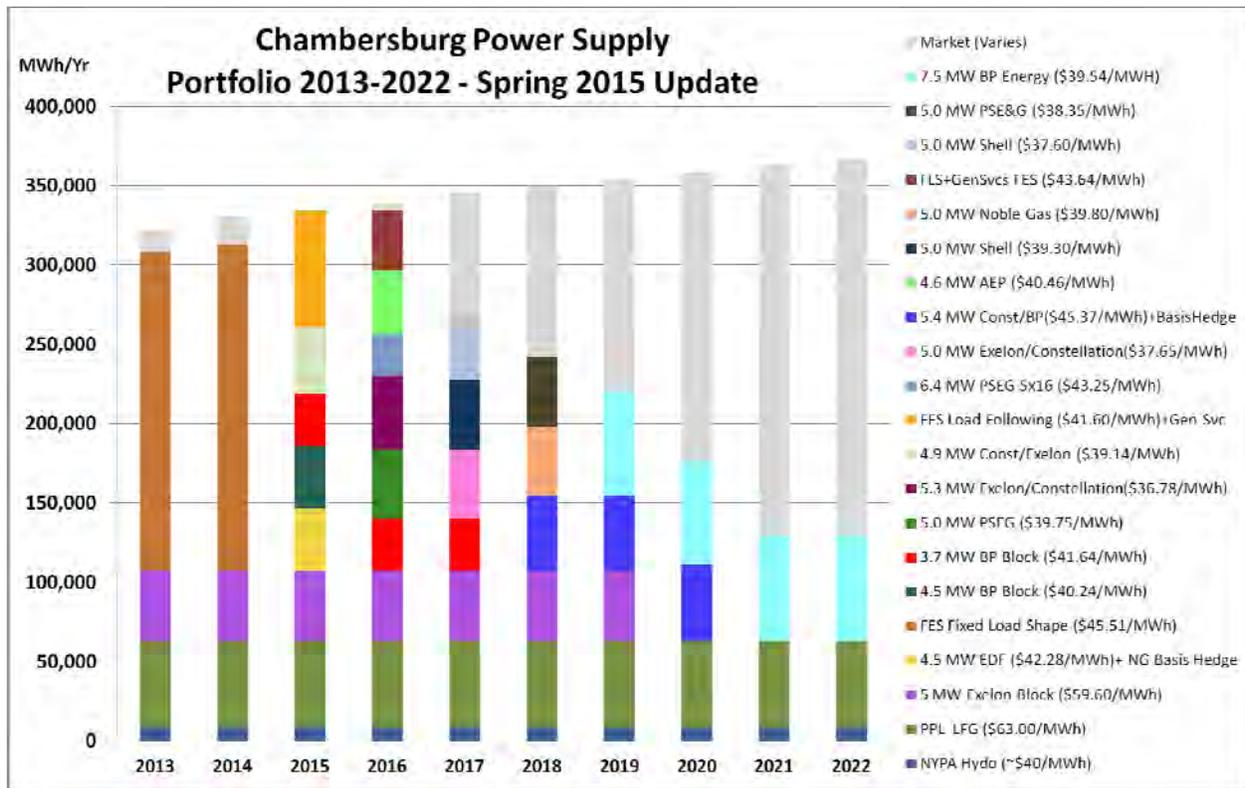
| Wholesale Power Supplier | Megawatts | \$/MWh | Term (Yrs) | Start | Ends |
|-------------------------------------|------------------|--------------------|-------------------|--------------|-------------|
| PPL/Talen/Energy Power Partners | 6.1 | 63 | 10 | 2013 | 2022 |
| Exelon | 5 | 59.6 | 7 | 2013 | 2019 |
| First Energy Solutions(FES) | Fixed Load Shape | 45.51 | 2 | 2013 | 2014 |
| EDF Trading | 4.5 | 42.28 | 1 | 2015 | 2015 |
| BP Energy | 4.5 | 40.24 | 1 | 2015 | 2015 |
| BP Energy | 3.7 | 41.64 | 3 | 2015 | 2017 |
| Exelon/Constellation | 4.9 | 39.14 | 1 | 2015 | 2015 |
| PSE&G | 5 | 39.75 | 1 | 2016 | 2016 |
| FES Energy + Gen Services | Load Following | 41.6 | 1 | 2015 | 2015 |
| PSE&G | 6.4MW 5x16 | 43.25 | 1 | 2016 | 2016 |
| Exelon/Constellation | 5.3 MW 7x24 | 36.78 | 1 | 2016 | 2016 |
| Exelon/Constellation | 5.0 MW 7x24 | 37.65 | 1 | 2017 | 2017 |
| Constellation Energy/BP Basis Hedge | 5.4 MW 7x24 | \$45.37 | 3 | 2018 | 2020 |
| Basis Hedge (EDF Trading) | 4.5 MW 7x24 | \$1.09cr | 1 | 2015 | 2015 |
| AEP Energy | 4.6 MW 7x24 | \$40.46 | 1 | 2016 | 2016 |
| Shell Energy | 5.0 MW 7x24 | \$39.30 | 1 | 2018 | 2018 |
| Noble Gas | 5.0 MW 7x24 | \$39.80 | 1 | 2018 | 2018 |
| FES Energy Solutions + Gen Services | Fixed Load Shape | \$43.64 | 1 | 2016 | 2016 |
| Shell Energy | 5.0 MW 7x24 | \$37.60 | 1 | 2017 | 2017 |
| PSE&G | 5.0 MW 7x24 | \$38.35 | 1 | 2018 | 2018 |
| BP Energy | 7.5 MW 7x24 | \$39.54 | 4 | 2019 | 2022 |
| Supplier TBD – Fall 2015 | 6.0 MW 5x16 | TBD or Load Follow | 1 | 2017 | 2017 |
| Supplier TBD – Fall 2015 | 1.5 MW 7x24 | TBD or Load Follow | 1 | 2018 | 2018 |
| Supplier TBD – Fall 2015 | 5.0 MW 7x24 | TBD | 2 | 2019 | 2020 |
| Supplier TBD – Fall 2015 | 10.0 MW 7x24 | TBD | 3 | 2021 | 2023 |
| Supplier TBD – Fall 2015 | Load Following | TBD | 2 | 2017 | 2018 |

As one can see, the proposed fall 2015 power purchases are intended to fill various supply needs from 2017 out to 2023. The mix of energy products under consideration for the fall purchases are again varied blocks, terms, and possibly even another load following PPA. The fixed price load following products reduce the Borough's cost exposure to spiking market prices in summer and winter peak times when the Borough's load purchases are also at their highest. The Landfill Gas Plant also conveniently reduces capacity and energy purchases from the outside suppliers year-round as well as at peak times. Further, Chambersburg's generation assets sold to PJM during these times can sometimes bring healthy sales revenues back to the Electric Department, lowering power supply costs and ultimately the rates that customers would pay. In November 2015, Staff will again request of Council permission for proper

Borough officials to execute PPA's at "not to exceed" prices for purchasing the optimum mix of short, medium, and long term blocks power or a load following product for the ever-growing electric portfolio.

The Chambersburg Electric Department partnering with many local entities is continuing to use its competitive rates, industrial, commercial, and residential expertise, to continue to attract, grow, educate and keep local industries strong, while helping create local higher-paying jobs and help boost the still-sluggish real estate markets.

A simple summary bar-chart of the portfolio of power products secured to date follows:



The Chambersburg Electric Department continues successful procurement of future power as it also looks forward to the other utility challenges of the future.

Electric Department



The Chambersburg Electric Department using character, competence, and collaboration will provide to our customers valuable energy products and services that are safe, reliable, and competitively priced. The Electric Department will produce economic and other benefits to the Borough, its citizens, its employees, and its customers while operating in a professional and courteous manner within a structure of local accountability and local control.

Department Head: Ronald Pezon, PE

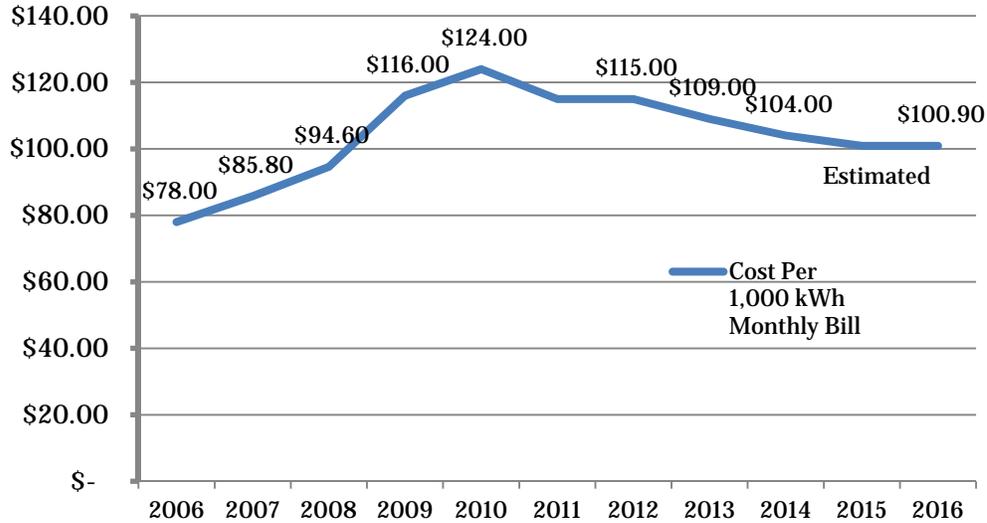
| | 2014 Actual | 2015 Budget | 2016 Budget |
|------------------|--------------------|--------------|--------------|
| Revenue | \$32,599,852 | \$30,400,000 | \$30,553,800 |
| Expenses | \$31,837,831 | \$30,400,000 | \$30,553,800 |
| Excess (Deficit) | \$ 762,021 Surplus | - Balanced - | - Balanced - |

Finances: Residential Rates

| <u>Year</u> | <u>Total Elec. Bill (1,000 kWh)</u> | <u>\$/month Effect</u> |
|--|-------------------------------------|-------------------------|
| 2012 | \$114.73 | \$0 (under '12) |
| =====Energy Portfolio Implemented===== | | |
| May 2013 | \$109.48 | -\$5.25 (4.6%) |
| Nov 2013 | \$104.23 | -\$10.50 (9.2%) |
| Nov 2014 | \$100.90 | -\$13.83 (12.1%) |
| Base Rates Changed (Ordinance 135-15) | | |
| 2015-2016 Expectation | \$100.90 | \$0.00 (0%) |

The 2016 Budget includes no electric rate increase. The holding of the rate for another year follows three straight rate decreases in 2013 and 2014.

**Residential Rates
1,000 kWh/Month**



Finances:

- Successfully maintain the Power Supply Adjustment (PSA) at zero (\$0/kWh) at least until September 2016
- Execute a one-time funds transfer from operating reserves to capital reserves in the fourth Quarter 2015.
- Propose in the 2016 budget cycle a transfer that will grow capital reserves just beyond that which is to be spent on infrastructure.

Operations:

- Further develop the workforce culture of safety to achieve yet another year of good performance
- Appropriately maintain operating, dispatch costs, and offer prices to increase generation sales and net revenue values from PJM.
- Operate and maintain Borough-owned generation, transmission, substation, and distribution facilities to the best of our ability in accordance with generally accepted and best utility practices.

General Utility:

- Electric Department to help Borough Manager and Department heads with technical/financial analysis until such time as a Professional can be added to staff.
- Update the succession plan to ensure qualified personnel in the generation mechanic, traffic signal/electrician lines in the short term and for all other positions in the next 5-10 year term.

Looking Forward to 2016

- Enjoy among the lowest, stable electric rates in the eastern United States
- Watch for movement in Legislation that would yield an unfavorable ruling against the Borough's existing or possible new generation sources
- Study, evaluate, and balance the installation of dependable standard power sources and renewable energy projects that have the potential to bring real economic values to the Borough and its customers
- Provide strategic energy and demand management education for the various applicable customer classes
- Improve the energy efficiency of Borough-Owned facilities through the Borough's Energy Committee
- Realize benefits of strategic old-meter testing/replacements and a small scalable automated metering infrastructure pilot demonstration
- Research and development using existing hand held meter reading devices and billing software
- Grow to become a world-class model of a thriving community for industry, commerce, institutions, residential living, and where its people and "community" matter most.

Major Accomplishments

With all of the challenges, Chambersburg Electric has logged some successes so far this year.

| 2015 Year to Date | |
|-------------------------------|-------|
| Meters set or changed | 114 |
| Services Replaced | 63 |
| New/Temp Services | 25 |
| Street Light Re-lamp | 309 |
| Non Pay After Hour Turn On | 298 |
| Transformers Install/Replaced | 45 |
| Poles Installed | 45 |
| UG Cable Installed (feet) | 13157 |
| OH Cable installed (feet) | 16724 |

- Completed all Legislative-Required Clean-Air Equipment installations, testing, and permit 5-year permit renewal activities for the Falling Spring Generating Station and awaiting 5-year permit renewal for the Orchard Park Generation Station.
- Maintained and upgraded as required the transmission, substation, and distribution facilities for efficiency and reliability
- Upgraded Substation communications interfaces to be more "hacker" resistant
- Successfully negotiated more power supply products to further complete the sustainable forward-looking portfolio energy procurement approach
- Operating under the third APPA RP3 Award 2014-2017, at the Platinum Level for honorable electric utility progress in Safety, Reliability, Workforce Development, and System Improvements

2016 Goals

- **Budget:** The proposed 2016 budget is balanced with additional cash reserves as desired to meet financial targets.
- **Financial:** Operating and Capital Reserve funds are sufficient to cover expenses and contribute towards future capital needs.
- **Rates:** There are no rate changes proposed for 2016.
- **Power:** Continue systematically purchasing blocks or load following power supply products for portfolio 2017-2023.
- **Investment:** Proposed Capital Budget of about \$1.8 Million for long term reliability.

2016 Rates

On September 8, 2014, Chambersburg Borough’s Town Council approved a recommendation of the Electric Department to lower rates and to update the Borough’s local rate tariffs in November 2014. This is the third rate reduction in a row for Chambersburg electricity customers since the successful implementation of the portfolio approach to purchasing power for its customers.

RATES: Borough-wide Customer Average Overall Rates 2013-16

| Changes From the Energy Portfolio Implementation of 2013 | | |
|---|---------------------------|---------------------------|
| Year | Overall Ave \$/kWh | Yr Under Yr Change |
| 2012 | 0.10500 | Base |
| 2013 | 0.10000 | - 4.8% |
| 2014 | 0.09370 | - 6.3% |
| 2015 | 0.09083 | -3.1% |
| 2016 | 0.09083 | 0.0% Proposed |

Recently, the Borough has had great success building a wholesale electricity portfolio. Further, the power plants have been bringing values back to the Borough; including the award winning Blue Ridge Landfill gas to energy plant, which is providing low cost clean renewable/sustainable energy for all of our customers and the major contributor to the 17% annual recycled or green energy in Chambersburg.

With the 2014 refreshed base electric rates, the Borough’s fluctuating Power Supply Adjustment (PSA) was reset to zero while simultaneously lowering overall rates by about 3.7% across the board. What follows is a brief history of the average residential electric rate for a typical customer using 1,000 “units” or 1,000 kWh/month.

RATES: Average Total Electric Bill (1,000 kWh/Month) For a Residential Customer by Year*

| PSA Change | Total Elec. Bill | \$/month Effect |
|-----------------------------------|------------------|----------------------|
| 2012 PSA | \$114.73 | \$0 (under '12) |
| 2013 May PSA | \$109.48 | -\$5.25 (-4.6%) |
| 2013 November PSA | \$104.23 | -\$10.50 (-9.2%) |
| 2014 November Base Rates** | \$100.90 | -\$13.83 (-12.1%) |
| November 2015 | \$100.90 | \$0.00 (0.0%) |

*Typical results for a residential customer using an average 1,000 kWh/month, your monthly use and results may be different
 ** Rate "maintenance" occurred which reset the fluctuating PSA back to zero, \$0/kWh

So how does this compare to the surrounding utility bills you might ask? From the Pennsylvania Municipal Electric Association (PMEA-Utility Engineers) electric rate research this year we learned that in September 2015 a typical West Penn Power (WPP) residential bill for those living around (some inside) Chambersburg for a customer using 1,000 kWh/Month is **(WPP) \$112.40/month** or \$0.1124/kWh while the same customer on the Chambersburg electric system would be **(BOC) \$100.90/month** or \$0.1009/kWh under the Borough's Domestic Rate 201.

The WPP rates were shown using Utility Engineer's acquired data to have gone from \$93.94/month on average in 2014 to \$112.40/month in 2015 or a 19.6% *increase*. Utilities outside of Chambersburg have been raising rates recently and being justified to the PA Public Utility Commission for transmission and distribution infrastructure improvements. Chambersburg, unlike many "for profit" entities has been attempting to maintain and upgrade its electric facilities all along.

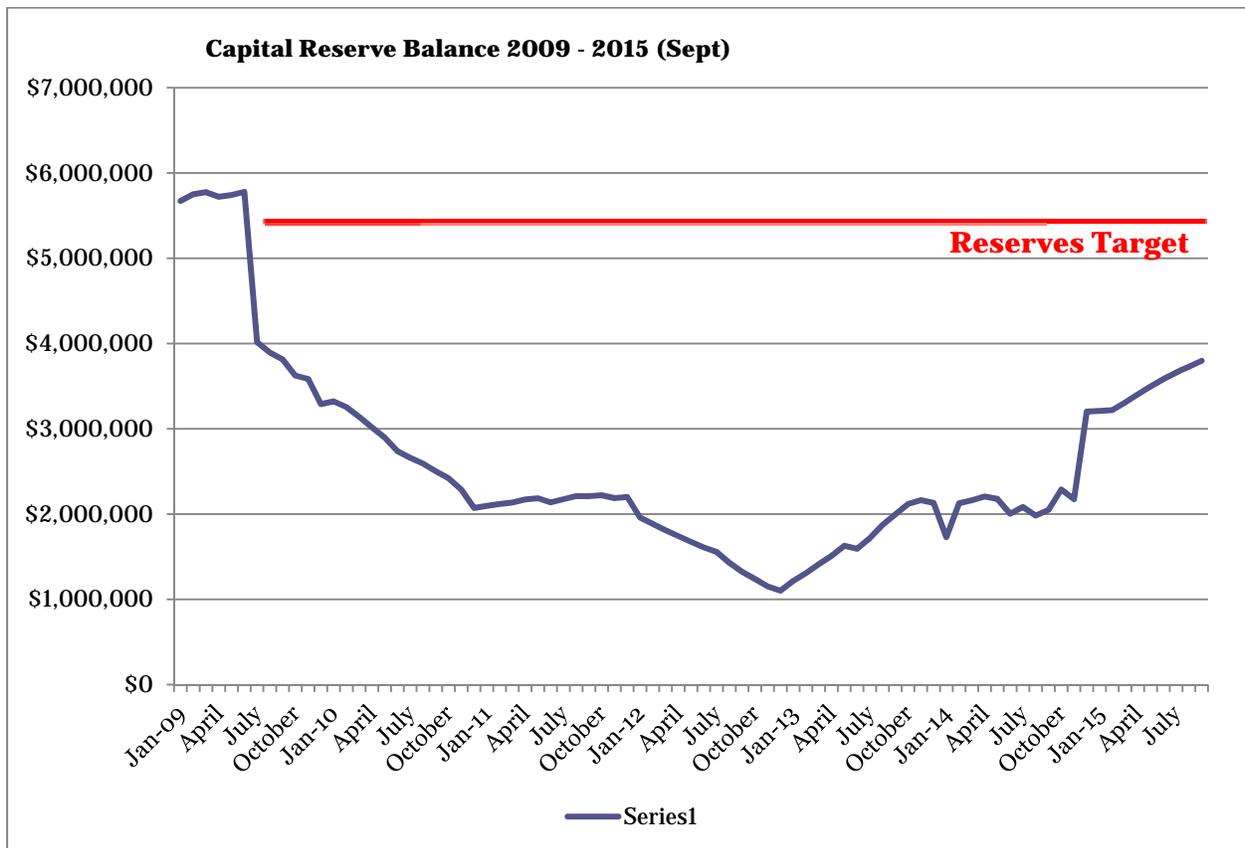
What does this all means to us? Chambersburg's average residential customer using 1,000 kWh/month now pays 10.2% *less* than a typical WPP residential customer. This is about a ten year milestone achievement for the electric department.

If we were to compare only the "shopping" components as of this writing, the lowest, fixed price, 12-month "Price to Compare" available outside the Borough as found on the internet today is about the same as in the Borough for the same transmission and generation services and is estimated at about 6.5 cents per kWh (\$0.065/kWh). Variable power shopping rates available outside the Borough, appear a small amount lower on the surface initially, but then those outside customers who choose to shop "variable" carry the full risk of short term pricing volatilities. Outside the Borough, many utility customers, who are customers of the investor-owned utilities, chose variable rate deals. Those deals resulted in very high bills in the recent couple extreme cold winters. Shopping for power is complex and deals are not often as good as they originally appear. The Borough shops on behalf of our customers for fixed and load following power supply portfolio products, and is directly responsible for maintaining long term stable electric rates; no matter the weather extremes. We shop for power on behalf of our customers.

#WeShop4U is a marketing "hash tag" developed to make this point.

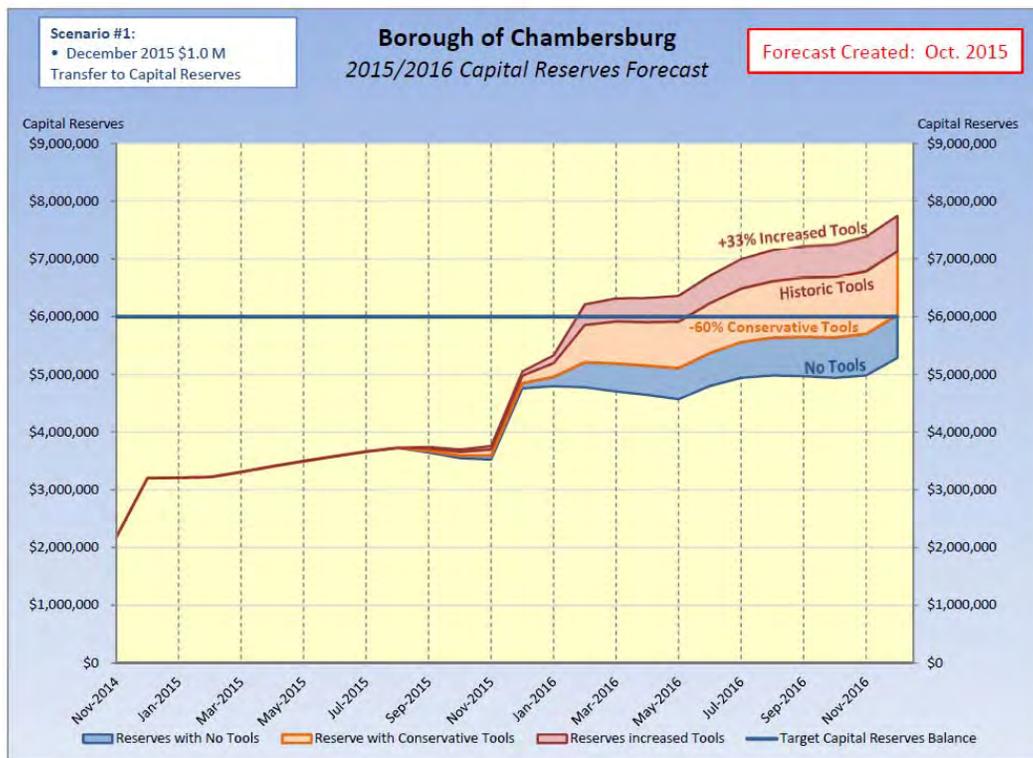
Financial items for 2016:

- Operating Cash Balances are getting healthier and will grow a little bit further until the September 2016 updated Power Supply Adjustment (PSA) recommendation to Council.
- Capital Reserves are presently growing slowly but need continued support in the form of a one-time transfer from operating cash yet this 4th quarter 2015 and also monthly support slightly in excess of capital expenditures through 2016.
- A one-time Operating Cash Reserve transfer into the Capital Reserve Fund (TBD) is recommended by year-end 2015 for Capital Reserves and additional emergency support in 2016.
- A recurring 2016 monthly Operating Cash transfer into the Capital Reserve Fund is recommended to rebuild beyond the needed annual capital investment, the Capital Reserves Fund to healthy levels as nearly it was in 2009.



Goal: To rebuild the capital reserve balance back towards the \$6 million mark using the Borough's generation assets or hedging "tools".

Many factors determine how well we can balance our operating and capital/emergency cash reserves; however, none is as significant as how well the generation assets perform in a planning year. The PSA shown on electric bills (presently \$0.00/kWh) is used to adjust overall rate collections to a reasonable comparison with those of the power supply costs. The following graph shows the wide range of possible capital reserve balances at the conclusion of the PSA adjustment period, which typically ends each August, for the Councils' Annual Electric Department Presentation. "No tools" is the least generation revenue extreme contributing to the PSA and "33% Increased Tools" is a reasonable high-end anticipated generation PJM revenue recovery. If present positive trends continue, it is likely that there could be rate reduction discussions again sometime in 2016.



Goal: to conduct normal business operations while stabilizing power supply costs, rate fluctuations, and cost collections through base rates and the PSA.

Proposed Capital and Operations Highlights:

The 2016 Budget also includes \$1,917,500 in Capital Project spending:

- Re-conductor old overhead distribution lines to reduce the number of nuisance momentary and extended interruptions.
- Extend a new underground feeder along Orchard Drive to the Park Substation for eventually upgrading the distribution facilities, voltage, and to pick up the load with more reliable facilities in the south east part of Chambersburg.
- Perform major periodic maintenance and one engine control upgrade (#11) at Orchard Park Generating Station.
- Repair brickwork/mortar on the old smoke stacks and building maintenance at the Falling Spring Operations Center.



Reliable Public Power Provider Program from the APPA (RP3)

Goal: To earn year after year the RP3 designation and overall continuous improvement for the mutual benefit of Chambersburg and its residents.



The RP3 program recognizes utilities that demonstrate high proficiency in reliability, safety, work force development and system improvement. Criteria within each of the four RP3 areas are based upon sound business practices and recognized industry best practices.

RP3 Designation: Chambersburg is one of 176 of the nation’s more than 2,000 public power utilities to earn Reliable Public Power Provider (RP3) recognition from the American Public Power Association for providing consumers with the highest degree of reliable and safe electric service. We are one of two in Pennsylvania.

Largest Customers (in \$ order)

Hundreds of customer success stories are the natural out-falling of these types of over-arching quality objectives. What follows is a list of the Borough’s top 25 customers who are still thriving in Chambersburg.

| | | | |
|----|--|----|---------------------------------------|
| 1 | TB Woods – Induction Melting Foundry/Fabrication | 14 | Catch-up Logistics |
| 2 | Chambersburg Hospital - Main | 15 | Ozburn-Hessey Logistics |
| 3 | Ventura Foods LLC* | 16 | Menno Haven Inc Scotland Ave. |
| 4 | Chambersburg Cold Storage | 17 | Weis Market - Wayne Ave |
| 5 | Edge Rubber | 18 | Giant Market – Wayne Ave |
| 6 | Knouse Foods | 19 | BJ’s Wholesale Club |
| 7 | Chambersburg Health Services - Norland | 20 | BOC Orchard Park Gen-Station |
| 8 | Borough of Chambersburg WWTP 1 | 21 | Target |
| 9 | Borough of Chambersburg WWTP 2 | 22 | Menno Haven Penn Hall-Manor |
| 10 | TST/Impresso Inc. | 23 | Chambersburg Area Middle School-South |
| 11 | Giant Market – Norland | 24 | Century Link |
| 12 | Wilson College | 25 | HCR/Manor Care |
| 13 | Chambersburg Area Senior High | | |

* - In 2013, the Borough of Chambersburg added Ventura Foods as a new major customer of the Borough - welcome aboard Ventura Foods and employees.

Expected to continue in 2016, the electric department and power procurement team is negotiating with First Energy and West Penn Power to streamline existing generation and new energy project interconnections. A major accomplishment for 2016 would be to reach a new contractual understanding about service territory and interconnection with our wires companies; First Energy and West Penn Power.

The Electric Department thanks its customers for selecting Chambersburg to be your home and/or place of business.



2015 Borough Of Chambersburg Electric Department
Updated: 8/24/2015

Budgeted (FTE's): 24

Payment In Lieu Of Gross Receipts Taxes (PILOT)

As you know, the Borough Electric Department makes a tax-like contribution to the General Government operations of the Borough. If the Electric Department were an investor owned electric utility, licensed for operation in Pennsylvania, the Electric Department would pay “taxes” to the Commonwealth of Pennsylvania. In its current legal format, the Chambersburg Electric Department is not licensed by Pennsylvania, it is exempt from most Public Utility Commission rules, regulations, and tariffs, and is exempt from paying taxes.

Please find enclosed the proposed 2015 Chambersburg PILOT Tax Return form.

| | 2014 Actual | 2015 Actual | 2016 Budget |
|-------|-------------|-------------|-------------|
| PILOT | \$1,060,580 | \$1,100,000 | \$1,100,000 |

**Borough of Chambersburg Finance Department
Electric Gross Receipts Tax
For Tax Year: 2016**

| BOC Acct # | Source of Gross Receipts | Total Budgeted Gross Receipts | Total Taxable PA Receipts |
|-------------------------|---|-------------------------------|---------------------------|
| | Utility Plant & Allowance | | |
| | Revenues - Electric Plant Leased to Others | | |
| 20010/20018/20020/20021 | Other Utility Operating Income | 1,130,000 | \$1,130,000 |
| 20015 | Revenues - Merchandise & Jobbing | 80,000 | |
| | Revenues - Nonutility Operations | | |
| | Nonoperating Rental Income | | |
| 20019/20024 | Interest & Dividend Income | 29,200 | |
| 20016/20017 | Miscellaneous Nonoperating Income | 494,000 | |
| | Gain/Loss on Disposition of Property | | |
| 20011 | Residential/Commercial/Industrial Sales | 28,606,500 | 28,606,500 |
| | Public Street & Highway Lighting | | 0 |
| | Other Sales to Public Authorities | | 0 |
| | Sales to Railroads & Railways | | 0 |
| 20012 | Sales for Resale | 0 | 0 |
| | Interdepartmental Sales | | |
| | Other Sales, Nonmajor Only | | 0 |
| | Provision for Rate Refunds | | 0 |
| | Forfeited Discounts | | 0 |
| 20022 | Miscellaneous Service Revenues | 500 | 500 |
| | Sales of Water and Water Power | | 0 |
| 20023 | Rent from Electric Property | 30,000 | 30,000 |
| | Interdepartmental Rents | | |
| 20013 | Other Electric Revenues | 33,200 | |
| | Revenues from Transmission of Electricity of Others | | 0 |
| | Regional Transmission Service Revenues | | 0 |
| 20014/20025/20026 | Miscellaneous Revenues | 150,000 | 150,000 |
| 20027 | All Other Sources | 400 | 400 |
| | Totals of each column | \$30,553,800 | \$29,917,400 |
| | Tax at the rate of 44 mills Gross Receipts Tax | | \$1,316,366 |
| | Town Council Adopted Multiplier | | 83.5634% |
| | Payment in Lieu of Gross Receipts Tax | | \$1,100,000 |

11/16/2015



Gas Department Budget

As Proposed for 2016 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Gas Department Budget

As Proposed for 2016

The Chambersburg Gas Company was started on April 4, 1856 when the Pennsylvania Legislature, by special grant, authorized the construction and operation of a gas system. It was a private enterprise, manufacturing and distributing gas until 1946. In December 1946, the Borough of Chambersburg purchased the gas utility and became the second of only two municipal gas operations within the Commonwealth of Pennsylvania, (Philadelphia being the other). Because of Public Utility Commission action, the Philadelphia Gas Works is now falling more heavily under PUC jurisdiction and control. This now leaves Chambersburg as the only true, municipal gas system in the State of Pennsylvania.

Throughout its history, Chambersburg's gas system has made changes in its operation to remain competitive and in business while others have failed, been bought out, or mismanaged to the point of large public scrutiny. This again is one of those times where we need to position ourselves to remain competitive and retain the ability to give our customers a reliable, cost effective and safe gas system.

Chambersburg delivers the lowest cost gas in Pennsylvania, while operating the safest system. In 2014, the Borough delivered 1,283,676 DTH of gas to our customers; this was a 14% increase from 2013, primarily due to greater space heating needs from a much colder winter.

In 2015, the Borough replaced a considerable amount of old gas mains as the Department worked aggressively to replace lines before future paving; this includes replacements on Rt. 11, Kenwood Rd., Edgar Ave., Riddle Rd., Federal St., Ohio Ave., and Reservoir St.

The highly successful Gas Conversion Financing Program has over 300 homes participating with a total value \$1.3 million in 0% interest loans. The Borough of Chambersburg's Main Street Energy Efficiency Financing Program is an on-bill financing program designed to improve energy efficiency for customers by providing low-cost financing to residential homeowners for the purchase and installation of high efficiency natural gas appliances to replace non-gas units.

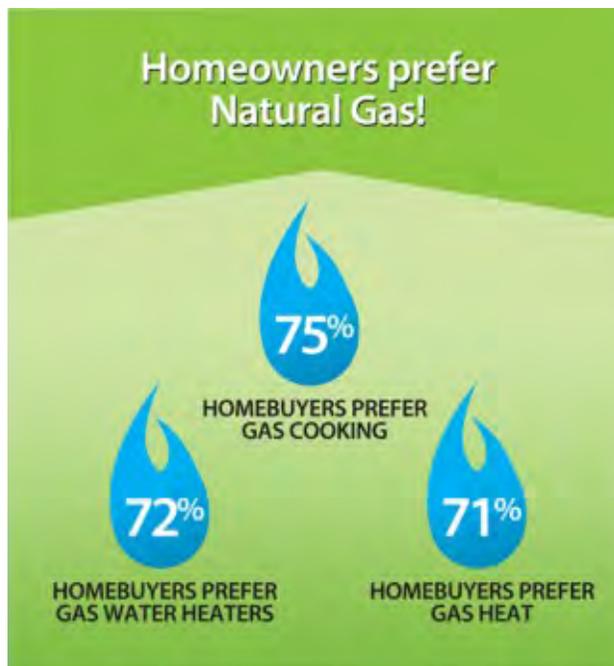
Funds are available for residential homeowners where natural gas service is available for the purchase and installation of natural gas ENERGY STAR residential appliances – natural gas furnaces, natural gas tank-less water heaters, and certain tank water heaters.



The Main Street Energy Efficiency Financing Program is a municipal service for citizens and customers located within the natural gas service areas of the Borough-owned natural gas distribution system.

Structure & Requirements of Loan for Chambersburg program:

- Maximum loan amount - \$5,000
- Maximum loan term – 60 months
- Loans will carry a 0% interest rate
- Each loan will carry a \$3.00 per month administrative fee
- Loans require 24 month good utility bill payment history
- Loan repayments will be added to customer's monthly utility bill



In addition to receiving the Marketing Excellence Award from our partner, the Municipal Gas Authority of Georgia (MGAG) for the highest customer growth, due in part to this loan program, Staff is now considering new ways to add customers.

In 2016, it is our goal to develop a companion program to the Main Street Energy Efficiency Financing Program, one centered on gas system upgrades for commercial gas customers. The residential program has already added approximately \$191,000 in annual gas sales to the Department.

A long term initiative to explore the building of a Compressed Natural Gas (CNG) filling station took an interesting turn in 2014 and may finally be realized in 2016. On June 23, 2014, Town Council authorized Sunoco Inc. ("Sunoco") to take over the Borough's CNG station development activities. CNG station development is a challenging endeavor, requiring a delicate balance of financing, property development and fueling commitments for a successful project. It was understood that our previous development partner, O-Ring Fuel Systems of Coolspring, Pennsylvania, had attempted to make the project feasible but unfortunately was unable to acquire property within the Borough among other development concerns. A successor Resolution was adopted as Sunoco already possessed real property within the Borough potentially suitable for a CNG station. An important Redevelopment Assistance Capital Program

Application deadline was met on August 20, 2014. Because site acquisition was a key component of that grant program, the Borough determined that it was in the best interest of the Borough to authorize Sunoco to take over development functions at that time. The Borough was notified that Sunoco had been awarded a \$591,502 Alternative & Clean Energy (ACE) grant from the Commonwealth Financing Authority (CFA). The grant will be directed toward the development of the Compressed Natural Gas (CNG) Refueling Station within the Borough – a project that the Borough and Sunoco have been actively collaborating on since Spring 2014.

Sunoco is currently working through land development plans and approvals, and anticipates breaking ground in the spring of 2016. They anticipate an accelerated construction schedule, which should have the CNG station fully operational by the summer of that same year. The proposed site is an industrial zoned parcel on S. Main Street US11, just south of Orchard Drive, already owned by Sunoco. Other than assisting with this grant from the CFA, the Borough of Chambersburg will not be contributing any funds towards the construction of this privately developed fueling center.

Although we have been unable yet to convert any of the Borough's fleet to CNG fuel vehicles this all may change in 2017 once Sunoco is successful in opening the fueling station in the Borough.

This was not the original objective of our CNG project. Originally, we envisioned building our own fueling station. But over time, it has become clear that a public-private partnership, such as the one with Sunoco, may be a more realistic way to get a station built. Regardless, the Chambersburg Gas Department will be the gas provider to the CNG fueling station. Therefore, it makes sense that the Gas Department would encourage this project's development, expending time and money to build interest over the last two years. Providing additional benefit, the Borough Electric Department will be the electric provider for the station.

In addition, the Borough continues to replace old gas mains and services:

- Replaced 14 miles out of 24 miles of Cast Iron (CI) main since 2000, much faster pace than most gas utilities
- Prioritizing replacements ahead of re-paving and based on risk assessments
- Spending about \$500,000 per year on old pipe replacement – recommend similar level in 2016
- Gas leaks continue to trend lower and less serious compared to previous years



APGA System Operational Achievement Recognition (SOAR) Award

The System Operational Achievement Recognition (SOAR) award was developed by the American Public Gas Association to recognize system wide excellence in; System Integrity, System Improvement, Employee Safety and Workforce Development.

Chambersburg was awarded SOAR at the Silver level in the first year of the award – the second highest possible level; only three systems achieved Gold.

SOAR was awarded to only 21 systems out of 1,000 public gas systems in the US.

Being Town Council President means working hard on issues of public gas.



Chambersburg Town Council President accepted the award from the APGA

Gas Safety

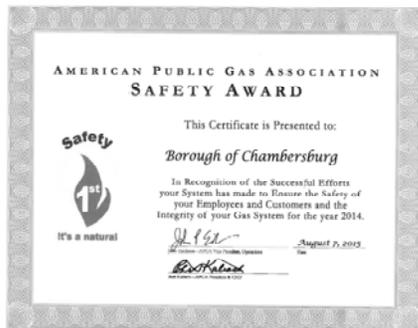
The safety of Chambersburg gas customers and Chambersburg employees is our top priority. To that end, the Gas Department has strong programs in leak detection, corrosion prevention, public education, and employee training.

There have been zero reportable gas safety incidents in over 25 years and we believe that no system is safer in Pennsylvania. That being said, safety requires a culture of detail and an attitude of vigilance. We not only need to keep the infrastructure in top working order, but we need employees committed to safety.

The Chambersburg Gas Department is proud to be a winner of the 2015 APGA Safety Award. This is the second straight year Chambersburg has been presented this award.

This year, the Gas Department has supported efforts by the Chambersburg Electric Department to recruit a new employee, a safety inspector and safety educator, to protect the Borough from potential liability but also to insure the culture of safety continues.

Finally, the Chambersburg Gas Department is proud to assist the Chambersburg Fire Department with the purchasing of CO detectors for customers' protection from this dangerous odorless gas that can be a byproduct of malfunctioning heating systems.



American Public Gas Association & Industry Leadership

- APGA has over 700 members in 36 states and is the only not-for-profit trade organization that represents America's publicly owned natural gas local distribution companies (LDCs). APGA represents the interests of public gas before Congress, federal agencies and other energy-related stakeholders by developing regulatory and legislative policies that further the goals of our members. In addition, APGA organizes meetings, seminars, and workshops with a specific goal to improve the reliability, operational efficiency, and regulatory environment in which public gas systems operate. Through APGA membership, public gas systems are kept informed about new developments in technology, safety, public policy, operations, and the global markets that could affect the communities and consumers they serve. Our members are owned by, and accountable to, the citizens they serve. They include:
 - Municipal gas distribution systems
 - Public utility districts
 - County districts and other public agencies that have natural gas distribution facilities.
- APGA Membership includes: representation on Capitol Hill and the full APGA staff at our service for all Federal gas issues, networking opportunities with fellow public gas professionals, the opportunity to get involved at the highest levels of public gas, and educational opportunities to improve our operations.
- In May 2015, Council President Allen Coffman, Jon Mason and John Leary met with Rep. Shuster, and the staff for Sens. Toomey and Casey, to lobby for important national gas issues on behalf of Chambersburg and the APGA.
- Chambersburg was instrumental in formulating APGA comments to numerous proceedings, including the EPA Waters of the US (WOTUS) rulemaking, which threatens to classify most areas as US jurisdictional rather than by State, increasing needless Federal regulation
- Council President Allen Coffman actively serves on the APGA Public Gas Policy Council, providing an invaluable voice to gas issues at the national level
- Assistant Superintendent, Jon Mason, completed a term as Chairman of the APGA Operations and Safety Committee and represents public gas at the national level on the prestigious Plastic Pipeline Data Collection Committee
- Superintendent, John Leary has been elected again to the APGA Board of Directors, serves on the Board of Directors for the APGA Research Foundation, and is involved in numerous committees

Membership with the Municipal Gas Authority of Georgia

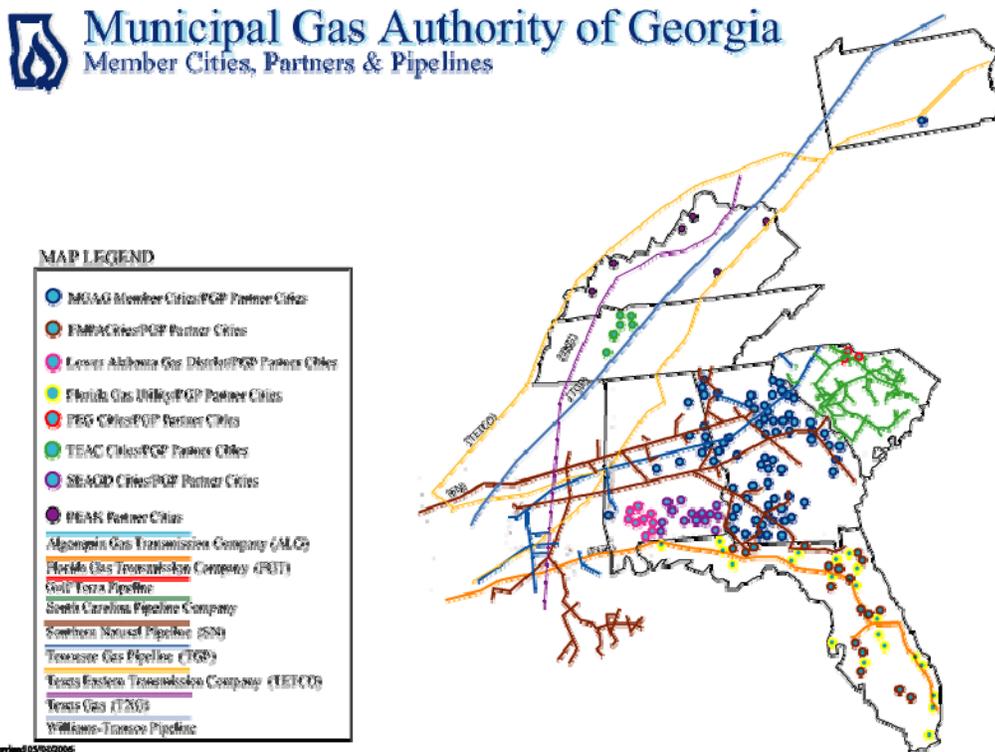
The Municipal Gas Authority of Georgia (the Gas Authority) is the largest non-profit natural gas joint action agency in the United States, serving 77 Members in Georgia, Alabama, Florida, Pennsylvania and Tennessee who meet the gas needs of approximately 250,000 customers.

MGAG meets our full natural gas supply requirements and provides scheduling services for gas delivery. They provide system rate design assistance, marketing assistance, and regulatory assistance.

We are officially the northernmost outpost of the great State of Georgia.



Gas Well in Alabama Owned by the Gas Authority to Benefit All Members



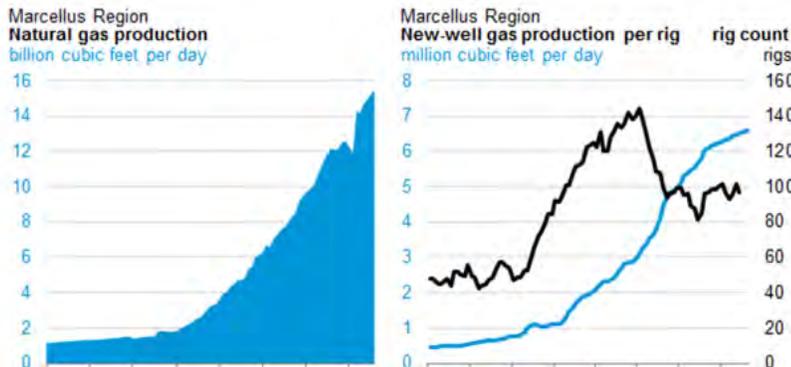
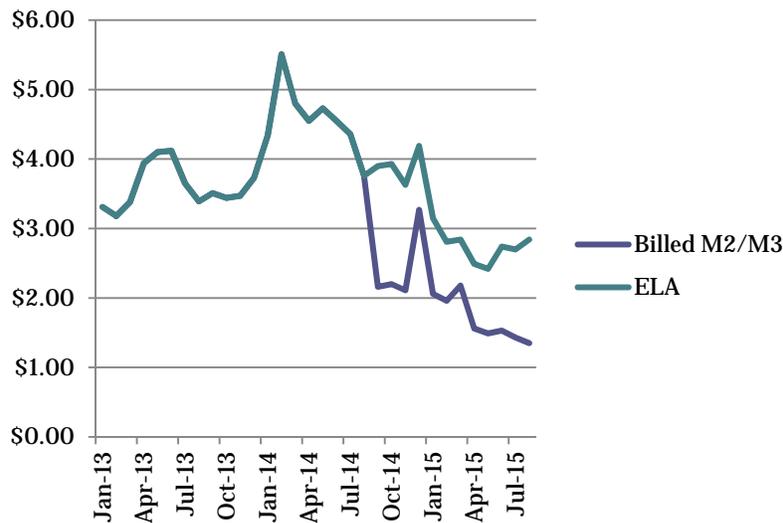
Price of Wholesale Natural Gas

Historically, wholesale prices in Pennsylvania (M2/M3) were about \$0.50 per DTH higher than Nymex/Henry Hub (ELA) in Louisiana. However, the increase in Marcellus production has caused wholesale prices in Pennsylvania to drop precipitously – the 2015 summer Pennsylvania price was about \$1.50 lower than Henry Hub.

According to the Federal Energy Information Agency (EIA), “Marcellus prices remain low... natural gas spot prices in the Marcellus region, among the lowest in the country... at \$1.14/MMBtu.

At the New York Mercantile Exchange (Nymex), the October contract began the week at \$2.648/MMBtu... The 12-month strip, which is the average of Nymex prices from October 2015 through September 2016, closed at \$2.885/MMBtu yesterday.”

Over the past five years, the Chambersburg Gas Department has been increasing the amount of gas purchased from Marcellus because of price availability. Beginning in 2014, we worked with MGAG to make Marcellus gas our main supply point, further helping reduce our customer’s gas costs; eliminating Henry Hub as our price point.



According to Forbes, “the rise of a new producing region combined with production declines in traditional areas of production is shifting historical flow patterns. It is only a matter of time before the market follows.”

Source: US Energy Information Administration

Opportunities to Encourage Chambersburg Co-Generation and Combined Heat & Power (CHP)

According to Katelyn Ferral of the Pittsburgh Tribune, the Pennsylvania Public Utility Commission met with industry experts about how “Pennsylvania can benefit from combined electricity and thermal energy technology, called cogeneration.” And commission Chairman Robert Powelson said “While the energy industry and policy makers are focused on the Marcellus shale boom, cogeneration should be on its radar.

He added “The commission hopes to share ideas with the state Legislature, make internal changes and consider better financial incentives to encourage companies to invest in Pennsylvania projects.

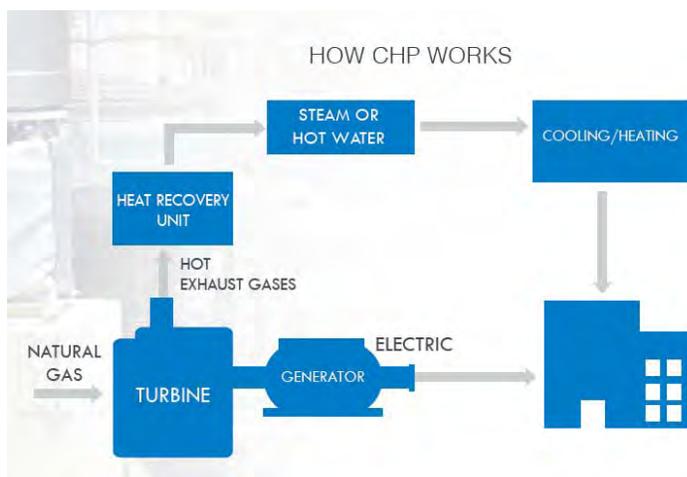
That would be on top of the 150 combined heat and power units operating statewide, according to the commission, including eight in Pittsburgh. Duquesne University has utilized the technology with its Combined Heat and Power Facility.”

New Jersey, Maryland, Connecticut and New York have developed tax credits and grants for businesses to invest in combined heat and power projects, which require large initial investments. Expensive infrastructure costs often are the biggest challenge for companies looking to utilize the technology, panelists said.

Pennsylvania has grants for such projects, but utility companies say the process should be more transparent, streamlined and stable. The federal government offers tax incentives, but those breaks, established through legislation, are set to expire in 2016.

The technology would help the state deliver gas from Marcellus shale to the market, by lowering connection costs and allowing gas trapped in pipes to be used in new ways, said Richard Sweetser, senior technical adviser for the federal Department of Energy. “We have a lot of trapped shale gas in certain parts of the commonwealth,” Sweetser said, because the supply has outpaced the infrastructure needed to take it to markets.

It would be in the best interest of the Borough to be proactive in developing CHP projects in Chambersburg to harness low natural gas costs and keep encourage economic development in our community.



The Philadelphia Gas Works (PGW) is cutting its annual carbon footprint in half and creating annual savings of around \$130,000 with microturbine technology. CHP systems use microturbines to combine both thermal and electric energy into one integrated system that radically increases energy efficiency (from about 49% to up to 80% energy output) - capturing lost heat and using it to create thermal energy with almost one-third less fuel.



Gas Department

The Chambersburg Gas Department will provide our customers with prompt, professional service; a reliable and safe system with reasonable and stable rates. We exist to generate benefits for the community we serve.

Department Head: John Leary

| | 2014 Actual | 2015 Budget | 2016 Budget |
|------------------|----------------------|--------------------|--------------|
| Revenue | \$10,282,551 | \$8,705,600 | \$8,502,200 |
| Expenses | \$9,242,264 | \$8,875,600 | \$8,502,200 |
| Excess (Deficit) | \$ 1,040,287 Surplus | \$ 167,900 Deficit | - Balanced - |

In 2015, the Chambersburg Gas Department is financially strong and we anticipate good performance in 2016. The system’s 2014 YTD gas sales were up 14% vs. 2013; mostly due to a much colder winter than previous year (“Polar Vortex”) and our successful program to increase the number of customers.

Chambersburg residents’ gas prices were 48% lower than local private gas companies: lowest in Pennsylvania: an average residential bill of \$631 for the past twelve months vs. \$1,208 at average local private utility rates as approved by the Pennsylvania Public Utilities Commission.

The Gas Supply cost is a direct pass through to customers of the cost for gas delivered to Chambersburg. The Gas Supply rate is \$0.96 per hundred cubic fee (CCF). To account for fluctuations in monthly gas costs, the Purchased Gas Adjustment (PGA) factor is added. The PGA is the same for all customer classes. The PGA is currently a credit, -\$0.68. The Gas Distribution Rate varies by customer class. Our largest class of customers, Residential Heat, pays a distribution rate of \$0.1664 per CCF. The Monthly Charge also varies by customer class. Residential Heat customers pay \$8.70 per month.

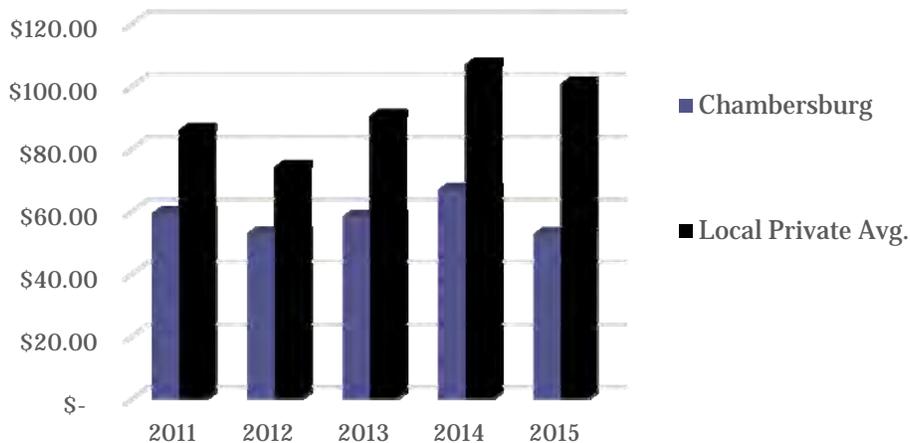


2016 Rates

| Month | Avg Units CCF | Local Base Rate | Local PGA Adjustment | Local Customer Charge | Total Bill | Total Cost Per Unit |
|--------|------------------|--------------------|-------------------------|-----------------------------|---------------|------------------------|
| Sep-14 | 18 | 1.1264 | -0.36260 | \$8.70 | \$22 | \$1.24713 |
| Oct-14 | 51 | 1.1264 | -0.42296 | \$8.70 | \$45 | \$0.87403 |
| Nov-14 | 124 | 1.1264 | -0.43003 | \$8.70 | \$95 | \$0.76653 |
| Dec-14 | 158 | 1.1264 | -0.45673 | \$8.70 | \$115 | \$0.72473 |
| Jan-15 | 168 | 1.1264 | -0.53089 | \$8.70 | \$109 | \$0.64730 |
| Feb-15 | 167 | 1.1264 | -0.56672 | \$8.70 | \$102 | \$0.61178 |
| Mar-15 | 87 | 1.1264 | -0.56196 | \$8.70 | \$58 | \$0.66444 |
| Apr-15 | 33 | 1.1264 | -0.52394 | \$8.70 | \$29 | \$0.86610 |
| May-15 | 15 | 1.1264 | -0.65222 | \$8.70 | \$16 | \$1.05418 |
| Jun-15 | 12 | 1.1264 | -0.69720 | \$8.70 | \$14 | \$1.15420 |
| Jul-15 | 12 | 1.1264 | -0.69513 | \$8.70 | \$14 | \$1.15627 |
| Aug-15 | 12 | 1.1264 | -0.67889 | \$8.70 | \$14 | \$1.17251 |

This budget contains no increase in the retail rate for natural gas. The Borough's retail rates have three components; Gas Supply, Gas Distribution and the Monthly Charge. Gas is sold in hundred cubic feet (ccf) units.

Avg. Residential Gas Bill



Our system, regulated by the Federal government, is still exempt from most Pennsylvania regulations. However, we continue to implement our own safety and operational changes including a new corrosion control system. In addition, regular and aggressive upgrades and preventive maintenance schedules have prevented any gas safety incidents in Chambersburg for over 25 years.

The Gas Department is actively searching for additional ways to market natural gas. The cost of line extension is prohibitive or the Gas Department would be moving into new neighborhoods. One way we have expanded sales has been through a low cost loan program from our municipal consortium, the Municipal Gas Authority of Georgia. As a major non-Georgia member, Chambersburg has taken full advantage of this program to convert oil-based appliances to clean, safe and affordable natural gas.

So, 2016 will appear very similar in many respects to 2014 and 2015. We don't anticipate any significant changes and no rate increases.

Major items for 2016:

- Staff is recommending no gas retail rate change.
- The proposed budget includes \$1,260,000 in capital improvements to the Gas Department infrastructure; including the replacement of old gas mains and services and expansion of gas service to new areas and customers.
- The proposed budget reserves approximately \$1,000,000 for future capital improvements to the distribution system.
- The proposed budget includes the same number of employees; no additional employees but does include contributions to the new safety position in the Administrative Services Department.

Largest Customers (in \$ order)

| | Gas Volume (CCF) | Cost |
|--------------------------------------|------------------|------------|
| Chambersburg Hospital | 1,069,773 | \$ 827,070 |
| Knouse Foods | 684,081 | \$ 478,538 |
| TB Woods | 653,487 | \$ 468,900 |
| Ventura Foods | 502,133 | \$ 360,939 |
| Chambersburg Area Senior High School | 369,230 | \$ 275,515 |
| Orchard Park Generating Station | 274,050 | \$ 223,173 |
| Wilson College | 277,986 | \$ 213,772 |
| Menno Haven (incl. Penn Hall) | 231,739 | \$ 179,516 |
| Sunset Industrial Application | 175,258 | \$ 157,301 |
| B Wise Trailers | 162,560 | \$ 124,710 |

Note: 1 MCF = 10 CCF

2016 Department Goals

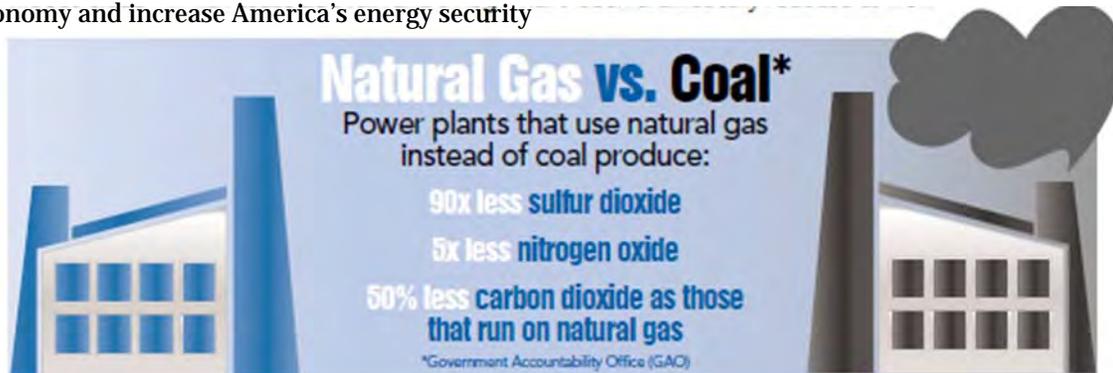
- Continue to have zero reportable gas safety incidents
- Continue to have zero lost time injuries to employees
- Replace a minimum of ¾ mile of CI gas mains
- Add 100 new gas customers
- Complete transition of estimated final bill calculation for property sales to Service Center from Finance Department
- Extend gas mains to new areas (Progress Village, Stouffer Ave., Stanley Ave./Brandon Drive, Stonegate/Limekiln)
- Continue to make large financial contributions to Borough operations to help keep taxes and all utility rates low

2016 Stouffer Avenue (Epic Drive to Stanley Avenue) Gas Expansion Project

It is anticipated that the work of the Gas Department to extend gas mains to this important neighborhood will continue in 2016. From time to time, the Borough sends out letters to gauge the interest in home owners to switch to natural gas. If sufficient quantities express interest, gas main extensions projects are scheduled. In new neighborhoods, developers cannot be required to extend gas mains although we take the opportunity of every new proposal to encourage such expansion be included in new projects.

Environmental Benefits of Natural Gas

Natural gas is safe, clean, reliable and affordable. It is also a domestic energy source, helping to power our economy and increase America's energy security



Emission Levels
 - Pounds per Billion Btu of Energy Input

| Pollutant | Natural Gas | Oil | Coal |
|-----------------|-------------|---------|---------|
| Carbon Dioxide | 117,000 | 164,000 | 208,000 |
| Carbon Monoxide | 40 | 33 | 208 |
| Nitrogen Oxides | 92 | 448 | 457 |
| Sulfur Dioxide | 1 | 1,122 | 2,591 |
| Particulates | 7 | 84 | 2,744 |
| Mercury | 0.000 | 0.007 | 0.016 |

Source: EIA – Natural Gas Issues and Trends 1998

Payment In Lieu Of Gross Receipts Taxes (PILOT)

As you know, the Borough Gas Department makes a tax-like contribution to the General Government operations of the Borough. If the Gas Department were an investor owned electric utility, licensed for operation in Pennsylvania, the Gas Department would pay “taxes” to the Commonwealth of Pennsylvania. In its current legal format, the Chambersburg Gas Department is not licensed by Pennsylvania, it is exempt from most Public Utility Commission rules, regulations, and tariffs, and is exempt from paying taxes.

Please find enclosed the proposed 2016 Chambersburg PILOT Tax Return form.

| | 2014 Actual | 2015 Actual | 2016 Budget |
|-------|-------------|-------------|-------------|
| PILOT | \$400,000 | \$410,000 | \$415,000 |

**Borough of Chambersburg Finance Department
Gas Gross Receipts Tax
For Tax Year: 2016**

| BOC Acct # | Source of Gross Receipts | Total Budgeted Gross Receipts | Total Taxable PA Receipts |
|-------------------------|---|-------------------------------|---------------------------|
| | Utility Plant & Allowance | | |
| | Revenues - Gas Refinery Plant Leased to Others | | |
| 30012/30018/30020/30021 | Other Utility Operating Income | 300,000 | \$300,000 |
| 30015 | Revenues - Merchandise & Jobbing | 7,000 | |
| | Revenues - Nonutility Operations | | |
| | Nonoperating Rental Income | | |
| 30019/30024 | Interest & Dividend Income | 31,000 | |
| 30014/30016/30017/30027 | Miscellaneous Nonoperating Income | 628,600 | |
| | Gain/Loss on Disposition of Property | | |
| 30011/30026 | Residential/Commercial/Industrial Sales | 7,518,000 | 7,518,000 |
| 30028 | Other Sales to Public Authorities | | 0 |
| | Sales to Railroads & Railways | | 0 |
| | Sales for Resale | | 0 |
| | Interdepartmental Sales | | |
| | Other Sales, Nonmajor Only | | 0 |
| | Provision for Rate Refunds | | 0 |
| | Forfeited Discounts | | 0 |
| 30022 | Miscellaneous Service Revenues | 0 | 0 |
| | Sales of Water and Water Power | | 0 |
| | Rent from Gas Property | | 0 |
| | Interdepartmental Rents | | |
| 30013 | Other Gas Revenues | 17,100 | |
| | Revenues from Transmission of Electricity of Others | | 0 |
| | Regional Distribution Service Revenues | | 0 |
| 30025 | Miscellaneous Revenues | 500 | 500 |
| | All Other Sources | | 0 |
| | Totals of each column | \$8,502,200 | \$7,818,500 |
| | Tax at the rate of 44 mills Gross Receipts Tax | | \$344,014 |
| | Town Council Adopted Multiplier | | 120.6345% |
| | Payment in Lieu of Gross Receipts Tax | | \$415,000 |

11/16/2015



Water Department Budget

As Proposed for 2016 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Water Department Budget

As Proposed for 2016

A good source of water has always been essential to the well being and survival of communities throughout civilization. It is no wonder that the original Colonel Benjamin Chambers Fort was built over the Falling Spring to provide a good source of water for the use of the inhabitants as well for fire protection. The Chambersburg Water Company was organized around 1818. A waterwheel was employed to pump water from the Falling Spring to a reservoir sited on the current Chambersburg Hospital land. Water then flowed to customers through hollowed pine logs which were joined “end to end”. It is estimated that the cost of this undertaking was approximately \$40,000.

The water system was improved and expanded in 1871 with the development of the Borough’s first utility enterprise, the Birkinbine Reservoir which consisted of a 300,000 brick reservoir near the intersection of Reservoir and Franklin Streets (Reservoir Hill). A steam engine powered pumping station along the Conococheague Creek lifted the water from the creek into the reservoir. Over six miles of cast iron pipe was installed to transport the water to the reservoir and then distribute it to the North Main Street area as well as to the center of town. From these mains, smaller pipes distributed water to the populace. The water was taken from the creek with little regard to the fact that raw sewerage was being piped into the creek about a mile above the pumping station.

In January of 1891, the C. B. Gish flour mill at what is now called “Siloam” was purchased. It consisted of a mill dam and the impounding area above it. An additional land purchase gave rise to the possibility of a 2 million gallon reservoir. Initially, it was expected that the mill’s wheel would force water to the new reservoir known as Horst Reservoir. The experiment was less than successful and steam driven pumps were implemented. In 1905, a Worthington steam driven pump was successfully installed with the plant producing about 1.5 million gallons per day in 1907. Unfortunately, the water from the Conococheague Creek flowed through miles of pastures and fields making it a less than an agreeable source of water. In 2005, the Siloam Dam was breached and the stream’s banks restored.

In 1909, the Burgess, Mr. A.W. Zacharias, prompted the locals to work on the “water situation of the Borough”. By 1910, Town Council decided to look to the east of the Borough and develop the town’s main water source, the Conococheague Creek, in the valley above Caledonia Park east of town in the South Mountain. This system would eventually provide the Borough with pure water from a gravity fed water system eliminating the costs of pumping water. To obtain the State Department of Health’s approval, the Borough agreed to install the first sanitary sewer system along with a sewerage treatment plant. The Borough issued a \$150,000 bond package in 1910 to construct the stream intake facilities, a 2 million gallon reservoir east of town and a fourteen inch pipeline into town terminating at South Sixth Street.

The first water from the new source arrived on July 3, 1911 and was of sufficient purity that no chemical treatment was necessary for many years. Water hardness was measured at four parts per million, as contrasted with sixteen units per million from the same stream collected at the Siloam Dam. The elevation at the center of Chambersburg was about 975 feet below that of the intake dam providing water pressure of fifty to eighty pounds per square inch throughout the town. In later years, chlorine was utilized to treat the water for microorganisms and fluoride compounds were added to help protect the residents’ teeth. In

the early 1930's, a reinforced concrete dam was constructed across the Birch Run creating a storage capacity of 3.9 million gallons.

In the late 1960's, the Borough decided to enlarge its water storage reserve and improve other facilities. A new dam called the Long Pine Run Dam was constructed upstream from the Birch Run Dam creating a lake with a surface of 150 acres and storing 1.8 billion gallons of water. Additionally, a new water treatment plant with a daily flow capacity of six million gallons was constructed. Also, a three million gallon "ground based steel water storage tank" was built at the former Birkenbine open reservoir site on Reservoir Hill. In 1967 and 1969, bond issues were floated for a total of \$8,325,000 to cover the \$7,41,850 cost of these projects. Up until that time, this was the largest utility project ever initiated by the Borough of Chambersburg. Since that time the Borough has initiated many projects that have enhanced the quality of service to the customers of the Borough's water department.



Long Pine Reservoir

While providing high quality water to its diverse customer base, the Borough's water department has consistently kept its rates (cost per unit) at one of the lowest levels in the region.

Water Department Services

- Water supply, treatment, transmission, and distribution.
 - Treated 1.356 billion gallons of water in 2014.
- Operation and maintenance of the water production and distribution facilities.
 - 17 water main breaks repaired in 2014. The national average – 33 breaks.
 - 28 total water distribution repairs in 2014
 - 23% unaccounted water lost in the system in 2014.
- Operation of the water treatment plant laboratory.
 - Perform regulatory and control testing for the Water Treatment Plant and distribution system.
 - Perform testing for area water authorities.
- Water supply for fire protection.
 - Replaced 2 fire hydrants in 2014.
- Plumbing inspection and meter replacements.
 - In-house plumbing inspection is performed by Pennsylvania Municipal Code Alliance. However, exterior inspections as well as other types of in-house inspection services, such as sewer system inspections, are performed by Borough personnel.
 - Performed 75 inspections in 2014; performed 45 inspections in the first 8 months of 2015.
 - Inspected two water/sewer main extension projects in 2014.
 - Replaced 112 water meters in 2014.



Julio D. Lecuona Water Treatment Plan
6.0 MGD Capacity

Current On-going Capital Projects

- 2016 Street Overlay Projects: \$175,000 per year
- Julio D. Lecuona Water Treatment Plant Upgrades: \$642,300
 - Includes filter upgrades, filter media replacement, filter wall repairs, and mixing improvements. The project is currently in progress with an estimated spring 2016 completion.
- Raw Water Intake Facility Repairs: \$49,900
 - Install gabions for erosion control. The project was completed in October 2015.
- Birkinbine Tank Coating: \$90,000 (over 5 years)
 - The tank was last coated in 1997. The project was completed in October 2015.
- City Hall Utility Addition:
 - Design development phase to be completed November 2015: \$156,000
 - Queen Street properties demolition completed October 2015: \$73,050

Water Distribution System

- 94 miles of pipe length
- 652 fire hydrants
- 2063 water valves

Water Transmission Lines

- 31 miles of pipe length
- From the raw water intake to town
- Includes raw and treated water

Storage Facilities

- Water Plant Clearwell – 2 MG
- Dull Hill Reservoir – 2 MG
- Nitterhouse Elevated Tank – 2 MG
- Birkinbine Tank – 3 MG

- 9 MG total storage
- 2 days storage capacity

Water Meter Customers

- Domestic – 7,717
- Commercial – 823
- Industrial – 19
- Municipal – 1

- Total – 8,800

City Hall Utility Addition

In July and September 2013, the Borough of Chambersburg Water Department took ownership of the properties adjacent to Borough Hall, 220 E Queen Street and 216 E Queen Street respectively. The acquisitions were for the purposes of planning for a potential Utility Departments' addition to Borough Hall.

In 2014, SGS Architects Engineers, Inc. of Carlisle Pennsylvania performed a Needs Analysis where they evaluated City Hall and the Police Annex for future office space needs of the Borough. That Needs Analysis was presented in December 2014. The conclusion of the Needs Analysis was that the Borough utility departments, and more importantly the utility support departments, were clearly out of space in City Hall.

On November 23, 2015, the SGS team will present their recommended vision for a Utility Departments Addition for City Hall. Deliverables for the project will include full design of the addition, layout and construction cost estimates. So far all the planning, like the land itself, has been paid by the Water Department; one of the future tenants for the space.

It is our hope that in January or February 2016, Town Council will authorize staff to move the design process to the next and final stage. The budget includes a subsequent expenditure by the Water Department to do final blueprints and bidding to determine the actual cost of construction.



UTILITY ADDITION - CHAMBERSBURG BOROUGH

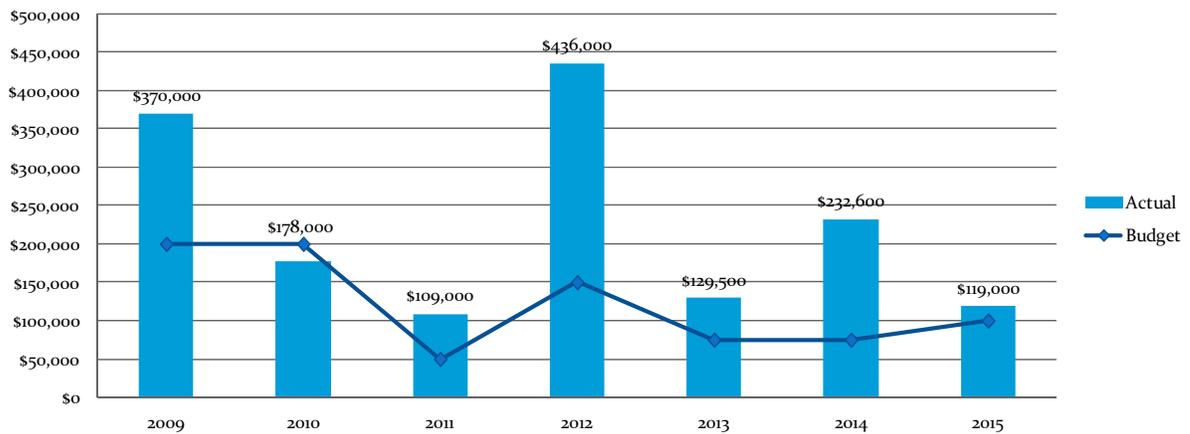
VIEW OF NEW MAIN PUBLIC ENTRANCE



Recommended 2016 Capital Projects

- 2016 Street Overlay Projects: \$175,000 per year
- Looping Ohio and Pennsylvania Avenue water mains: \$30,000
- Grand Point Water District pressure improvements: \$660,000
 - Creation of a separate pressure zone to support infrastructure grown in the area north of Norland Avenue.
- Nitterhouse Tank mixing equipment: \$30,000
- Water meter replacements/Radio-Read installation: \$53,000
 - Continued replacement of aging water meters with 20-year guarantee units.
 - Addition of more Radio-Read units that can be read via secure radio frequency.
- Borough Hall Utility Addition Construction Document Phase: \$250,000
 - Phase includes final design drawings and specifications for construction.

Water Capital Charges



- Projects: 19 (2014)
18 (2015)



Coffer Dam and Retaining Wall Improvements at Birch Run Intake



Water Department

The Chambersburg Water Department provides high quality drinking water, fire protection flow, and public sewer service for Borough customers, including the Bear Valley Authority, through cost effective operation and maintenance of our infrastructure while meeting the ever-changing challenges of continual growth and environmental protection.

Department Head: Lance Anderson, PE

| | 2014 Actual | 2015 Budget | 2016 Budget |
|------------------|----------------------|--------------|--------------|
| Revenue | \$5,391,887* | \$3,009,000 | \$3,126,465 |
| Expenses | \$6,200,955* | \$3,009,000 | \$3,126,465 |
| Excess (Deficit) | (\$809,068) Deficit* | - Balanced - | - Balanced - |

*- In 2014, the Chambersburg Water Department retired \$2.4 million in debt early by using accumulated cash resources; thereby, increasing the operating budget of the department for a one-year period and making the year appear in deficit in order to allow the PennVEST loan to be retired. This transaction was balanced and an advisable use of cash resources because investment returns on savings was not as beneficial as paying down the Water Department debt.

The Chambersburg Water Department is in a strong operating position. The Department is currently debt free (\$2.4 million in debt was retired in 2014) and has not raised their retail water rates since 2001 (fourteen years). The average water bill remains one of the lowest in Franklin County and the fiscal condition of the fund is stable.

Previous water rate increases – 1991 & 2001

- Average Borough monthly residential rate: \$15.00
- Average GHD Survey monthly residential rate: \$32.00 (35 participants)

In 2015, the Water Department has reserves of over \$5,000,000 in capital funds for future capital projects. In 2016, no additional water rate increase is needed.

The system is mostly exempt from Pennsylvania Public Utilities Commission regulations (except our Guilford Township customers), although staff's efforts on a cooperative initiative with the Guilford Water Authority have failed to improve that situation.

Currently, staff is working on a cooperative initiative with Greene Township to serve the area north of Norland Avenue in Greene Township. This area would ultimately be served through the Borough's Authority.

We maintain an excellent relationship with the Bear Valley Joint Municipal Authority, our largest water customer.

There are a number of pressing issues facing the water system. Specifically, the Julio D. Lecuona Water Treatment Plant is occasionally plagued by shut-downs due to turbidity and color issues with the raw water coming into the plant. This so-called Iced Tea issue still needs to be addressed. However, in 2013 the Borough switched consulting engineers and our team has continued to review the entire water system and improved the overall operation of the Water Treatment Plant. Second, the Borough continues to make significant maintenance upgrades at the Long Pine Reservoir, the Raw Water Intake, and throughout the distribution system. This process will continue into 2016 with the refurbishment of the filters and replacement of the sand filter media at the Water Treatment Plant.

Major items for 2016:

- Staff is recommending no water retail rate change, no increase again in 2016.
- The proposed budget includes \$1,583,000 in capital improvements to the Water Department infrastructure; including:
 - 4 Leopold Sand Filters (continuation from 2015)
 - Filters contain the original filter media from 1969; last topped off in 2002. Filter project scope includes new media, wall coatings, under-drains replaced, and piping for air-scour
 - Filter wall repair/internal waterproof coatings
 - Static mixer to promote rapid mixing of chemicals
 - Looping the water mains in Ohio and PA Avenues.
 - Long Pine Spillway Study to determine adequate capacity
 - Grand Point Water District pressure improvements
 - Nitterhouse Tank mixing improvements
- The proposed budget includes one temporary extra employee. This will allow a transition for the supervisor of the Water Treatment Plant.



James Kampstra to Retire in 2016

A key member of the Water Department management team, Jim Kampstra will be retiring in 2016. Currently, Jim is the Supervisor of the critical Julio D. Lecuona Water Treatment Plant.

In early 2016, the Borough will recruit a successor either from an internal or external candidate. This person will shadow Jim and try to learn as much about his role and the facility before he retires.

Largest Customers (in units sold)

| Customer | Units Used | Net Amount | Daily Avg. (Gallons) |
|--------------------------------|-------------------|-------------------|-----------------------------|
| Bear Valley Authority | 4,686,876 | \$752,538.41 | 960,489 |
| Ventura Foods LLC | 633,800 | \$67,682.40 | 129,886 |
| Chambersburg Hospital | 323,444 | \$50,875.97 | 66,284 |
| Knouse Foods Co-op Inc | 385,312 | \$39,388.29 | 78,963 |
| Menno Haven Penn Hall | 173,800 | \$35,109.96 | 35,617 |
| Menno Haven Inc | 225,560 | \$27,663.36 | 46,224 |
| Edge Rubber Inc | 147,840 | \$16,334.94 | 30,297 |
| TB Woods Inc | 131,206 | \$15,877.71 | 26,888 |
| Borough of Chambersburg - WWTP | 111,490 | \$13,642.62 | 22,848 |
| Barclay Village | 75,570 | \$13,114.62 | 15,487 |
| Crider's Water Service | 53,455 | \$18,174.70 | 10,955 |
| Chambersburg High School | 44,471 | \$12,262.26 | 9,114 |

Payment In Lieu Of Gross Receipts Taxes (PILOT)

In years past, the Borough Water Department made a tax-like contribution to the General Government operations of the Borough. The Water Department paid \$72,000 per year through 2013 but in anticipation of a possible change in State law that would prohibit water utilities from making payments for general government operations, we ceased this practice.



Iced Tea – Discolored Water in the Birch Run

11/16/2015



Sewer Department Budget

As Proposed for 2016 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Sewer Department Budget

As Proposed for 2016

In 1910-1911, the Borough of Chambersburg decided to obtain its water supply for the State Forest at Caledonia. It was necessary to obtain a permit from the Pennsylvania State Health Department. When the State Health Department issued a permit for the right to the water of Birch Run, it also provided that, for this right, the Borough of Chambersburg was to install “a Sanitary Sewerage System with a proper Disposal Plant of a capacity sufficient to take care of the town for twenty years to come.”

The same Bond Issue, providing funds for the construction of the water supply line between Caledonia and Chambersburg, provided also for sufficient bonds in the amount of \$65,000 to put in a Sanitary Sewerage System in Chambersburg (Note: The Treasurer’s office is the proud possessor of bond number 25, in the amount of \$500, an “Improvement Bond of 1910” Series A which carried a 4 ½% interest rate. This note matured in 1915. The current Borough’s logo is adapted from a depiction of City Hall found on that bond.). This system was constructed and put into service August 1, 1912, and portions of this initial system are still in service today.

From the time of the initial construction, continuous improvements have been made with major improvements being made in 1939, 1959, 1978, and 1997 to the treatment facility. Following is a list of major facility milestones:

- 1938 Upgrade: Upgrades were completed in October 1939 at a cost of \$217,715.41 (45% was funded through a grant). Plant capacity was rated at 2 mgd.
- 1948: A WWTP laboratory was established and the plant processes have been monitored for efficient operation ever since. The current laboratory facility is accredited by the PA DEP.
- 1957 Upgrade: Upgrades were completed in 1959 at a cost of \$990,330.13.
- 1978 Upgrade: The J. Hase Mowrey Regional Wastewater Treatment Facility was dedicated on November 16, 1980. The facility was upgraded to a capacity of 5.2 mgd at a cost of \$9.045M (75% was funded through a grant)
- 1997 Upgrade: Upgrades were completed in July 1999 at a cost of \$18.5M. Plant capacity was rated at 6.8 mgd with a maximum capacity of 17.0 mgd.
- 2013-2015 Upgrade: project is underway.

Additionally, the treatment plant has evolved into a regional facility providing sewage treatment for our Municipal partners in Greene, Guilford, and Hamilton Townships. Hamilton Township initially provided connections in 1972. Through an expansion of the conveyance system in the 1970’s, the remaining townships ultimately connected to the system in 1980.

The Current Sanitary Sewer System

- 85 miles of pipe length
- 2,251 manholes
- 4 interceptors (Falling Spring, Conococheague East, Conococheague West, and South End)
- 4 Borough owned and maintained sewer meter stations (7 township owned and maintained)
- 4 Borough pump stations (Pennsylvania Ave. SPS, Hollywell Ave. SPS, Chambers 5 SPS, Progress Village SPS)

J. Hase Mowrey Regional Wastewater Treatment Facility

2012:



2015



2012 – 2016 Treatment Plant Upgrades

The Largest Public Works Project in the History of the Borough of Chambersburg

Chambersburg's 6.8 mgd, J. Hase Mowrey Regional Wastewater Treatment Plant serves Chambersburg, Greene Township, Guilford Township, Hamilton Township and indirectly part of Letterkenny Township. In addition to the Commonwealth's 2008 Chesapeake Bay Tributary Strategy, which forced a cap on the amount of nitrogen and phosphorus discharged from the facility, Chambersburg is also facing the demand of building additional capacity (a 60% increase) to meet projected twenty-year build out in the service region, as required by DEP's Act 537 Plan Study. These two mandates initially resulted in proposed facility renovations with an estimated price tag of over \$50 million.

The existing treatment facilities at the Chambersburg plant are not able to meet the pending nutrient discharge limits. Therefore, upgrades to the facility will be required to meet the nitrogen and phosphorus caps. In addition to meeting these caps, an expansion from 6.8 mgd to 11.28 mgd is needed to accommodate the anticipated growth within the service area. The facilities must be able to convey a total influent peak flow of 33.5 mgd based upon analysis of the Borough's collection and conveyance system. The extensive scope includes upgrades to all facets of the treatment process with an emphasis on being cost effective, energy efficient, and environmentally sensitive. Key project components include:

- A new headworks and influent pump station will replace the existing deficient facilities. The new facility is sized for 33.5 mgd of influent flow, and all internal conveyance infrastructures must be capable of passing flows that are associated with this peak as well.
- An improved biological treatment process will provide nutrient (nitrogen and phosphorus) removal in order to meet discharge limits that have been established by the PA DEP. Compliance with these limits were required beginning in October 2012. In order to meet these requirements during the construction period, the Borough will purchase nutrient credits on the open market from other treatment facilities on an interim basis through 2016.
- A new biosolids treatment process resulting in an improved final product quality which can be utilized for beneficial reuse in land application. Land application of biosolids has become one of the most cost-efficient biosolids management strategies available to treatment facilities.
- An expanded UV disinfection system will be sized to meet a peak flow of 33.5 mgd. The new UV system was installed in spring 2012.

The upgrades are now estimated to cost \$39 million. Construction began in 2012 and is expected to be complete in June 2016. This will make the project the largest public works project in Chambersburg's history. Initially, prior to design, projected costs were estimated to over \$50 million with a reduced scope of construction. Costs are shared with the Municipal Partners as defined in the Intermunicipal Agreement which was executed on September 13, 2010. While running a little behind and slightly over budget, the project is still in good shape.

Chambersburg's J. Hase Mowrey Regional Wastewater Treatment Plant has been a symbol of intermunicipal cooperation for 40 years. The current upgrades will allow the facility to support the Chambersburg area for decades to come.

Sewer Department Services

- Regional wastewater conveyance and treatment.
 - Treated 2,460,000,000 gallons of sewage in 2014.
 - Average daily wastewater treatment plant flow: 6.74 MGD.
 - 1.14% increase from 2013.
- Sewer customers
 - Residential 7,546
 - Commercial 795
 - Industrial 21
 - Municipal 3
- Operation and maintenance of the collection and treatment facilities.
 - 235 wastewater maintenance repairs in 2014.
 - 6,883 feet of mains televised in 2014 with 138 defects found.
- Operation of the sewer treatment plant laboratory.
 - Perform regulatory and control testing for the WWTP.
- Sewer Inspections
 - Performed 67 inspections in 2014; 42 inspections during the first 8 months of 2015.

Capital Investments

- WWTP Upgrades: \$38,856,000 (2012-2016)
 - Capacity Expansion to 11.28 MGD
 - Nutrient removal to meet Chesapeake Bay Tributary Strategy
- Collection/Conveyance Act 537 Plan: \$2,200,000 (2013-2017)
 - Includes upgrades to the Plant approach interceptor and East Conococheague Interceptor. The projects eliminate capacity restrictions and sources of inflow (rainwater) and infiltration (groundwater).
 - Continued investigation of inflow and infiltration (I&I) throughout the sewer system
- Chambers-5 Pump Station / Force Main: \$403,000 (2016)
 - Received \$265,814 PennWorks Grant in November 2013
 - \$137,000 local matching funds required
 - Upgrades that are required to support demand from new industries (with higher sewer use) in the Chambers-5 Business Park.
- 8th Street Sewer Replacement: \$80,000
 - Replacement of 750 linear feet of shallow sewer in advance of street paving
- WWTP Lab HVAC Replacement: \$75,000
- Contribution to street overlay projects on streets disturbed by sewer work: \$175,000

Collection/Conveyance Act 537 Plan

- Pennsylvania Department of Environmental Protection approved the plan in September 2012
- Plan includes upgrades to the conveyance system and continued investigation to remove sources of inflow and infiltration (I&I)
- DEP lifted our Consent Order and Agreement on August 13, 2014 thereby freeing resources of the Borough to concentrate on development and system improvements
- Next steps: Plant Approach Interceptor and East Conococheague Interceptor Projects
- Project schedule: 2013 - 2017

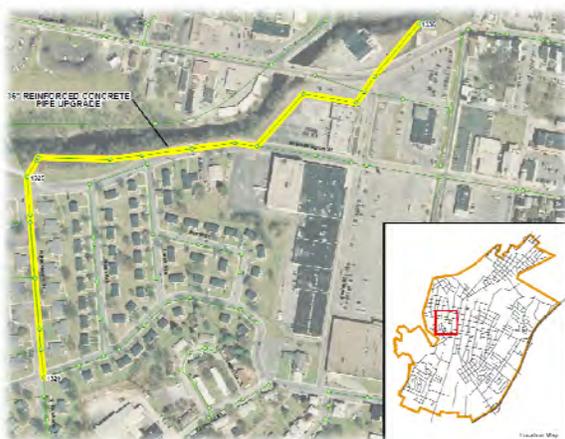
Plant Approach Interceptor Project

- Estimated cost: \$938,103; Borough share: \$321,083.
- Current status: In progress with a December 2015 completion.
- Includes the installation of 1,240 linear feet of 48" interceptor.



East Conococheague Interceptor Project

- Estimated cost: \$1,200,000 (Act 537 estimate); Borough share: 54%
- Current Status: Project to be design complete in 2016
- Bidding planned for early 2017 with 2017 construction
- Includes the installation of 2,600 linear feet of 36" interceptor.



Sewer Department



The Chambersburg Sewer Department is committed to its fundamental objective of providing the highest quality municipal wastewater service for its residential, commercial and industrial users at a reasonable price; and to meet that objective, the Sewer Department will adhere to the following principles:

- Providing effective collection and treatment of wastewater which complies with all state and federal regulations
- Working with the regional community to plan for future capacity to ensure the long-term success, public health and environmental quality of the area
- Providing prompt and effective customer service
- Staffing the organization with qualified professionals
- Striving for excellence with each employee participating as a team member to continually improve the performance of the organization

Department Head: Lance Anderson, PE

| | 2014 Actual | 2015 Budget | 2016 Budget |
|------------------|-------------------|--------------|--------------|
| Revenue | \$5,396,216 | \$5,503,200 | \$5,629,400 |
| Expenses | \$4,921,032 | \$5,503,200 | \$5,629,400 |
| Excess (Deficit) | \$475,184 Surplus | - Balanced - | - Balanced - |

In 2016, the Chambersburg Sewer Department is proposing to maintain a path of strong operating margins. Having raised rates in 2009, 2010, and 2012, the average sewer bill remains one of the lowest in Franklin County and the fiscal condition of the fund is stable. As of 2015, the Sewer Operating Fund has reserves of \$3,500,000 and the Borough is equipped for our capital obligations going forward.

As of now, no additional rate increase is contemplated.

The cause of the last increase, 16% in December 2012, was the capital expenses related to the Treatment Plant Upgrade Project. Also, the 2011 Second Consent Order and Agreement with PA DEP has now been fully satisfied and was lifted in 2014. However, the Borough has permanently accepted the challenge to continue to investigate and determine sources of inflow (rainwater) and infiltration (groundwater) entering into the sewer system. These expenses also contributed to that rate increase.

To that end, continuing in 2016, 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.

In addition, the Sewer Fund will make a contribution of \$52,000 towards future municipal separate storm sewer system fixes that contribute to deficiencies in the sanitary sewer system.

In 2013, the Borough's J. Hase Mowrey Regional Wastewater Treatment Facility project was bid out for construction. Sealed Bids were received by the Borough on Tuesday, May 14, 2013, at which time they were publically opened and read. There were nine (9) bid submissions. Michael F. Ronca & Sons, Inc. ("Ronca") of Bethlehem, Pennsylvania was the low bidder at \$ 30,761,000. With necessary change orders, the project is now at \$38,856,000.

This project has a significant economic impact on the Chambersburg economy:

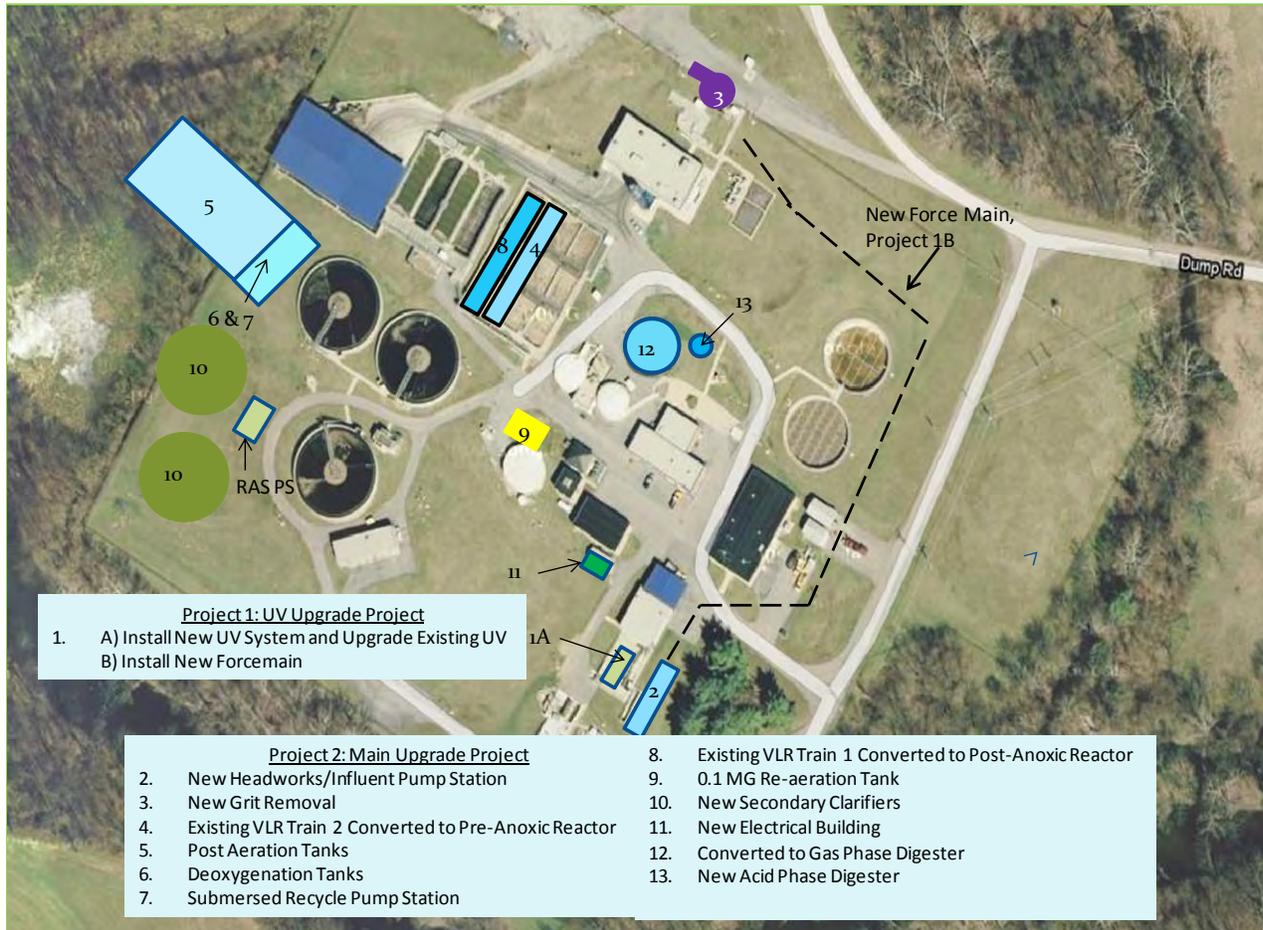
- Project superintendent and pipe foreman both reside within 15 miles of the WWTP.
- Contractor workforce will primarily be from Franklin, Adams, and Cumberland Counties.
- Approximately 17,700 tons of aggregates will be supplied locally for an approximate value of **\$195,000**.
- Approximately 10,800 cubic yards of concrete will be supplied locally for an approximate value of **\$1.3 million**.
- Land clearing will be performed by a local contractor at an approximate value of **\$13,500**.
- Erosion and Sediment controls to be performed by a local contractor at an approximate value of **\$35,000**.
- Off road diesel fuel will be purchased locally throughout the project.

Current Status

Construction of new tank structures, electrical upgrades, digester facilities, and piping.



Project Scope



Current Status

- Approximately \$11,500,000 remain to be expended on the project.
- Piping modifications within the facility are complete.
- Concrete structural work expected to be completed in 2015.
- Chemical feed system for nutrient removal will undergo operational testing November 2015.
- Clarifiers scheduled to be operational December 2015.
- Biological treatment process to be operational spring 2016.



Acid Phase Digester



Chemical Feed Facilities



Clarifier #4



RAS Pump Station



Electrical Building



In-Plant Piping

WWTP Project Cost Estimates

| | 12/23/2011 | As of 9/14/2015 |
|-----------------------------------|---------------------|---------------------|
| UV Project (complete) | \$990,000 | \$1,003,000 |
| Force Main Project (complete) | \$400,000 | \$435,000 |
| VFD Project (complete) | (Main Project) | \$68,000 |
| Headworks/Influent Pump Station | \$8,500,000 | \$30,761,000 |
| Main Project (Process Upgrades) | \$20,500,000 | |
| Change Orders | | \$2,479,000 |
| Technical/Administrative Expenses | \$6,110,000 | \$6,110,000* |
| Associated H2O Grants | (\$2,000,000) | (\$2,000,000) |
| Total | \$34,500,000 | \$38,856,000 |

*Engineering costs include design, construction management, and construction inspection services under current contracts with AECOM and ARRO.

Summary of Overall Cost Reduction

| Items | Previous (Prior to 2010) | Today | Change in Cost | Cost Reduction Percent |
|--|--------------------------|---------------------|---------------------|------------------------|
| WWTP Expansion | \$39,144,800 | \$38,856,000 | \$13,837,488 | 26.3% |
| CPI Adjustment (2% a year for 3 years) | \$2,348,688 | | | |
| New Headworks | \$10,000,000 | | | |
| UV System Upgrade | \$1,200,000 | | | |
| Nutrient Credits | * \$2,724,000 | \$336,150 | \$2,387,850 | 87.7% |
| Interceptors | \$27,507,600 | \$2,200,000 | \$25,307,600 | 92.0% |
| TOTAL | \$82,925,088 | \$41,392,150 | \$41,532,938 | 50.1% |

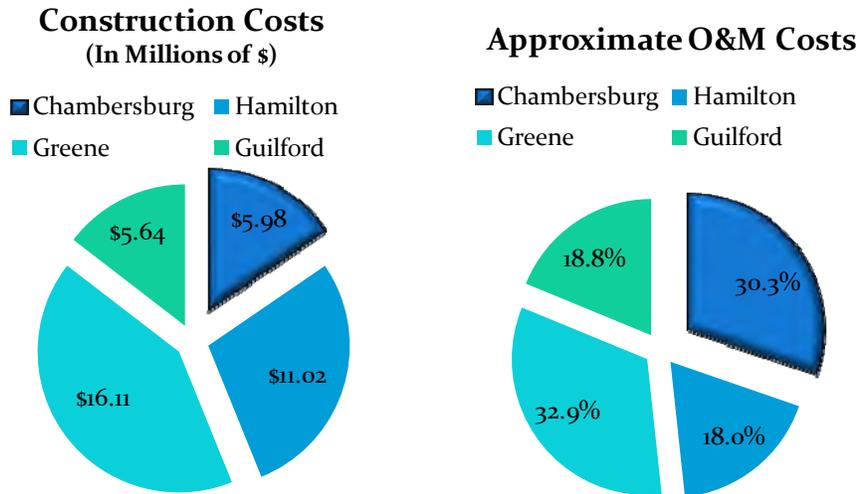
Note: All above based upon estimated costs

* At \$5 per Nitrogen credit and \$9 per Phosphorus credit for 3 years

It is currently estimated that the total construction cost for the project will be \$38,856,000 with Chambersburg responsible for 15.4% or \$5,984,000.

Wastewater Treatment Plant Project

- \$38,856,000 capital cost estimate; \$5,984,000 Borough share
- Reduction from \$50 - \$55 million estimate prior to 2010.
- Financed through a portion of an \$8 million line of credit with F&M Trust.



The Treatment Plant's current design capacity of 6.8 MGD (an annual average flow (AAF) capacity) is allocated among the Borough and the three contributing Townships as follows:

- Borough of Chambersburg 40.14% or 2.73 mgd AAF
- Greene Township 27.06% or 1.84 mgd AAF
- Guilford Township 21.62% or 1.47 mgd AAF
- Hamilton Township 11.18% or 0.76 mgd AAF

After the Project is completed, the sewer capacity allocations of 11.28 MGD based on annual average flow will be adjusted as follows and subject to the provisions of the Intermunicipal Agreement:

- Borough of Chambersburg 30.32% or 3.42 mgd AAF
- Greene Township 32.89% or 3.71 mgd AAF
- Guilford Township 18.79% or 2.12 mgd AAF
- Hamilton Township 18.00% or 2.03 mgd AAF

Sewer Rates

Staff is proposing no rate increase; the last rate increase was in December 2012; the average residential sewer bill is \$29.50 per month. The existing rates are sufficient to provide for the operation and maintenance of the system and capital investment for projects already underway or conceived.

It is likely that future capital improvements may require future rate increases.

This will be welcome news to the largest of our industrial customers:

Industrial Pre Treatment Customers (in ADD order)

| | Avg Daily Discharge |
|-------------------------------|---------------------|
| Knouse Foods | 77,200 gallons |
| Ventura Foods | 76,400 gallons |
| IESI Blue Ridge Landfill | 28,600 gallons |
| Martin's Famous Pastry Shoppe | 19,200 gallons |
| Edge Rubber | 12,000 gallons |
| Nursery Supplies | 2,500 gallons |
| B Wise Trailers | 2,200 gallons |
| Wipro Enterprises | <1,000 gallons |

11/16/2015



Other Enterprise Department Budgets

As Proposed for 2016 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Other Enterprise Department Budgets

As Proposed for 2016

An enterprise fund establishes a separate accounting and financial reporting capacity for borough services for which a service charge or fee is collected in exchange for services provided. Under enterprise fund accounting, the revenues collected and expenditures related to services are separated into separate accounts; each with its own financial statements, rather than commingled with the revenues and expenses of all the government activities of the General Fund.

Enterprise funds may be established, "for a utility, health care, recreational, or transportation facility." Examples of which include the following.

- Public utilities - water, sewer, or sanitation operations
- Health-care – day care centers or nursing homes
- Recreation - skating rinks, pools, or golf courses
- Transportation - airports, marinas or port facilities

A borough may not establish enterprise funds for normal government operation or service such as police, fire, code enforcement or zoning services.

Creating an enterprise fund does not create a separate or autonomous entity from the municipal government operation, such as a municipal authority; although an independent authority is often an alternative approach to enterprise creation. The borough department operating the enterprise service continues to comply with financial and managerial requirements like every other department; supervised by the Borough Manager, who is also the Director of Utilities.

Financial transactions are reported using full accrual accounting standards similar to private sector businesses. Revenues are recognized when earned and expenses are recognized when incurred and assets are depreciated. An enterprise fund provides council and taxpayers with information to:

- Measure performance
- Analyzed the impact of financial decisions
- Determine the cost of providing a service
- Identify any subsidy from the general fund in providing a service

Enterprise funds allow the Borough of Chambersburg to express to the public the cost of services provided. They also allow these enterprises to utilize our internal service fund cost based accounting method by renting vehicles or paying administrative or engineering expenses

In addition to major utility enterprise funds, Chambersburg maintains a Sanitation Fund, a Storm Sewer System Fund, and a Parking, Traffic and Street Lights Fund; all operated as separate enterprises of the Borough.



Sanitation Department

The Sanitation Department pursues a commitment to provide a safe, efficient, and effective municipal solid waste collection and disposal system that protects the natural environment, citizens of Chambersburg, and businesses. We also strive to preserve the quality of life of our citizens and their environs today and if the future

Our Goals:

- To safely and efficiently collect residential solid waste and dispose of it at the landfill
- To safely and efficiently collect residential recyclable materials for processing and reuse
- To provide general cleanliness to the Chambersburg community

Department Head: David Finch, Assistant Borough Manager

| | 2014 Actual | 2015 Budget | 2016 Budget |
|------------------|-------------------|-------------------|--------------|
| Revenue | \$2,521,090 | \$2,693,710 | \$3,069,710 |
| Expenses | \$2,265,840 | \$2,554,830 | \$3,069,710 |
| Excess (Deficit) | \$255,250 Surplus | \$138,880 Surplus | - Balanced - |

The 2016 Budget includes a proposal to increase the trash fee. This would be the first **sanitation rate increase** since 2013 and only the second since 2005; **average residential rates would increase from \$14 per month to \$17 per month but only effective on June 1, 2016; or for only about ½ of the year.** Our sanitation rates are still much lower than the private rates charged by for profit trash haulers throughout the townships.

For illustrative purposes, IESI - Progressive Waste currently charges \$22.00 per month, Parks Waste currently charges \$23.50 per month, and Waste Management currently charges \$45.30 per month per residential service location in the townships.

Green Yard Waste Recycling Center

In April 2015, the Borough's new Green Yard Waste Recycling Center opened on W. Commerce Street in Hamilton Township. A requirement by the PA Department of Environmental Protection to relocate our site from the Borough Farm off dump road led to a \$1.5 million project, which included acquisition of a new site, construction of the site, installation of truck scales, and purchase of a second leaf vacuum truck. To offset this expense, the PA Department of Environmental Protection pledged to Chambersburg a grant for \$225,000.

The grant is not anticipated to arrive until the beginning of 2016. As such, the first debt payments on the mortgage for the site were scheduled in this budget: \$46,110 in principal and \$54,900 in interest for approximately 25 years.

The Borough has hired one extra full time Sanitation worker beginning in 2015. This worker works 40 hours per week at the site, managing the waste, and checking identification during the warm weather

months. During the cold weather months, he supplements the Sanitation Department crew. His approximate cost was \$80,000 per year including wages and benefits.

In addition, the Borough has seen a significant decrease in the use of this new regulated facility by area landscapers, who much preferred our old unregulated facility.

Outsourcing Single Stream Curbside Recycling to a Private Contractor

In October 2015, Washington Township, our long term municipal partner for the processing and marketing of recycling announced that they would no longer be able to afford our partnership. Truth be told, the partnership was not working well for us either. Earlier in the year, it became apparent that the Borough's current recycling method (best described as separate streams of recycling for paper, plastic, green waste, and some metals) was cumbersome and not meeting citizen expectations for recycling. What Council insisted the community wanted was one single stream of curbside recycling to collect all items. This is a common occurrence in many communities, but it is more expensive. Further, Washington Township could not have provided single stream processing. So it was fortuitous that our relationship came to an end.

Beginning in January 2016, the Borough will assign a three year contract to a new private company to begin single stream curbside recycling.

Single stream would be a comingled mix of:

- Aluminum beverage cans
- Steel food & beverage cans, aerosol cans, paint cans (all paint cans must be dry with no wet paint or liquid inside)
- Clear, brown, blue, and green glass food & beverage containers (all containers must be rinsed thoroughly to remove all food & contaminants)
- #1 through #7 Plastic Containers (all containers must be rinsed thoroughly to remove all food & contaminants)(It is OK to leave on labels and neck rings)
- Office/Newsprint Paper, Paperboard & Cardboard: Recycle Any Size. Any Quantity (No packaging (Styrofoam, peanuts, plastic bubble wrap, plastic liners, etc.)):
- All sizes of cardboard boxes
 - Clean pizza boxes
 - Food boxes (i.e. cereal & gelatin boxes)
 - EMPTY paper towel and toilet paper rolls
 - Paperboard packaging (i.e. tissue boxes)
 - Office paper (any color)
 - Shredded paper (in CLEAR plastic bags)
 - Newspapers and inserts
 - Magazines, catalogs, and brochures
 - Envelopes & junk mail
 - Paper bags
 - Phone books & other soft cover books

All recyclables will be collected curbside at a designated spot adjacent to the customer and removed, loaded in a vehicle and delivered to a recycling center by contractor personnel in contractor vehicles. In addition, the contract will provide one new recycling can for each Chambersburg Sanitation customer.

The upcoming switch to **curbside single stream recycling** is much anticipated, but not inexpensive. We are estimating this switch will cost the Borough about \$90,000 in extra net expenses per year. Unfortunately, while recycling is very welcome, very important, good for the environment, and somewhat mandated by the State, it is also much more expensive than trash disposal.

2016 Goals and Challenges

The Sanitation Department has 7,358 residential customers and 651 commercial customers.

1. New policy for dumped bulky items: Bulky items that are dumped in right-of-way will be picked up by the Sanitation Department, but the adjacent property owner will be charged a \$50 per major item. We realize that the item might not be their bulky trash. However, there is no other way to fairly assess a fee. It costs the Borough about \$50 to remove, transport, and place a bulky item into the landfill. Someone has to pay that expense. It would be less expensive if the property owner brought it to the landfill themselves. That being said, to not charge the adjacent property owner encourages dumping and leaves a large unreimbursed expense in the budget. Council approved this new fee in 2015.
2. Bulky waste drop-off to continue once per year each spring: The Borough's annual bulky waste program worked well again in 2015. **There are no changes contemplated to the very successful annual bulky waste drop off days for 2016.**

The following are bulky items:

| | | | |
|--------------------|----------------------|------------------------------|----------------------|
| Air Conditioners | Dishwashers | Mattresses | Stools |
| Baby Cribs | Drapery Rods | Metal Chairs | Strollers |
| Baby Playpens | Dressers | Microwaves | T.V. |
| Bathtubs | Drums | Ottomans | Tables |
| Beds | Dryers | Picnic Tables | Toys (large plastic) |
| Bicycles-Tricycles | Freezers | Refrigerators | Trash Cans |
| Bookcases | Furnaces | Screens | V.C.R. |
| Box Springs | Heaters | Sheds (metal) | Vacuum Cleaners |
| Carpet | High Chairs | Sinks | Washers |
| Chairs | Ladders | Speakers | Water Heaters |
| Commodore | Lamps | Spouting | Wheelbarrows |
| Computers | Landscape Logs | Stands (wire, wood, plastic) | Wooden Chairs |
| Couches | Lawn Mowers/Sweepers | Stereos | |
| Desks | | Stoves | |

The following are not bulky items:

Building materials, cardboard boxes, tires, batteries, paint, and loose materials (items that can be broken down to fit in a garbage container or those that fit in a garbage container).

3. The transition continues from management by Arnold Barbour to management by Chad Ebersole: Chad Ebersole was hired on September 25, 2015, as a replacement for Arnold Borough who is becoming the new Borough Building and Grounds Supervisor. Mr. Ebersole will be responsible for managing the Sanitation Department, including the green yard waste operations, leaf collection operations, and management of the new recycling contractor; and also for management of the Borough's vehicle fleet. This includes management of the Borough's Central Garage operations. Mr. Ebersole, who lives in Fayetteville, has years of experience managing sanitation operations in the area with Parks Garbage, Interstate Waste, York waste Disposal and R&A Bender.
4. In 2016, extra bag tags for extra trash will be available at City Hall, the Service Center, and at the Rutter's Farm Store on S. Main Street.

5. In 2016, the Borough's second new Leaf Vacuum Truck will be placed into service.
6. Due to the outsourcing of recycling to a private contractor, the Sanitation Department will be carrying two extra employees in 2016. By 2017, one of those employees will transfer to another department by agreement with AFSCME Local #246.



Borough contractor: H & H General Excavating d/b/a Country Boy Mulch & Soil Products



This one vehicle can do the job of six, so we utilized the construction of the Green Yard Waste Recycling Center to acquire a second vehicle. It cost \$243,000.



Municipal Separate Storm Sewer System (MS4) Department

The Borough – located in the Conococheague Creek Watershed – regulates stormwater according to a Stormwater Management Ordinance adopted by Town Council on June 20, 2004 and amended on July 14, 2014. The Ordinance was originally drafted and adopted according to the Act 167 Conococheague Creek Watershed Plan as approved by the Pennsylvania Department of Environmental Protection (DEP) on November 10, 2003.

2016 will mark the second year of existence of this new storm sewer utility; one of the first such municipal utilities in the Commonwealth of Pennsylvania.

Department Head: Phil Wolgemuth, Assistant to the Borough Manager

| | 2014 Actual | 2015 Budget | 2016 Budget |
|------------------|-------------|--------------|--------------|
| Revenue | N/A | \$490,500 | \$321,350 |
| Expenses | N/A | \$490,500 | \$321,350 |
| Excess (Deficit) | N/A | - Balanced - | - Balanced - |

Staff: Andrew Stottlemeyer

The 2016 Budget includes no change or increase to the current storm sewer fee.

The Storm Sewer Utility began operation in 2015 and is dedicated to improving health, safety and welfare in the Borough of Chambersburg by providing for the safe and efficient capture and conveyance of stormwater runoff resulting from development by enforcing the Borough’s Stormwater Management Ordinance, by maintaining compliance with the Borough’s municipal separate storm sewer system (MS4) permit and through construction and maintenance of the Borough’s storm sewer system according to sound financial resource and capital improvements management.

On December 8, 2014, Town Council adopted an Ordinance establishing the first-ever storm sewer utility for the Borough of Chambersburg. The utility generates its revenue through a Storm Sewer Pollution Control Fee that is assessed at \$3.00 for every sanitary sewer connection to a building. Through September 30, 2015 the utility collected \$203,124.64 and will ultimately collect approximately \$300,000 in 2015 to operate the utility and fund storm sewer system capital improvements.

As indicated through the Storm Sewer Utility Feasibility Report that was presented to Council on October 13, 2014, the largest first year action item would be to hire a Storm Sewer System Manager who will responsible for day-to-day management of the storm sewer utility, storm sewer system and stormwater management program. That was accomplished on April 1, 2015 when Andrew Stottlemeyer was employed as the first-ever Storm Sewer System Manager. Since then Mr. Stottlemeyer has worked hard to become

knowledgeable of the MS4 Permit, Stormwater Management Ordinance and Floodplain Ordinance regulations all of which he is responsible for compliance and enforcement. Specifically, Mr. Stottlemeyer has improved the Borough stormwater management program by addressing the Minimum Control Measures (MCM), as required by the MS4 Permit, accordingly:

MCM 1. Public Education and Outreach on Stormwater Impacts

MCM 2. Public Involvement and Participation

2015

- 2014 Annual Report and 2015 Forecast
- Met with Wilson College staff to discuss MS4 Permit and storm sewer system
- Attended May of Caring Stream Clean-up
- Attended Franklin County Watershed Association meeting on October 21, 2015
- Added more public information to the Borough website
- Updated 'An Overview of Borough of Chambersburg Stormwater Management Program' presentation

2016

- Improve the existing Public Education and Outreach Program and Public Involvement and Participation Program
- Conduct a public meeting to solicit public involvement and participation in the stormwater management program
- Continue outreach with residents, business owners, schools, colleges, civic organizations, watershed associations and local landscapers

MCM 3. Illicit Discharge Detection and Elimination

2015

- Updated Illicit Discharge Detection and Elimination Program
- Developed spreadsheet to document outfall field screening
- Updated GIS and map based on data collected as part of outfall field screening
- Hired Franklin Analytical, Inc. to provide storm water testing when necessary

2016

- Recommend promoting Rodney Shuman, GIS Technician from part-time to full-time to provide additional help with GIS and map
- Improve the Illicit Discharge Detection and Elimination Program by providing public education to detect and eliminate illicit discharges

MCM 5. Post-Construction Stormwater Management in New Development and Redevelopment

2015

- Began Land Use Permit Application review for Stormwater Management Ordinance compliance
- Conducted 90 stormwater basin inspections
- Issued 20 violation notices for Stormwater Management Ordinance non-compliance
- Issued 5 violation notices for grass clippings in the street

2016

- Continue inspection of Best Management Practices (BMP's) during construction and afterward to ensure proper operation and maintenance
- Add to GIS and map new BMP's
- Consider BMP's when designing municipal infrastructure improvements
- Implement the Chesapeake Bay Pollutant Reduction Plan, when approved by DEP

MCM 6. Pollution Prevention and Good Housekeeping

2015

- Started to identify and document all facilities and activities that are owned and operated by the Borough that have the potential for generating stormwater runoff to the MS4 (such as the Borough Garage, Service Center, Recreation Department facilities, etc.)
- Monitoring Hollywell Avenue Conveyance Swale in accordance with Corrective Action Plan filed with DEP
- Incorporated storm sewer system improvements into Capital Improvements Planning process

2016

- Meet with each department head to inventory all facilities and activities that are owned and operated by the Borough
- Develop and implement maintenance activities/schedules and inspection procedures to reduce the potential for pollutants from Borough facilities to reach the MS4
- Develop and institute an employee training program to ensure personnel understand and comply with storm sewer system maintenance and pollution prevention measures

Mr. Stottlemeyer also started to develop a capital improvements program to maintain the Borough storm sewer system, which is comprised of 59.53 miles of pipe, 2,367 inlets and 123 outfalls to Conococheague Creek and Falling Spring Creek.

In 2015 the following capital improvements projects were completed:

- Completed Harrison Avenue swale improvements project in conjunction with PennDOT Franklin County Maintenance
- Hired D.L. George & Sons Construction Company to complete the U.S. Route 11 inlet replacement project
- Worked with ARRO Consulting to finalize PA Department of Environmental Protection Permit Application for the North Fourth Street Streambank Restoration Project

In 2016 the following capital improvements projects are scheduled:

- Complete any necessary storm sewer system improvements before 2016 street improvements projects begin
- Complete Norland/Fifth Avenue storm sewer system improvements in conjunction with North Chambersburg Improvements Project
- Complete Pine Street storm sewer system improvements in conjunction with South Street Improvements Project
- Design and complete improvements necessary to alleviate flooding on Pine Court
- Complete the North Fourth Street Streambank Restoration Project
- Secure grant funding and begin design for the Rhodes Drive BMP Project

For 2016 the biggest news for the Storm Sewer Utility is that the Storm Sewer Pollution Control Fee is recommended to remain at \$3 per sanitary sewer connection collecting, again, approximately \$300,000 to operate the utility and fund storm sewer system capital improvements. While no new staff are recommended for the utility, there will be increased costs for Engineering Department services if Rodney Shuman, GIS Technician is promoted from part-time to full-time to provide additional help with surveying and Geographic Information System data associated with the storm sewer system. Also, the budget for legal services and consultant services will be increased to account for Request for Proposals to be prepared for consulting engineer services and for the engineering analysis to establish a Storm Sewer Pollution Control Fee based on impervious coverage for each parcel in the Borough in relation to the demand for stormwater management services.

Any unused revenue collected in 2015 will be transferred to the Storm Sewer Capital Reserve to be used for the capital improvements projects scheduled for 2016.

Finally, as indicated through the Storm Sewer Utility Feasibility Report that was presented to Council on October 13, 2014, revenue for the storm sewer utility is proposed in three phases:

Phase 1: A monthly Storm Sewer Pollution Control Fee for every sanitary sewer connection to a building.

Phase 2: A monthly fee based on the impervious coverage for each parcel in relation to the demand for stormwater management services.

Phase 3: A credit system for BMPs to offset stormwater service fees.

As reported, a Storm Sewer Pollution Control Fee that is assessed at \$3.00 for every sanitary sewer connection was collected in 2015 and will remain at the same rate for 2016. It is important to note that the Storm Sewer Pollution Control Fee will eventually change as a result of the pending engineering analysis, likely be conducted in 2017, to establish a fee based on impervious coverage for each parcel in relation to the demand for stormwater management services. However, a credit system for Best Management Practices to offset the Storm Sewer Pollution Control Fee will also be established and implemented in conjunction with the change to a fee based on impervious coverage for each parcel, likely in 2020 which will be the fifth year of the Storm Sewer Utility.

Department Statistics

The Borough storm sewer system is comprised of the following:

Number of catch basins: 1,983

Total length (feet or miles) of storm sewer pipes: 276,612 feet or 52.39 miles

Total length (feet or miles) of storm sewer open channels: 77,109 feet or 14.60 miles

Number of detention basins: 55

Number of subsurface detention areas: 13

Number of outfalls to Conococheague Creek and Falling Spring Creek: 108

The Borough encompasses 4,434.99 acres with approximately 2,555.47 acres (57.62%) of pervious area and approximately 1,879.52 acres (42.38%) of impervious cover. Of the impervious cover, approximately 571.67 acres (30.42%) is covered with buildings, approximately 401.62 acres (21.36%) is covered with streets (Borough, State Routes and private) and approximately 417.11 acres (22.19%) is covered with parking lots. The remaining 489.12 acres (26.03%) is covered with items such as sidewalks, concrete slabs, swimming pools and decks that were not incorporated into the previously noted categories.

The MS4 Permit requires the Borough to operate a stormwater management program to address the Minimum Control Measures that are described below along with an explanation of how the Borough currently addresses those measures. The Land Use and Development Department is responsible for all MS4 Permit compliance and reporting.



Parking, Traffic and Street Lights

Created in 2012, this Department includes: Downtown Parking, Street Lights, Traffic Signals and Parking & Traffic. An inter-departmental agency, the mission of this department is Public Safety through the proper management of vehicular infrastructure and regulation under the advice and direction of the Borough's Parking, Traffic and Street Lights Committee. Services include:

- Downtown parking meters and parking lots
- Traffic control devices, traffic signals, and speed control devices
- Street lights, illumination, and public lighting

As an inter-departmental agency, the Borough Manager supervises these functions. He is assisted by the Electric Department, the Engineering Department, the Parking & Customer Service Office of the Administrative Services Department, and the Police Department.

Department Head: Jeffrey Stonehill, Borough Manager/Director of Utilities

| | 2014 Actual | 2015 Budget | 2016 Budget |
|------------------|-------------------|--------------|--------------|
| Revenue | \$1,101,083 | \$935,142 | \$1,024,125 |
| Expenses | \$733,665 | \$935,142 | \$1,024,125 |
| Excess (Deficit) | \$367,418 Surplus | - Balanced - | - Balanced - |

Parking, Traffic and Street Lights is a separate enterprise fund of the Borough; run like a utility with most proceeds supplied by the Electric Department and parking fees. There are no actual employees; however, the fund pays the payroll of employees by the hour working on projects. The fund owns the street lights, traffic signals, parking meters, and electronic traffic control devices. It is managed directly by the Borough Manager and the PTSL Committee provides advice and guidance.

In 2014, the Borough programmed a surplus of \$367,000 for the department in order to under two large capital projects, which occurred in 2014 and 2015.

South Third Street Municipal Parking Lot

On October 27, 2014, Town Council approved a resolution authorizing the Borough to acquire 240-250 S. Third Street by the Parking Department for the purposes of planning for additional municipal parking. The Recreation Department had identified a significant long term situational parking issue in the neighborhood of the Eugene C. Clark Jr. Recreation Center. While the Borough does not necessarily recommend the demolition of habitable structures for parking, these buildings were an eyesore in the neighborhood. Therefore, Council took care of two issues by the acquisition of these buildings.

The Borough took possession of the property by the end of 2014 and in 2015 the multifamily homes were demolished. Today there is an open lot. The Borough will begin planning for the future of this parking

facility in 2016. First, the Borough will set about to design a parking lot including proper layout and drainage requirements. It is our hope to have a new municipal parking lot designed for S. Third Street in 2016 and constructed in 2017.

Hoffman-Minnich Parking Lot Swapped for Central Parking Lot

On May 11, 2015, the Borough of Chambersburg and the Shook Home agreed on a framework that resulted in the Borough trading the Hoffman-Minnich Parking Lot on Central Avenue for a larger parking lot across Central Avenue to be known as the Central Parking Lot. On September 3, 2015, the transaction was completed and the signs and parking meters moved.

The Central Parking Lot is well situated to be the flagship parking lot for Chambersburg's downtown. It has easy access from Queen Street, Lincoln Way, and Second Street; is adjacent to the Shook Home, downtown businesses, the F&M Bank building, and near the Franklin County courthouse campus. Finally, the lot is connected to S. Main Street by a pedestrian walkway. Downtown Chambersburg Inc.'s 2015 Downtown Master Plan recommended to the Borough the concept of improving parking facilities by adding decorative lighting, signage, landscaping, new parking kiosks, and pedestrian safety improvements.

In 2016, we envision entering into a design process with a landscape design firm, reimagining the Central Parking Lot for the purposes of applying for a Multimodal Transportation Fund ("MTF") grant from the Commonwealth Financing Authority to support Central Parking Lot Multimodal and Pedestrian Safety Initiative. It is our hope that community partners will support this application and provide financial assistance to match the grant application.





Sample of new pedestrian walkway and arched entry to parking lots



Although the arched entry is shown on the Rosedale Parking Lot entrance, perhaps a similar installation is possible at the Central Parking Lot.

Wilson College Streetscape Grant Project

On September 9, 2014 the Borough of Chambersburg received notification that it has been awarded a Multimodal Transportation Fund (“MTF”) grant in the amount of \$465,429 from the Commonwealth Financing Authority to support Wilson College’s Streetscape and Pedestrian Safety Initiative. The MTF request for funding was submitted as a collaborative public-private partnership between the Borough and Wilson College to perform a variety of pedestrian infrastructure and aesthetic upgrades in coordination with the College’s campus improvement plans.

The Streetscape and Pedestrian Safety Initiative will include the replacement and upgrade of sidewalks, curbs and crosswalks along the portion of N. Main Street, Edgar Avenue, and Philadelphia Avenue that borders the College’s campus. The improvements are targeted at further promoting safety with enhanced vehicular visibility and substantial width for sound pedestrian crossing throughout the campus. A final design was approved but delays made it impossible to complete the project when U.S. 11 was repaved in 2015. Regardless, the plan is to complete the improvements in 2016. In a future phase, a dual-banner system will be affixed to Borough street lights. The Borough involved the surrounding neighborhood in the final design process. It is our hope to have a new Wilson College streetscape installed by January 2017.

Upgrade Project for the Borough’s Traffic Signal Network

On Monday, February 9, 2015, The Borough of Chambersburg Town Council unanimously endorsed a recommendation of the Parking, Traffic, and Street Lights Committee to apply to the Franklin County Metropolitan Planning Organization (MPO) committee to utilize the full \$2.2 million available in Federal Highway Administration (FHA) Congestion Mitigation and Air Quality (CMAQ) grant funds to upgrade the Borough’s traffic signal infrastructure, to install communication equipment, and to make improvements that would allow for performance metrics to be ascertained from the Borough’s traffic signal network but not to otherwise yet pursue the concept of adaptive signal technology until these infrastructure improvements are implemented.

On November 4, 2015, the Borough of Chambersburg received a notice of award for Federal funding in the amount of \$4.15 million dollars from the Pennsylvania Department of Transportation. This grant will be used to pay 100% of an upgrade to the traffic signal system around Chambersburg using the Congestion Mitigation and Air Quality Improvement Grant funding. The grant will pay for the upgrade of hardware associated with interconnection of traffic signals within the Borough of Chambersburg as well as several traffic signals on the Chambersburg network in neighboring townships.

Beginning in 2016, this important project will be the main hardware focus of the Parking, Traffic & Street Lights Department.

11/16/2015



Internal Service Funds

As Proposed for 2016 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Internal Service Funds

As Proposed for 2016

When governments wish to allocate the cost of providing certain centralized services (e.g., motor pools, data processing, warehouses) to the other departments of the government entity that uses the services, they utilize a charge back system called Internal Service Fund accounting. Chambersburg does this for many of our operations in order to better account for utility operations.

An internal service fund is the appropriate accounting mechanism when it is the intent of the government to recover the full cost of providing the service through user charges to other departments. We call this “cost based accounting.”

The Borough of Chambersburg’s six internal service funds are used by management to charge the costs of certain activities, such as insurance, motor equipment, engineering, and others, to individual funds. A portion of these assets and liabilities of the internal service funds are included in the governmental activities and are allocated based on the usage of those funds by the governmental funds.

The Borough’s internal service funds consist of:

- Stores Fund – The Stores/Warehouse Department is responsible for the purchase, storage, and disbursal of inventory which is used to support the construction and maintenance functions of the Borough utilities as well as our Customer Service Center.
- Administrative Services Fund – Administrative Services was synonymous with the Finance Department, which is responsible for the complete financial, utility meter reading, and parking meter operations, as well as the operation and maintenance of City Hall. In 2012, the Borough expanded these services to include: the clerical pool of employees, Information Technology, and Personnel/Payroll.
- Motor Equipment Fund – This fund supports the activities of the Motor Equipment Department which manages a rolling stock of more than 120 vehicles and our garage operations.
- Self-insurance Fund – This fund is used for the purpose of funding risk which the Borough does not transfer to commercial insurance carriers or insurance pools.
- Engineering Fund – This fund supports the activities of the Engineering Department, which is responsible for furnishing civil engineering, surveying, drafting, and utility location information to other departments. The department also designs and inspects public works projects.
- Worker’s Compensation – This fund underwrites the risks to the Borough resulting from job-related injury or illness to its employees.

For the purposes of this narrative, this Chapter will focus only upon the Stores/Warehouse Department, the Administrative Services Department, the Motor Equipment Department, and the Engineering Department. The balances of these funds are covered in statistical format only.



Stores/Warehouse Department

The Stores/Warehouse Department provides the public with exceptional customer service for both emergency and routine calls through the Customer Service Center, as well as provides each utility operation with an efficient and effective purchasing and warehousing system.

Department Head: John Leary

| | 2014 Actual | 2015 Budget | 2016 Budget |
|------------------|-------------------|--------------|--------------|
| Revenue | \$771,397 | \$790,525 | \$781,750 |
| Expenses | \$669,276 | \$790,525 | \$781,750 |
| Excess (Deficit) | \$102,121 Surplus | - Balanced - | - Balanced - |

The Stores/Warehouse Department, located on S. Franklin Street is our customer service center for both internal and external customers. Operating around the clock, the center includes the warehouse functions of the Borough and the live customer service operators.

This department provides two key internal services for the other departments of the Borough: first, it is the centralized purchasing and inventory for parts, supplies, and utility hardware (the Stores/Warehouse) and second, it provides 24/7/365 Customer Service Center for utility emergency and routine customer service; processing 3,587 service orders in 2014. An electric utility and a gas utility are federally required to provide this function to its customers. The facility is on S. Franklin Street and is under the supervision of Mrs. Carol Kellogg.

The Chambersburg Stores/Warehouse Department has significant equity invested in its large utility parts inventory. The purchase of supplies and the distribution to the various utilities drives the fiscal performance of the department. In general, it is just a pass-through operation, consolidating purchasing for the utilities and covering its expenses.



The Chambersburg Stores/Warehouse Department saw challenges in 2015, which will impact 2016 operations. Specifically, the Sanitation Department requested in 2014, and the Service Center jumped to comply, with the implementation of the Green Waste Card system use for entry to the Borough Farm. Becoming the gatekeeper for the Borough Farm was very taxing on staff (especially during the height of the landscaping season) but very important to insure there were no unauthorized access and no dumping

at the Borough Farm. Once the Sanitation Department relocated the green waste recycling operation from the Borough Farm to its new home on W. Commerce Street this past Spring, access to the Farm was limited to Borough operations, lessening the burden on Dispatchers.

Additionally, the Borough Finance Department requested the Customer Service Center take on additional tasks to free Finance personnel to be able to focus on improving their customer service. The Customer Service Center was happy to take on the stuffing of utility bill envelopes and the estimation of final bills for real estate settlements. We are proud of our ability to continue to find new ways to benefit our residents and Borough operations without adding any personnel or costs.

Dispatchers are required to work overtime to cover for other Dispatcher absences for vacation or sick leave. This has caused scheduling difficulties, especially when someone may be off work for extended periods. To assist Dispatchers with coverage in tough situations, we hired a new PT Dispatcher in 2015. This person regularly works one day per week to remain fresh with the job, and is available to work additional shifts when needed.

For the second straight year, the Stores/Warehouse Department had zero lost time workplace injuries. Safety in our operations is our most important priority.

The Stores/Warehouse Department is proud of our excellent customer service center dispatchers who work around the clock dealing with issues and concerns of our residents. We have had no employee turnover in 3 ½ years. It is in no small measure that our public feels the Borough provides excellent customer service because a “live” voice can be reached at any hour. A continuing goal for 2016 will be keeping the dispatch area free from being a social gathering place for employees during work hours.

- Warehouses items needed for Borough utility emergencies and normal operations – over \$1.1 million inventory including office supplies, janitorial supplies, wire, pipe, and transformers
- In 2016, we will purchase approximately \$570,000 of material
- Financially sound per item mark-up expected to remain constant for 2016 (No increase past 15+ years)
- 2015 expenses trending same as 2014
- Eliminating excess inventory levels decreases waste due to items becoming obsolete, damaged or corroded prior to use
- Reducing inventory value frees up capital for better use
- We have a goal of identifying and adding new ways to benefit the Borough



Customer Service Center

The Chambersburg Stores/Warehouse Department is also the home of the Borough's 24/7/365 Call Center, the Customer Service Center. The Borough's utility operations require live 24/7/365 customer service for both safety and Federal Pipeline Safety law.

- Provides 24 hour customer support and emergency dispatch for utilities
- Provides customer service for calls made to Borough Hall when offices are closed (nights, weekends and holidays)
- Processed 3,587 service orders in 2014
- Regularly conducting enhanced customer service training
- Host surveillance video monitor and recorder for Fort Chambers Park
- Operate electronic gate at the Borough Farm
- Daily stuff utility bills in envelopes
- Calculate estimated final bills for real estate settlements and provide to settlement companies



It is our goal to continue to enhance and maximize the use of this valuable department. For example, we would like to see the Customer Service Center provide additional services for other municipal organizations, and we would like to join more collaborative purchasing programs. We also believe that our Customer Service Center is akin to a front door to our Borough operations, and the more services we can provide, the better the communications, the more inviting that front door becomes.

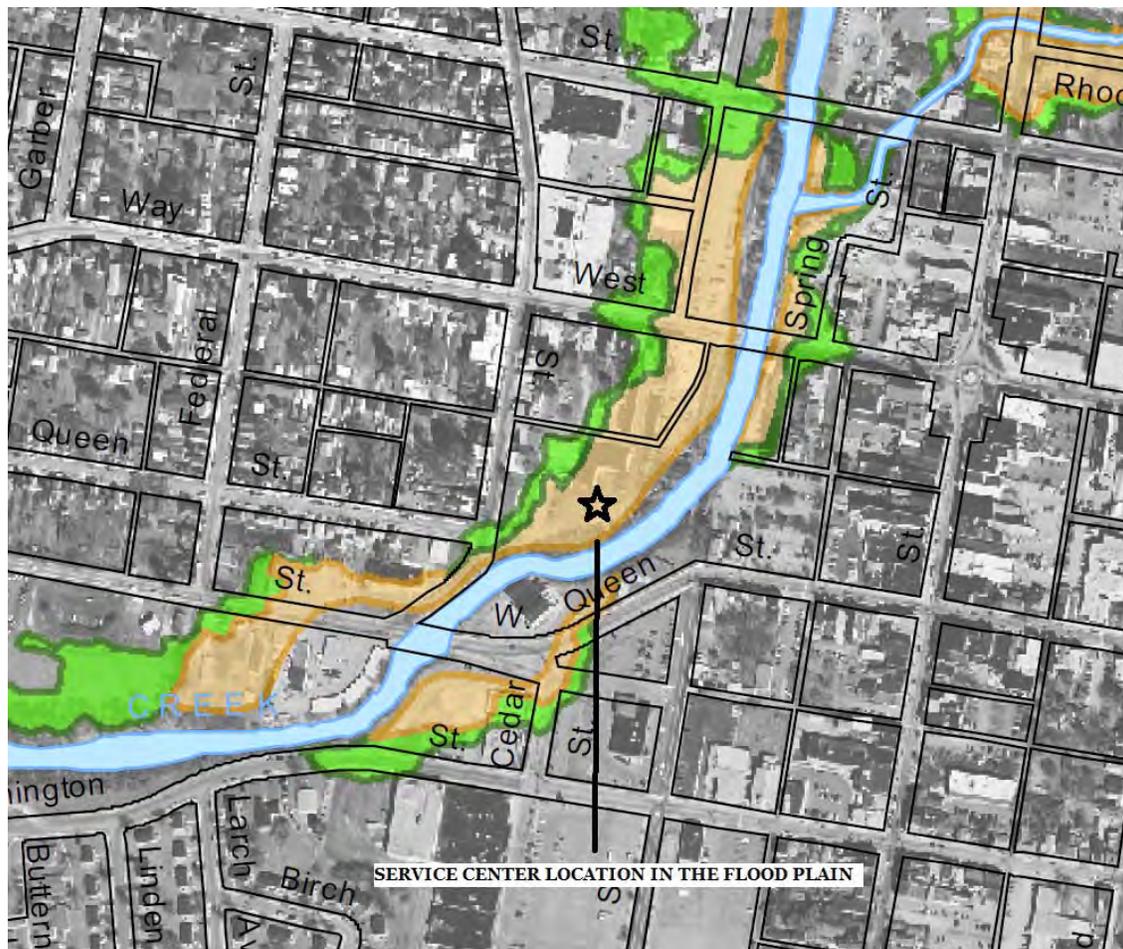
The Stores/Warehouse Department is responsible for:

- Purchasing off COSTARS State Contracts
- Advertising of specifications
- Management of inventory
- Central stores warehouse operations
- Assists Electric Department with processing PCB removal of old transformers

The Borough operates under a hybrid centralized/decentralized procurement model. The Stores Department centralizes the policy and procedures for the Borough and assists departments, to varying degrees, administering the various competitive bid processes.

Future of the Franklin Street Site

The Stores Department operates the Borough's Warehouse yard operation. This Department has a number of buildings and structures and yards for this purpose. In 2015, the Department will analyze the best use of the available space at the facility and determine future site functions. One advantage to the Franklin Street Site is that it has available space. One disadvantage is that some of the yard is in the floodplain.



Administrative Services Department



Chambersburg's Administrative Services Department preserves and protects the Borough's financial, technology, and human resources, in order to attract, select and retain an effective workforce and to facilitate the effective use of City Hall, Borough staff and our community resources.

Our Goals:

- To provide accurate, timely and meaningful reports on the Borough's financial status
- To attract and retain quality team members and to assure that municipal services are provided in an effective manner
- To develop and manage cost-effective programs for loss prevention, self-insurance, compensation, and benefits
- To minimize the Borough's exposure to financial risk and overall liability
- To continually develop and enhance the professionalism and service orientation of our personnel
- To manage the data, technology, and information systems in a cost-effective manner

| | 2014 Actual | 2015 Budget | 2016 Budget |
|------------------------|--------------------|--------------------|--------------------|
| Revenue | \$5,337,620 | \$5,433,300 | \$5,143,830 |
| Expenditures | | | |
| Personnel/Payroll | \$520,890 | \$656,725 | \$385,400 |
| Information Tech | \$577,290 | \$757,925 | \$830,100 |
| Finance/Accounting | \$695,180 | \$699,100 | \$740,450 |
| Cust Service/City Hall | \$1,236,020 | \$1,309,575 | \$1,357,025 |
| Clerical Pool | \$848,140 | \$1,000,550 | \$1,031,250 |
| Administration/Misc | <u>\$1,006,680</u> | <u>\$1,009,425</u> | <u>\$799,605</u> |
| <i>Total</i> | <i>\$4,884,200</i> | <i>\$5,443,300</i> | <i>\$5,143,830</i> |
| Excess (Deficit) | \$453,420 Surplus | - Balanced - | - Balanced - |

The Chambersburg Administrative Services Department has significant equity invested in most of the buildings and office equipment of the Borough. The management of personnel and systems drives the fiscal performance of the department. In general, it is just a pass-through operation, consolidating administrative functions for the utilities and covering all its expenses.

There is never really a surplus in this department. All expenses are billed directly back to all the other departments of the Borough. Any surplus is for non-cash items and is equity from capital equipment.

Personnel Office and Payroll Services

Under the supervision of the Borough Manager, this office has three full time staff members who process payroll for over 300 full time, part time, and season employees; does benefit administration such as health insurance, life insurance, disability insurance, workers compensation claims processing; does recruitment and retention of personnel such as job descriptions, maintaining the Pay Plan, administering the disciplinary processes, keeping paperwork on collective bargaining and labor relations issues; and, handles the travel and training of all personnel.

On September 29, 2015 John Englerth was awarded and accepted the Borough's first ever Health and Safety Program Manager position. Since then, Mr. Englerth has been visiting and observing Safety Practices at various Department locations throughout the Borough. He has been introduced to several Supervisors and has explained in summary what he will be accomplishing. His primary objective is Safety and Wellness. He will utilize and institute these objectives through communication with Supervisors and Department Heads, and implementation of policies and procedures for the improvement of the current Safety Policies. His presence on job sites will be consistent. In summary, he will assist the Personnel Supervisor by managing the day to day operations of the Borough's Health and Safety Programs including, but not limited to, overseeing management of the Borough's self administered workers compensation, loss prevention, and safety programs; and, ensuring the proper and timely compliance with personnel policies and departmental standard operating procedures pertaining to employee safety. Continually maintain an appropriate level of training, awareness, knowledge and preparedness across all Borough Departments to assist in creating a culture that prioritizes effective employee safety and health while balancing overall associated costs.

Benefits Management

The Personnel Office manages relationships with the various consultants that provide the Borough benefits. For health insurance, the Borough is a member of the Pennsylvania Municipal Health Insurance Cooperative run by Benecon. For 20 years, Benecon has responded to the common healthcare issues faced by municipalities, authorities, and regional municipal entities in Pennsylvania through the PMHIC Program. This unique healthcare purchasing cooperative allows many municipalities to come together and joint purchase health insurance at a lower cost than they would pay individually. Benecon has 184 member municipalities totaling over 6,000 covered employees. The self-funding arrangement is based on achieving sustainable and competitive pricing without the financial risk encountered when smaller entities self-fund individually. In fact, members actually get money back in a refund check if they pay in more than is needed to cover their claim liability (less any Cross Share commitment). As a result, Benecon has returned over \$36,426,993 in surplus to individual cooperative members since 2006. Or, if you have a 'bad' claim year, a maximum risk for paying claims is capped off.

The Personnel Office also manages relationships with the ICMA Retirement Corporation, AFLAC, Davis Vision, and many other health and wellness program providers.

Finally, the Personnel Office provides a place where employees can bring their confidential issues. The Personnel Office provides our Health Insurance Portability and Accountability Act of 1996 (HIPAA) compliance as well as our confidential Employee Assistance Program (EAP). The EAP provides anonymous counseling for our employees on a variety of life, family, and health issues through a third-party provider: Access EAP.

Information Technology Office

Under the supervision of the Borough Manager, this office has three full time IT staff members who do computer helpdesk, programming, hardware and software installation, backup, and maintenance, and special projects/reports programming and publishing for all the departments of the Borough. In addition, this Office has two full time data processing employees who take the utility meter reading data and transpose it digitally into the utility billing system. This office provides direct support to the Customer Service/City Hall Maintenance Office and helps do everything from run cables to move furniture. Finally, in 2014, the Office added a full time employee who is doing financial document scanning and archiving. This is a part of the organizational initiative to use technology throughout the organization and improve our work flow and document management processes through technology.

- 14 servers
- 121 Desktops
- 23 Laptops
- 38 Smart Phones
- 20 Tablets
- Server Disk Used Total 3.82 TB
- Total Server Disk Available 7.5 TB
- Average 45 support tickets a week
- Fire, Police, Service Center, Water, Sewer, Electric Plants – all supported 24x7
- 72 IP Videos Cameras
- 8 NVR camera system
- 11 Police In car camera / wireless
- 3 Websites

2015 Accomplishments

- Integrated the new Radio Read technology of a select group of water/sewer meters into the utility billing system
- Implemented Landlord/Tenants Rights law into the utility billing system
- Numerous updates/change requests/error fixes of day-to-day operations to various departments' programming needs
- Updated the in car/dash cameras of police cruisers
- Configured the computer system for operation of the scale at Green Waste Facility
- Added a few more doors to City Hall security system
- Installed needed technology to get new Community Policing Substation operating
- Added an additional VM Server
- Added 2nd redundant Nimble Storage device at Franklin County building providing off-site storage and secured server replication of police data
- Installed new Barracuda web filter device to filter and protect network
- Create new fire website and migrate chambersburgfire.com from Innernet.net to our current web hosting service
- Move Police Dept to Google Apps for Government (same as all other departments)
- Installed Q-star Flash Cam at the railroad bridge at Service Center
- Purchased Panasonic Tough pads for Fire officer vehicles

- Install TAP for network troubleshooting
- Install networking cabinet at service center to secure up the networking equipment
- Participated in the research for License Plate Reading camera technology

2016 Projects

- Continue exploration into new Borough-wide financial, accounting, billing and human resource management software package
- Begin exploration and implementation into new Borough-wide IP based redundant telephone system
- Establish defensive penetration testing for weaknesses in current Borough network
- Upgrade physical network to POE switch gear
- Upgrade Internet Firewall to new technology
- Upgrade and explore duplication of internet service providers to create sufficient bandwidth for new cloud based applications and telephone system
- Implement Active Directory controls for better security
- Assist in Utility Addition design process for technology implementation

2016 Challenges

Over the last 5 years, the Borough of Chambersburg has become more and more dependent on our Borough-wide fiber network. Currently we are not performing any preventative maintenance on our fiber lines. A recent issue involving fiber going down due to a rodent chewing through cables is evidence that preventative maintenance isn't being completed. Now that we are sharing fiber with other organizations, it is crucial that we maintain our fiber networks to ensure high levels of up-time. Once the traffic signals are fully integrated into this network as well as County facility data, the network becomes even more critical.

IT Security, both internal and external is a growing concern. Every day companies are being exposed and data compromised. Patching and software updates have become an everyday job, one that could be considered a job in itself. Having employees understand the risks of cyber-attacks when using Borough networked computers/devices is crucial to the integrity of our data network. All software/hardware now has to be tested for any possible exploits before integrating into the Borough's network. The end user is still the last person that can mitigate the problem. We handle financial and billing data for thousands of individuals and customers daily, in addition to police and other law enforcement access issues.

The purchase and implementation of a new financial, accounting, billing and human resource management software package is of great concern to IT. To implement a whole new way of operating Borough business with minimal disruption of daily operation will be critical. Employees will need to move away from their current mentality of "This is how it has to be done" and "This is how we've always done it ". Things that were customized to fit their needs may not be easily done without a cost associated to it. IT will need to be invested heavily into the planning and implementation of this project.

The work force at the Borough has changed significantly over the last 5 years. Employees once used only one computer. Now, many employees have a computer, a laptop, a smart phone, and a tablet. Regardless, all these devices need to be supported. The workload and technology demand has grown significantly over the last 5 years, with no additional IT personnel. This causes concern as there is only so much time in a day. As technology makes our life easier, it is making the IT office more complex and time demanding. We need to evaluate personnel going forward.

Borough-Wide Camera and Security Project to Continue

With the 2015 Budget, Town Council authorized this very important public safety project. In keeping with our goal of a safe community, Council made a multi-year commitment to install and upgrade video surveillance technology in a number of applications. This project began in 2015 and will continue throughout 2016.

The project budget contained \$422,909 in capital spending on a variety of security camera upgrades including new police car dash cameras, downtown cameras, city hall cameras, and license plate reading technology. So far in 2015, only \$63,660 had been spent for the 11 new dash cams for the police cars and 1 Q-Star anti-vandalism camera.

In the fall of 2015, Council authorized Phase 2 of this project, license plate reading (LPR) technology. Please make note that this phase will be made by a combination of the Motor Equipment Fund, the motor pool of the Borough (who owns the police cars upon which some of these license plate reading cameras will be installed) and the Parking, Traffic and Street Lights Fund (who owns the traffic signals upon which the balance will be installed). The Police Department directly will not be paying for this project because the Police Department is funded by the Police Tax.

Also, just as the Police Tax is not paying for this phase, the 11 dash cams already bought for the police cars already were paid for by the Motor Equipment Fund, the motor pool of the Borough (who owns the police cars and rents them to the Police Department).

This project phase calls for the installation of license plate reading cameras on two police patrol cars (two mobile units) and on one intersection (one fixed site). The police patrol cars will likely be the two newest vehicles in the fleet. The fixed site will likely be the intersection of Walker Road, Stouffer Avenue, and Lincoln Way, which is considered one of the busiest in Chambersburg and the best location to capture license plate images.

All data will be captured and stored by the vendor, Vigilant Solutions, held in the cloud, and not in the Borough's possession unless a query is done looking for a particular tag. As the vendor holds the data, there are no PA Right-to-Know Act information issues. Also, the US Supreme Court has ruled there is no expectation of privacy in a public place. This is why all cars have photographable license plates.

The Vigilant Solutions system will alert the patrol cars that were installed with the system if a wanted tag (i.e. stolen tag or warrant) drives past the patrol car. An audible signal tells the officer a wanted vehicle is driving next to his patrol car.

The system allows the Borough to enter tags manually into the system that the police are seeking (i.e. a person of interest). The system allows detectives to research tags and vehicles by description, time of day, or partial tag number. For example, if there was a crime reported with a vehicle description, the Borough can search for that vehicle as it may have driven past the fixed site or the patrol cars with the technology sometime in the prior year.

In 2016, Chambersburg will install Phase 3 to assist the Police Department with making Chambersburg a safer community. While we have few incidents of violent crime, resources to have sufficient police officers available to canvas all the hot spot areas of the community are not available. A single police officer can cost the Borough well over \$2 million in wages and benefits over their career. Technology does not solve

crimes but it does provide an additional cost efficient tool in the arsenal of crime prevention, deterrence, and investigation tools. Since 2007, the Borough of Chambersburg has invested in security cameras connected through our fiber optic computer network. These cameras are installed at several facilities and public places. They are not live monitored, but rather are recorded using digital computer technology for playback as needed.

The Camera and Security Project is a vast expansion of that security network. This budget includes sufficient funds to complete all three phases of video technology to assist the Police Department in their mission:

Phase 1

- Installation of new police car dash camera technology
- A trial installation of one FLASHCAM-880SX anti-vandalism camera

Phase 2

- Installation of both new pole mounted car license plate identification cameras and the installation on two patrol cars of car license plate identification mobile systems

Phase 3

- A significant upgrade to the type and number of downtown static cameras
- A significant upgrade to the type and number of public facility cameras

Finally, this project includes associated expansion of fiber optic and electric systems to interconnect this technology.

The goal of this expanded use of technology is to assist the Chambersburg Police Department with new tools to: prevent, deter and investigate crime. Chambersburg would greatly expand and modernize our public space surveillance network in order to provide our citizens and business with the level of security and quality of life that they have come to expect. This technology, in concert with Mayor Darren Brown's proposal to expand and enhance community policing, is anticipated to directly affect a number of nuisance and street level crime patterns in our community including: strong arm assaults and robberies, retail theft, drug dealing, and vandalism.

In addition, in 2016, the Police Department will increase walking assignments on shifts and seek additional part time officers for additional walking downtown. The Police Department is currently seeking more part time officers and anticipates that they will be needed for downtown walking in 2016.



Multiple Departments' Software & Website Integration Project

In 2016, a task force will be established to address three technology items that cross all departments:

1. A new Point of Sale (POS)/Accounting/Utility Billing/Code Enforcement/HR systems integrated software package
2. A new Borough-wide telephone system
3. A new Borough website update

Finance and Accounting

2015 was a year of continued restructuring, as the Finance and Accounting, Customer Service and City Hall Maintenance and Personnel and Payroll Services Offices all underwent personnel changes:

- Creation of the Collections/Tenants Rights Clerk position
- Promotion of Account Clerk I to Collections/Tenants Rights Clerk
- Hiring of new Account Clerk
- Passing of long-time Lead Custodian
- Changing position from Lead Custodian to Building Grounds, & Maintenance Supervisor
- Creation of a second Utility Meter Reader/Technician position
- Promotion of a Utility Meter Reader to Utility Meter Reader/Technician
- Hiring of new Utility Meter Reader

In 2015, Finance and Accounting saw the successful cross-training of several employees to mitigate department staffing issues and to continue to provide an increasingly skilled workforce. Finance Director Jason Cohen and Assistant Director Rachel Krum are proud to receive the Government Finance Offices Award for the publication of the 2013 Comprehensive Annual Financial Report (CAFR). In 2014, changes in law saw the implementation of an arduous Tenants Rights notification and utility termination procedures process. Staff worked with the Borough Solicitor to develop a formal collection process; both of which the Collections/Tenants Rights Clerk has implemented in 2015.

The needs analysis for a new Borough-wide telephone system and Point of Sale (POS)/Accounting/Utility Billing/Code Enforcement/HR systems which began in 2014, has continued throughout 2015, bringing the Borough closer to the reality of a new Enterprise Resource Planning software implementation.

Via a very competitive Request for Proposals process, we were pleased to negotiate new banking and investment relationships with Susquehanna Bank and Valley Forge Asset Management, with the goal of maximizing our return on investments, and minimizing our banking costs. We currently have \$36.5 MM under management; we are realizing an average yield of 1.21% with an average maturity of only 2.9 yrs., and estimated annual income of \$428,000 (as of 8/31/2015).

As the result of an additional Request for Proposals process, in accordance with Pennsylvania's Act 44 of 2009, we also selected a new custodian and paying agent for the three Borough pension plans – Wells Fargo Institutional Retirement & Trust. This new relationship will result in streamlined administration process as well as an increase in invested pension assets, which should translate to an increase in earnings/value for the pension plans, thereby reducing the Borough's continuing Minimum Municipal Obligation contributions going forward.

Quality customer service is an ever-present concern; We currently have two Customer Service Representatives (CSR) who address virtually all of the “higher-level” issues (change of ownership/tenants, technical service orders, deposits, billing errors, etc.), and three Account Technician I’s that handle routine activities such as taking/entering payments, and typically handle the duties of a Borough receptionist (more often than not, simultaneously). In an ongoing effort to improve the customer service provided by the Borough, our eventual goal is to have all front counter staff trained to handle most customer transactions so that a resident may speak with any of these staff members and receive the same level of service, without having to be redirected or placed on hold

Therefore, this budget includes the addition of one staff position (Account Clerk II) as an intermediary step towards this goal. After meeting certain milestones, an Account Technician I would be promoted to a II, and be given responsibility for the same tasks, although not to the same level of authority as a CSR. We currently have one employee that should be poised for such a promotion in 2016, and then replaced with a new Account Technician I.

This budget also includes the promotion of an existing Utility Meter Reader/Technician from a Grade 6 to a Grade 5, in anticipation of adding a “lead” component to the job description. We have experienced a fair amount of turnover in Utility Meter Readers over the past year and a half, with our former “lead man” retiring in late 2014. While not official, the “lead” component was assumed by said employee, as he was the most tenured. The employee now in that role is capable, but not empowered, to take on the “lead” role, and better coordinate daily activities of Utility Meter Readers. Having an experienced employee that is particularly familiar with aspects of specific meter reading routes is ideal for coordinating daily assignments.

The long-standing practice is that Meter Readers make use of their personal vehicles for meter reading purposes. This presents reliability, efficiency, liability, and cost issues. As a result of this practice, we currently have more Meter Readers/Technicians than we do vehicles. Therefore, this budget includes the addition of two basic vehicles to the fleet, to ensure reliability and improve financial impacts (i.e. owning a depreciable asset versus expending funds for mileage). New vehicles will cost approximately \$25k each, although we are working to make use of “hand-me-down” vehicles being decommissioned by other departments, in an effort to avoid the expense.

As you know, we are pursuing the implementation of new software that will serve the increasingly-complex needs of all Borough Departments. Our existing Point of Sale/Accounting/Utility Billing/Code Enforcement/Human Resources systems are contributing to a less than efficient use of our personnel resources. A new software package will undoubtedly realize efficiencies via the sharing of data, inter-connectivity/automatic updating, and the elimination of duplication of effort. Soft estimates place purchase costs at approximately \$700,000. While we will most likely not be ready to implement before late 2016/early 2017, this budget includes an appropriation for the project, in anticipation of beginning the purchasing process in 2016.

Our goals for 2016 include:

- Increase earnings and collections revenue
- Finding-free audits (liquid fuels, pension, grants, borough-wide)
- Continued receipt of GFOA awards
- Improved customer service while maintaining efficiency

- Improve availability of financial data to other departments and ensure that departments are tutored on how to access
- Continuing to cross-training personnel to ensure that each position has at least 1 viable back-up
- Continue to fine tune our prescribed collection processes, which have resulted in an increase in collections revenue, and a decrease in writing off of bad debt.
- Improve meter reading operation efficiency in conjunction with the utilities staff.
- Institute process for systematic termination of water service, in particular instances, as approved by Council

Customer Service and City Hall Maintenance

Under the supervision of the Finance Director, this office has all the full time meter readers, the parking enforcement officer, the front desk customer account clerks, the Buildings, Grounds, & Maintenance Supervisor, and the custodians. Responsibilities in this office include the successful reading of over 11,000 electric meters, 5,000 gas meters, and 9,000 water meters every month. The office receives payments for utilities, accounts receivables, and processes claims, complaints, challenges, and disconnections. The Buildings, Grounds, & Maintenance Supervisor maintains City Hall plumbing, electrical, and HVAC systems, while Custodians clean City Hall and other facilities, run errands, and do deliveries. This office not only writes parking tickets, but they maintain the parking meters and accept the payments, as well as being involved with the logistics of Borough parking.

This year Arnold Barber was appointed Buildings, Grounds, & Maintenance Supervisor replacing Lead Custodian - Vince Fogal, due to his untimely passing.

Adding a Downtown Custodian to Customer Service Office

Currently, the Borough owns a house at 38 W. Queen Street. Pursuant to the Borough Code, the house can be sold only through auction and might end up going to the highest bidder or landlord; not providing much revenue and another potential nuisance apartment house. Therefore, as an alternative proposal, the 2015 budget created a new unique job which will begin in 2016: that of a Live In Residence Downtown Custodian and Maintenance Worker.

This employee will live and work in Downtown Chambersburg and be responsible for a variety of public maintenance tasks involving cleaning, sweeping and general maintenance duties. They will work with local civic agencies such as DCI and the DBC, as well as maintenance contractors assigned by the Borough and DCI. This employee will be responsible to perform general, regular and light maintenance and repair tasks necessary to provide safe streets, alleys, walkways, plazas, parks and municipal facilities for the public. As of today, there is not one go-to maintenance person for these complex tasks. Many of the tasks performed are of a skilled nature such as maintenance and landscaping equipment operation, installing signs and fixing posts, light masonry, painting, sanding and scowling of municipal street furniture, and seeding and fertilizing grassy areas, flower boxes, and dealing with accumulated waste, vectors, and other regular nuisances in the rights of way and municipal walkways; use of advanced maintenance and repair as needed and this employee will be responsible for contacting others as needed through the chain of command. Every workday this employee will do a series of walking inspections of the various public spaces downtown, the creek, Memorial Square and the side streets and alleys.

The work also requires that the Downtown Custodian & Maintenance worker live at a Borough provided downtown residence (as his primary residence) and serve as the lead downtown maintenance worker for

daily events, street fairs and street events within Borough streets and rights of way. The Borough will approve any reasonable request for this workers' family or dependents to live with him at the house, if applicable, through a standard lease agreement between the Borough and the employee; in essence he will be required to rent the residence from the Borough. The Solicitor researched how exactly this will work for Federal Fair Labor Standards Act regarding wages, overtime, and the house rent.

This employee must be scheduled to work during street fairs and other holiday and weekend events. Work includes clearing snow, ice, debris and obstructions prior to and during downtown events. The work also requires that the Downtown Custodian & Maintenance worker maintain, fix, repair, and provide upkeep and service to the Borough owned downtown properties including, but not exclusively, the Borough provided residence at 38 W Queen Street. Clean and maintain other public buildings including interior spaces, City Hall and public bathrooms. Maintain and water outside flower boxes. Pull debris from the creek bank; request needed supplies and materials. Clear garbage and debris from Borough owned pathways and sidewalks. They will schedule some construction activities and other duties requiring use of advanced knowledge, including major repairs and utilities, which may be performed by vendors or other borough employees. Knowledge of landscaping and use of cleaning, fertilizing, and vector extermination chemicals required (under the direction of licensed employees).

Like a caretaker or lighthouse keeper, this employee (and their family) would live at 38 W. Queen Street (as a part of their compensation) and take care of the downtown core and nearby Elm Street neighborhood public areas and projects. This would match well our clean and green downtown objective of the downtown's Keystone Communities Project.

Clerical Pool

Under the supervision of the Borough Manager, this office provides the secretaries and the office managers for Emergency Services, Police, Land Use and Development, Recreation and the Borough Secretary/Assistant Borough Secretary.

Miscellaneous Expenses

Administrative Services miscellaneous expenses include the cost of collective bargaining legal assistance, credit card service fees, mutual reimbursement of ambulance receipts to other ambulance companies, and facility and capital equipment purchases and reserves.



1921



1961



2005

Charge Back Calculation to Other Departments

As with all internal service funds, other Borough departments provide all the funding for the Administrative Services Department. In order to complete the 2015 proposed budget, the Administrative Services Department is proposing the enclosed charge-back formula for its expenditures. The formula results in the following shared expenses:

| | |
|---------------------|--------|
| Stores | 0.8% |
| Electric | 25.0% |
| Electric Cap Res | 3.5% |
| Gas | 8.8% |
| Gas Cap Res | 1.0% |
| Water | 6.5% |
| Water Cap Res | 6.1% |
| Sewer | 5.8% |
| Sewer Cap Res | 14.9% |
| Sanitation | 2.4% |
| Sanitation Cap Res | 0.6% |
| General Borough | 11.6% |
| General Cap Reserve | 3.6% |
| Motor Equipment | 6.8% |
| Engineering | 0.4% |
| Parking | 1.3% |
| Parking Cap Res | 0.7% |
| Storm Sewer | 0.0% |
| Storm Sewer Cap Res | 0.0% |
| | 100.0% |

Based upon actual 2014 expenditures by department



Current Information Technology Data Center

Motor Equipment Department



The Motor Equipment Department maintains and repairs the Borough’s vehicle fleet, and provides safe and affordable internal services to Chambersburg Borough departments. Further, it is the Motor Equipment Department’s intention to provide these services in an efficient, economical, and safe work environment for Borough employees.

Department Head: David Finch, Assistant Borough Manager

| | 2014 Actual | 2015 Budget | 2016 Budget |
|------------------|--------------------|--------------------|--------------|
| Revenue | \$3,080,102 | \$2,713,900 | \$2,973,600 |
| Expenses | \$2,541,293 | \$2,589,900 | \$2,973,600 |
| Excess (Deficit) | \$ 538,809 Surplus | \$ 124,000 Surplus | - Balanced - |

The Chambersburg Motor Equipment Department has significant equity invested in all of the motorized equipment of the Borough including some very large and expensive pieces of equipment (i.e. fire apparatus, dump trucks, digger derricks, etc.). The management of these assets drives the fiscal performance of the department. In general, it is just a repository operation, consolidating assets for the utilities and covering their maintenance and fuel expenses. It is the motor pool.

* - The surplus demonstrated is both cash for future vehicle replacement and equity from investment in motorized equipment. The Borough does not use credit to buy vehicles, we accumulate resources.

In 2013, the Assistant Borough Manager developed a new system to determine the correct amount that each department should be paying for their motorized equipment:

Up until now, there was not a set of procedures to describe how much money should be set aside; it has mostly been done as “educated guesses” and oral tradition of how it was done in the past. Working with staff and the Finance Office, a working formula was developed, dubbed the **RENO** formula:

“Where R is the cost to replace a vehicle, E is the equity, or how much has been retained so far, N is the number of bi-weekly payments until the anticipated replacement date, and O is operation and maintenance (such as fuel) that is also paid for by the rental rate”

$$X = ((R-E) / N) + O$$

So, if a vehicle costs \$20,000 to replace, and we’ve already saved \$10,000, and there are 50 bi-weekly payments left until its projected replacement date, and it costs \$100 in fuel and maintenance to operate every two weeks, the formula looks like this:

$$\begin{aligned}
 X &= ((\$20,000-\$10,000) / 50) + \$100 \\
 X &= (\$10,000/50) + \$100 \\
 X &= \$200 + \$100 \\
 X &= \$300
 \end{aligned}$$

The department will have to set aside \$300 dollars every two weeks if it wants to replace the vehicle on its expected replacement date. This formula will have to be re-calculated every year for every vehicle to account for variables, such as a vehicle wearing out more quickly than expected, etc; and the rental rate will then be adjusted accordingly.

Finally, the RENO formula is advisory only to the Borough Manager, who has final purchase authority.

The point of keeping motor equipment in a separate fund and renting that equipment back to the other Borough agencies is so that sufficient equity may accumulate to acquire new equipment with cash on hand rather than debt. To that end, the Motor Equipment Fund regularly earns a surplus.

There are 129 pieces of equipment owned by the Department including everything as diverse as riding lawn mowers, bucket trucks, ambulances, and police cars. In 2016, the department will buy 15 vehicles and one piece of equipment totally \$1,303,000 in acquisitions.

As is the established by the formula, this money has been accumulated and is on-account for this purpose.

| <u>Department</u> | <u>New Vehicle</u> | <u>Replace Existing</u> | <u>Estimated Cost</u> |
|-------------------|---|--|-----------------------|
| Admin Services | 2016 Ford Escape 4X4 | New to fleet | \$26,000 |
| Admin Services | 2016 Ford Escape 4X4 | New to fleet | \$26,000 |
| Electric | 2016 Ford Escape 4X4 | 2000 Dodge Extended Cab 4X4 (No. 423) | \$30,000 |
| Fire | 2016 Ford AWD Police Utility Interceptor | 2004 Ford Expedition (No. 1075) | \$35,000 |
| Gas | 2016 Sullivan Air Compressor | 1995 Sullivan Air Compressor (No. 503) | \$15,000 |
| Highway | 2016 Single Axle Dump Truck with Plow and Spreader | 1999 GMC Single Axle Dump Truck (No. 919) | \$100,000 |
| Police | 2016 Chevrolet Impala Sedan | 2004 Dodge Intrepid Sedan (No. 492) | \$24,000 |
| Police | 2016 Ford AWD Police Utility Interceptor K-9 | 2007 Dodge Charger K-9 (No. 789) | \$41,000 |
| Police | 2016 Ford AWD Police Utility Interceptor K-9 | 2007 Dodge Charger K-9 (No. 793) | \$41,000 |
| Recreation | Riding Leaf Vacuum | New to fleet | \$25,000 |
| Sanitation | 2016 Tri-Axle Rear Load Refuse Truck | 2002 Western Star Rear Load Refuse Truck (No. 364) | \$230,000 |
| Sanitation | 2016 Tri-Axle Rear Load Refuse Truck | 2002 Western Star Rear Load Refuse Truck (No. 367) | \$230,000 |
| Sanitation | 2016 Tri-Axle Rear Load Refuse Truck | 2002 Western Star Rear Load Refuse Truck (No. 715) | \$230,000 |
| Sanitation | 2016 Tandem-Axle Side Load Refuse Truck | 2007 International Side Load Refuse Truck (No. 773) | \$200,000 |
| Water/Sewer | 2016 ¾ Ton 4X4 Diesel Utility Truck with Plow | 2006 Ford ¾ Ton 4X4 Utility Truck with Plow (No. 651) | \$50,000 |
| Water/Sewer | 2016 Ford Transit 150 XL | 2002 Chevrolet 2WD Utility Truck (No. 651) | \$30,000 |

In 2015, a request to begin planning for the replacement of the ES Department Aerial Ladder truck was approved by Town Council. This activity will continue throughout 2016.

Richard Kasher Fire Tax

Beginning in 2013, Town Council decided to **begin the levy of a separate fire tax**. This decision was unavoidable given the Town Council's failure to convince an arbitrator to reduce benefits, increase employee contributions to benefits, or prevent annual wage increases awarded these employees. Beginning last year, the budget now includes **both a police tax and a fire tax**.

To be clear, the real estate tax is therefore split: first, a general levy, which is used exclusively for the Police Department; and second, a fire levy, which will be used exclusively to provide fire and EMS equipment and vehicles for the Emergency Services Department. These will be the only uses of real estate taxes in the Borough budget. **No real estate taxes are used for any other function but police and fire.**

As the fire tax is used only for equipment and vehicles for the Emergency Services Department, it has no direct impact on the General Fund. Proceeds from the fire tax will be given to the Motor Equipment Fund; the motor pool of the Borough, which is a separate fund. However, in the Motor Equipment Fund, all those proceeds will be used for the motorized equipment fleet; fire apparatus and ambulances. This will, in turn, help by allowing a rebate on its contribution to support fire apparatus and ambulances; an indirect benefit for the General Fund. The rebate, by local law, is the Richard Kasher Fire Tax; named after the arbitrator from our last appeal.

| | | |
|--|-----------|---|
| 2016 Fire Tax Yield | \$462,000 | 2.5 mil |
| 2016 Fire Tax Revenue | \$480,500 | includes prior year delinquency and interest |
| 2016 Fire Tax Transfer | \$480,500 | to the Motor Equipment Fund for ES Department Equipment |
| 2015 General Rebate | \$520,000 | to benefit the ES Department budget in the General Fund |
| 2015 Actual Cost of ES Department Equipment in the Motor Equipment Fund: \$470,000 | | |

Therefore, it is recommended that in 2018, the Richard Kasher Tax will be increase by 0.25 mil



Engineering Department



The Engineering Department reviews the design process and inspection of all public works and utility projects. Such projects include, but are not limited to storm sewers, streets, and sidewalks. In general, the Engineering Department provides support services to all Borough departments from preliminary layout to final completion, construction inspections services and guidance for proposed internal development. In conjunction with the Borough's Land Use and Community Development Department, the Engineering Department maintains a record of all assets within the public right of way.

Department Head: Phil Wolgemuth, Assistant to the Borough Manager

| | 2014 Actual | 2015 Budget | 2016 Budget |
|------------------|-------------------|--------------|--------------|
| Revenue | \$381,248 | \$342,100 | \$378,600 |
| Expenses | \$265,115 | \$342,100 | \$378,600 |
| Excess (Deficit) | \$116,133 Surplus | - Balanced - | - Balanced - |

The Chambersburg Engineering Department has significant equity invested in most of the GIS, surveying, and engineering equipment of the Borough. The management of utility engineering and construction drives the fiscal performance of the department. In general, it is just a pass-through operation, consolidating engineering functions for the utilities and covering its expenses.

* - The surplus demonstrated is not cash but rather equity from investment in capital equipment

Engineering Permits

| Year | Curb & Sidewalk | Excavation |
|---------|-----------------|------------|
| 2013 | 68 | 165 |
| 2014 | 147 | 215 |
| 7/31/15 | 91 | 117 |

Utility Locator Calls

| Year | Calls |
|---------|-------|
| 2013 | 2,409 |
| 2014 | 2,028 |
| 7/31/15 | 608 |

Sidewalk and Curb Construction

The Engineering Department is responsible for enforcing Town Council's curb and sidewalk installation policy along with the Curb and Sidewalk Compliance Committee. This includes the issuance of all permits, the inspection of all installations, and the management of installations when private property owners fail to comply with Town Council directives. Further, the Engineering Department is involved in Borough installation of ADA accessible curb ramps as a part of the Borough's Community Development Block Grant Program.

Storm Water Engineering

In an attempt to fully comply with the responsibilities under the Municipal Separate Storm Sewer System (MS4) regulations, the Borough has engaged the assistance of ARRO Consulting. This includes the design of storm system projects and the review of development drainage plans on the Borough's behalf.

Official Map

In accordance with the Pennsylvania Municipalities Planning Code, in 2014 the Borough adopted its first Official Map. This is a planning tool to represent transportation corridor matters that the Borough would like to have addressed, as future development occurs. The Official Map depicts 18 conceptual improvements to existing roads and intersections, for better traffic flow throughout the Borough in the years ahead. It should be noted that there is NO Guarantee that any of these proposed improvements can or will ever be implemented. In fact, in 2015 amended the Official Map to remove the Monticello Court Realignment proposal. The Official Map is directly linked to the Borough Comprehensive Plan and is for Planning Purposes Only.

2015 Street Improvements

The Engineering Department will recommend two types of street reconstruction methods in 2016:

- Cold-in-Place Recycling (CIR): An eco-friendly pavement rehabilitation process performed without the use of heat. 2 to 5 inches of the current road surface are pulverized down to a specific aggregate size, mixed with a rejuvenating asphalt emulsion, and then reused to pave that same road. This process is especially efficient in saving costs on labor and transportation.
- Ultra-Thin Friction Course: One of the most versatile tools in the road maintenance arsenal, Ultra-Thin Friction Course is a polymer-modified cold-mix paving system that can remedy a broad range of problems on streets and highways. Ultra-Thin Friction Course is made and applied to existing pavements by a specialist machine, which carries all components, mixes them on site, and spreads the mixture onto the road surface. Materials are continuously and accurately measured, and then thoroughly combined in the surfacing machine's mixer. As the machine moves forward, the mixture is continuously fed into a full-width "surfacing" box which spreads the width of a traffic lane in a single pass. Or specially engineered "rut" boxes, designed to deliver the largest aggregate particles into the deepest part of the rut to give maximum stability in the wheel path, may be used. The new surface is initially a dark brown color and changes to the finished black surface as the water is chemically ejected and the surface cures, permitting traffic within one hour in most cases.

| STREETS | |
|---|-----------------------|
| Total Project Requests | \$1,790,000 |
| 2016 Projects | Estimated Cost |
| Liquid Fuels: King St. (N. Seventh St. to Grandview Ave.) | \$790,000 |
| Liquid Fuels: Cumberland Ave. (Cleveland Ave. to Stouffer Ave.) | \$375,000 |
| Liquid Fuels: Highland Ave. (S. Fourth St. to Cumberland Ave.) | \$175,000 |
| Liquid Fuels: Seventh St. (Washington St. to McKinley St.) | \$180,000 |
| Liquid Fuels: Eighth St. (Lincoln Way East to Catherine St.) | \$90,000 |
| General Fund: Walker Rd. Ultra-Thin Friction Course (LaQuinta Inns & Suites to Stouffer Ave.) | \$90,000 |
| Liquid Fuels: Highland Ave. Reconstruction (S. Fourth St. to Blanchard Ave.) | \$60,000 |
| Liquid Fuels: Hollywell Ave./Industrial Dr. Intersection Reconstruction | \$30,000 |

With a reasonable contingency, it is anticipated that the 2016 paving budget will be \$1,990,000.

In 2016, to pay for the full cost of the estimated \$1.99 million in paving needs, the Borough will set aside an additional \$1,020,384 in 2015 money from the General Fund to add to it an estimated \$969,616 in available Liquid Fuels funds in 2016.

If the General Fund budget does not include a 2 mil increase in the Police Tax, then it would not be possible to set aside an additional \$1,020,384 in 2015 money from the General Fund and the 2016 paving program would not be possible as planned.

Major items for 2015:

- Promote Rodney Shuman, GIS Technician from part-time to full-time to assist with utility department tasks, most notably Electric Department and Storm Sewer Utility
- Coordinate with the Electric Department to prepare and implement a utility pole inventory program
- Prepare plan and cost estimate to implement web-based Geographic Information System (GIS) in 2017

North Chambersburg Transportation Improvements Project:

In October 2014, eighty-six projects in 35 counties to improve safety and mobility with \$84 million in Multimodal Transportation Fund investments from Act 89 received funding.

Chambersburg Health Services received a grant for \$2.4 million to extend St. Paul Drive to connect with Parkwood Drive, extend Parkwood Drive to connect with the Kohler Road and Grand Point Road intersection in Greene Township, in addition to improvements to Norland and Fifth Avenues in Chambersburg Borough

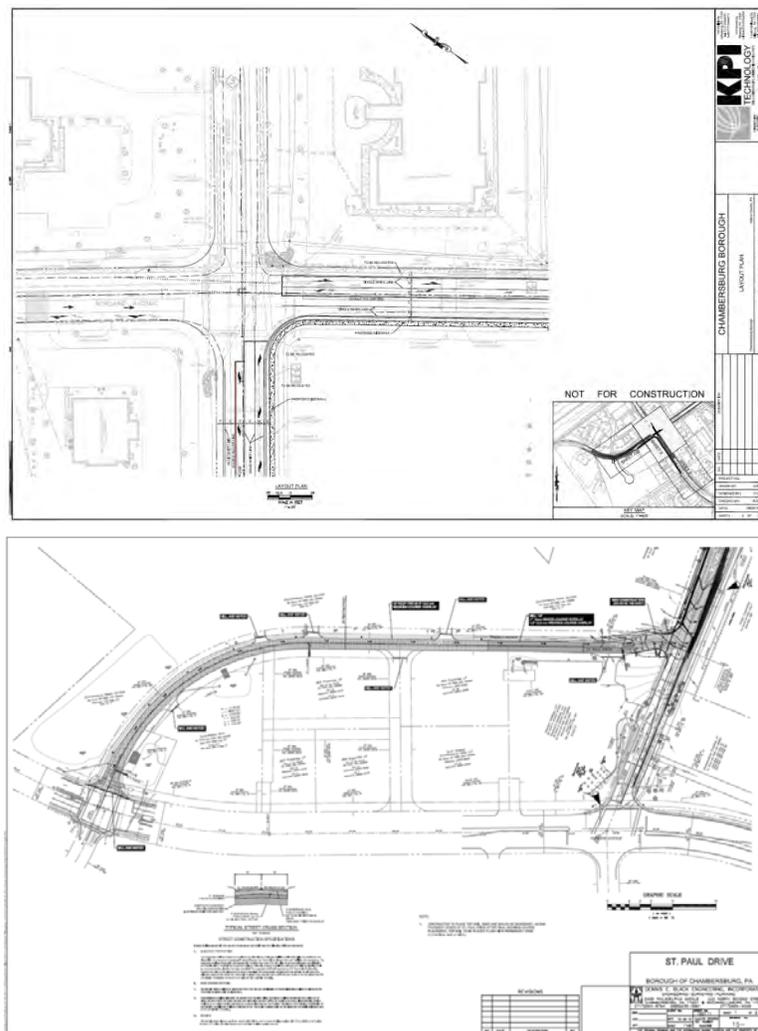
In order to improve the overall area, a project program that promotes greater connectivity among adjacent, under-functioning roadways is proposed. Chambersburg Health Services is currently served by an under-designed, privately-owned access road, which runs from the Norland Avenue and St. Paul Drive

intersection slightly north and immediately east, abruptly ending before reaching the Borough of Chambersburg line or connecting with the adjacent roadway. This limits the ingress and egress options for motorists to just one point of access, which inherently results in congested and inefficient traffic flow. Accessibility for patients and other motorists can be significantly improved by extending St. Paul Drive and providing vehicular connectivity with the neighboring municipal road, Parkwood Drive.

The extension of St. Paul Drive represents Phase I of the project. Phase II would extend Parkwood Drive, allowing it to connect with St. Paul Drive and further to the intersection of Kohler Road and Grand Point Road in neighboring Greene Township. This will encourage inter-municipal travel and commerce, while providing enhanced road frontage for properties along the proposed alignment, which will encourage further growth within this targeted commercial area.

Finally, portions of the surrounding transportation network are additionally under-designed for the growth that has been realized, or is contemplated, in this area. A primary intersection, Norland Avenue and Fifth Avenue, experiences regular stacking and congestion, and contributes to the deficiencies in this neighborhood.

Chambersburg Health Services will be the lead agency on this project. The Engineering Department will support their efforts with time and engineering.



11/16/2015



Charts and Tables

As Proposed for 2016 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Charts and Tables

As Proposed for 2016

Income Statement 2016

Total Revenues, Deposits, Transfers by Fund

| <u>Utility Operating Fund Revenue</u> | <u>2013 Actual</u> | <u>2014 Actual</u> | <u>2015 Budget</u> | <u>2016 Budget</u> |
|---|--------------------|--------------------|--------------------|--------------------|
| Electric Operating | \$33,372,080 | \$32,599,853 | \$30,400,000 | \$30,553,800 |
| Gas Operating | \$8,982,610 | \$10,282,551 | \$8,705,600 | \$8,502,200 |
| Sewer Operating | \$5,668,140 | \$5,396,216 | \$5,303,200 | \$5,629,400 |
| Water Operating | \$3,339,087 | \$5,391,887 | \$3,009,000 | \$3,126,465 |
| Sanitation Operating | \$2,508,407 | \$2,521,091 | \$2,693,710 | \$3,069,710 |
| Storm Sewer | \$0 | \$0 | \$490,500 | \$321,350 |
| <u>Governmental Taxes, Fines & Fees</u> | | | | |
| General Fund | \$12,811,291 | \$13,355,577 | \$13,384,150 | \$13,466,105 |
| <u>Internal Services Fees</u> | | | | |
| Administrative Services | \$3,934,858 | \$4,141,028 | \$5,433,300 | \$5,143,830 |
| Motor Equipment | \$2,407,612 | \$3,080,103 | \$2,713,900 | \$2,973,600 |
| Parking Traffic Street Lights* | \$1,115,103 | \$1,101,081 | \$935,142 | \$1,024,125 |
| Stores/Warehouse | \$771,496 | \$771,397 | \$790,525 | \$781,750 |
| Engineering | \$337,798 | \$381,248 | \$342,100 | \$378,600 |
| <u>Special Revenue Receiving</u> | | | | |
| Special Revenue Receiving Acct | \$1,613,152 | \$1,342,952 | \$1,161,300 | \$894,994 |
| SAFER Grant Receiving Account | \$862,652 | \$622,143 | \$0 | \$0 |
| Fire Tax Receiving Account | \$0 | \$460,161 | \$465,600 | \$480,500 |
| Highway Aide Receiving Account | \$407,353 | \$438,928 | \$468,195 | \$556,637 |
| <u>Deposits to Self Insurance</u> | | | | |
| Workers Comp Holding Account | \$334,201 | \$713,862 | \$41,465 | \$131,880 |
| Self Insurance Holding Account | \$516,806 | \$644,528 | \$436,915 | \$395,885 |
| <u>Deposits for Capital Projects</u> | | | | |
| Sewer Capital Reserve | \$3,905,992 | \$18,490,950 | \$18,930,000 | \$8,023,200 |
| Gas Capital Reserve | \$803,715 | \$610,271 | \$1,088,000 | \$1,507,000 |
| Sanitation Capital Reserve | \$450 | \$629,431 | \$745,670 | \$252,700 |
| Electric Capital Reserve | \$4,396,713 | \$2,603,142 | \$1,685,724 | \$2,025,000 |
| General Capital Reserve | \$1,451,605 | \$2,560,800 | \$1,374,650 | \$2,211,150 |
| Parking Capital Reserve | \$176,081 | \$189,323 | \$77,500 | \$4,245,000 |
| Water Capital Reserve | \$149,285 | \$1,231,628 | \$113,500 | \$115,500 |
| Storm Sewer Reserve | - | - | \$52,000 | \$200 |

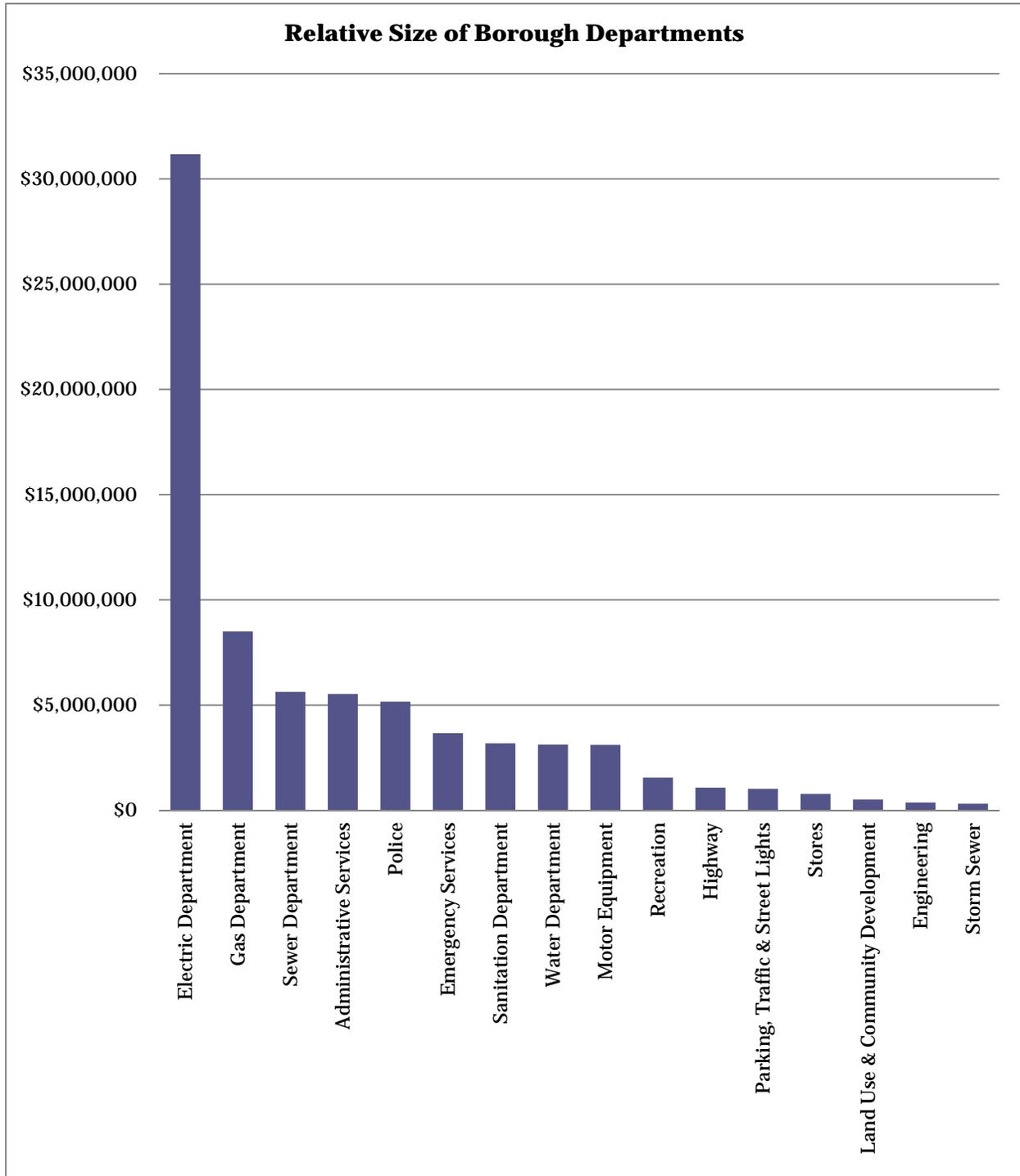
The Borough of Chambersburg

2016 REVENUES & EXPENDITURES BY FUND

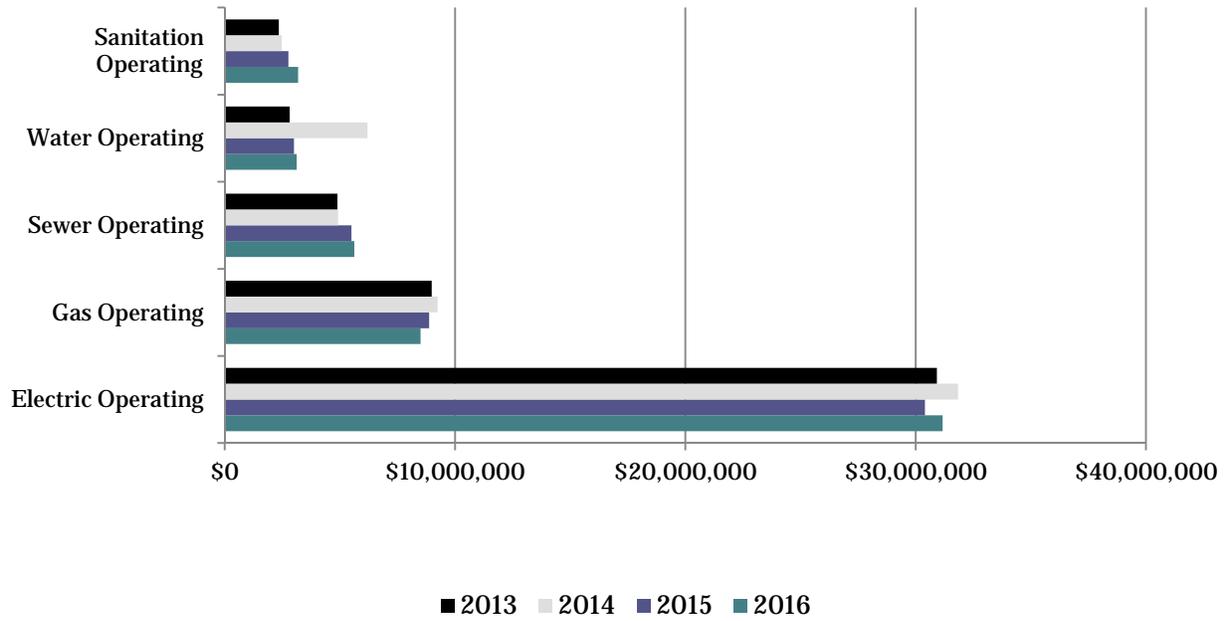
| 2016 Revenues Proposed Budget | | 2016 Expenditures Proposed Budget | |
|--|----------------------|--|----------------------|
| Gen Operating Fund: | | Gen Operating Fund: | |
| Gen Borough Operating Income | \$12,845,580 | Gen Borough Operating Expenses | \$1,221,550 |
| Interfund Transfers to Gen Borough | \$620,525 | Interfund Transfers from Gen Borough | \$0 |
| | | Highway | \$1,080,075 |
| | | Emergency Services | \$3,667,875 |
| | | Police | \$5,168,725 |
| | | Recreation | \$1,559,575 |
| | | Planning | \$134,975 |
| | | Zoning | \$28,175 |
| | | Property Maintenance Code | \$356,775 |
| | | Miscellaneous | \$200,380 |
| | | Special Interfund Transfers | \$48,000 |
| Total Gen Operating Fund Revenues | \$13,466,105 | Total Gen Operating Fund Expenditures | \$13,466,105 |
| Gen Capital Reserve Fund: | \$2,211,150 | Gen Capital Reserve Fund: | \$4,574,700 |
| Other Gen Fund: | | Other Gen Fund: | |
| Special Revenue Fund | \$894,994 | Special Revenue Fund | \$941,843 |
| Richard Kasher Fire Tax Fund | \$480,500 | Richard Kasher Fire Tax Fund | \$480,500 |
| Liquid Fuels Tax | \$556,637 | Liquid Fuels Tax | \$1,000,000 |
| Surplus Operating Fund | \$200 | Surplus Operating Fund | \$200 |
| Total | \$1,932,331 | Total | \$2,422,543 |
| Total Trust and Agency Funds: | \$17,406,350 | Total Trust and Agency Funds: | \$17,327,400 |
| Enterprise Operating Funds: | | Enterprise Operating Funds: | |
| Electric Department | \$30,553,800 | Electric Department | \$30,553,800 |
| Gas Department | \$8,502,200 | Gas Department | \$8,502,200 |
| Water Department | \$3,126,465 | Water Department | \$3,126,465 |
| Sewer Department | \$5,629,400 | Sewer Department | \$5,629,400 |
| Sanitation Department | \$3,069,710 | Sanitation Department | \$3,069,710 |
| Parking, Traffic & St. Lighting | \$1,024,125 | Parking, Traffic & St. Lighting | \$1,024,125 |
| Storm Sewer | \$321,350 | Storm Sewer | \$321,350 |
| Total | \$52,227,050 | Total | \$52,227,050 |
| Enterprise Capital Reserve Funds: | | Enterprise Capital Reserve Funds: | |
| Electric Capital Reserve | \$2,025,000 | Electric Capital Reserve | \$1,917,500 |
| Gas Capital Reserve | \$1,507,000 | Gas Capital Reserve | \$1,260,000 |
| Water Capital Reserve | \$115,500 | Water Capital Reserve | \$2,244,000 |
| Sewer Capital Reserve | \$8,023,200 | Sewer Capital Reserve | \$12,197,500 |
| Sanitation Capital Reserve | \$252,700 | Sanitation Capital Reserve | \$252,500 |
| Parking Capital Reserve | \$4,245,000 | Parking Capital Reserve | \$4,351,000 |
| Storm Sewer Capital Reserve | \$200 | Storm Sewer Capital Reserve | \$185,000 |
| Total | \$16,168,600 | Total | \$22,407,500 |
| Internal Service Funds: | | Internal Service Funds: | |
| Stores | \$781,750 | Stores | \$781,750 |
| Motor Equipment | \$2,973,100 | Motor Equipment | \$3,110,750 |
| Engineering | \$378,600 | Engineering | \$378,600 |
| Workers Compensation Fund | \$131,880 | Workers Compensation Fund | \$211,775 |
| Administrative Services | \$5,143,830 | Administrative Services | \$5,143,830 |
| Self Insurance Fund | \$395,885 | Self Insurance Fund | \$714,450 |
| Total | \$9,805,045 | Total | \$10,341,155 |
| Total 2016 Budget Revenues | \$113,216,631 | Total 2016 Budget Expenditures | \$122,766,453 |
| | | Difference between Rev & Exp | (\$9,549,822) |

| <i>Notes</i> | | | |
|--|--|--|---------------|
| A - Operating funds balanced | | | \$ 65,693,155 |
| B - Capital projects funds use of fund balance | | | (\$4,428,150) |
| C - Waste Water Treatment project use of prepayments | | | (\$4,174,300) |
| D - Withdrawal from Trust Funds & Insurance Funds | | | (\$947,372) |

Relative Size of Departments 2016

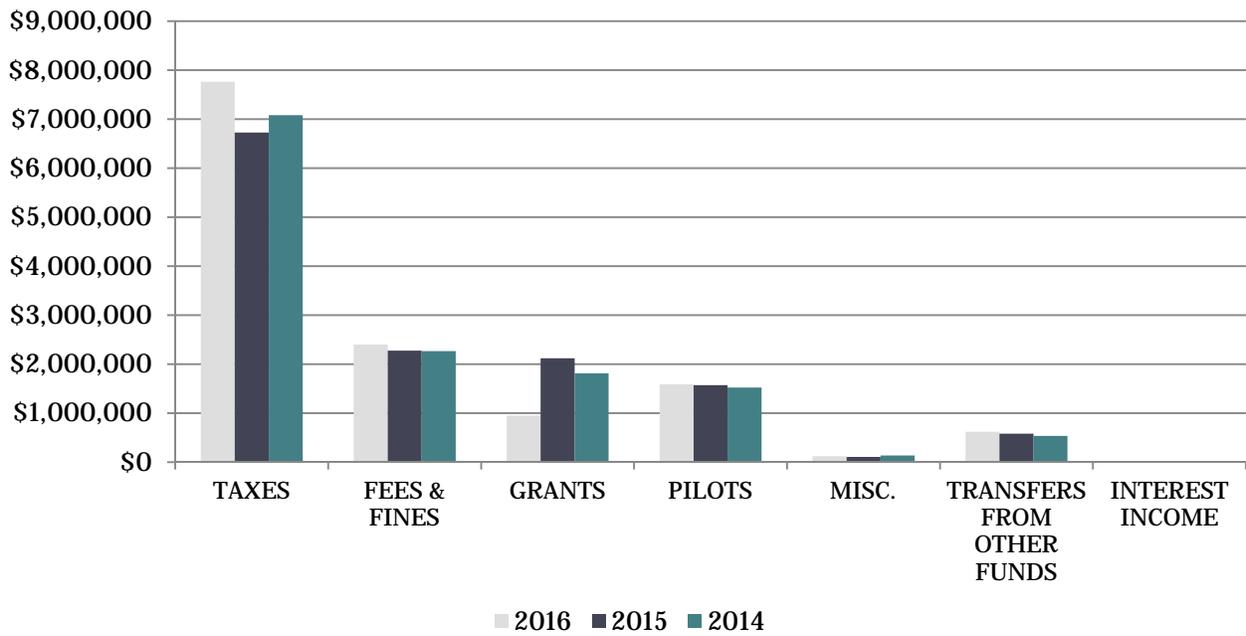


Utility Fund Operations Relative Size 2013 - 2016



General Fund 2016

General Fund Revenue By Type 2014 Actual to 2016 Budget

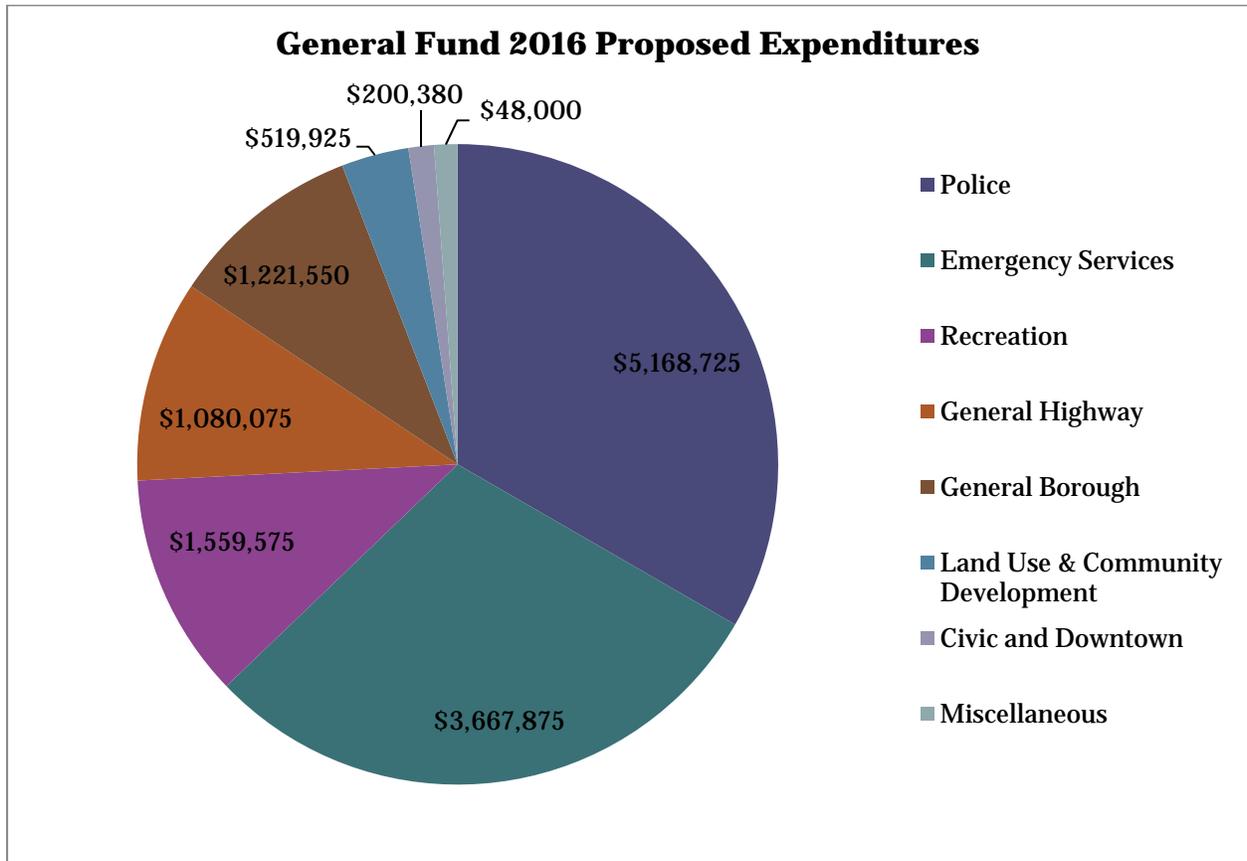


| Police Tax | | Total Year | |
|------------|-----|--------------|------------------------------------|
| 2015 | Est | \$ 4,126,700 | Growth Rate Since 2010 11.1% |
| 2014 | | \$ 4,233,887 | |
| 2013 | | \$ 3,986,144 | |
| 2012 | | \$ 3,780,102 | |
| 2011 | | \$ 3,731,681 | |
| 2010 | | \$ 3,714,590 | |

| Deed Transfer | | Total Year | |
|---------------|-----|------------|-------------------------------------|
| 2015 | Est | \$ 629,100 | Growth Rate Since 2010 145.8% |
| 2014 | | \$ 283,627 | |
| 2013 | | \$ 248,950 | |
| 2012 | | \$ 305,466 | |
| 2011 | | \$ 251,816 | |
| 2010 | | \$ 255,899 | |

| Earned Income | | Total Year | |
|---------------|-----|--------------|------------------------------------|
| 2015 | Est | \$ 1,898,050 | Growth Rate Since 2010 26.5% |
| 2014 | | \$ 1,836,344 | |
| 2013 | | \$ 1,789,579 | |
| 2012 | | \$ 1,715,736 | |
| 2011 | | \$ 1,578,210 | |
| 2010 | | \$ 1,501,053 | |

| Local Services Tax | | Total Year | |
|--------------------|-----|------------|-----------------------------------|
| 2015 | Est | \$ 782,820 | Growth Rate Since 2010 7.5% |
| 2014 | | \$ 789,710 | |
| 2013 | | \$ 732,086 | |
| 2012 | | \$ 748,586 | |
| 2011 | | \$ 691,809 | |
| 2010 | | \$ 727,887 | |



| 2016 Budget | | |
|---|----|-----------------|
| Police | \$ | 5,168,725 38.4% |
| Emergency Services | \$ | 3,667,875 27.2% |
| Recreation | \$ | 1,559,575 11.6% |
| General Highway | \$ | 1,080,075 8.0% |
| General Borough | \$ | 1,221,550 9.1% |
| Land Use & Community Development | \$ | 519,925 3.9% |
| Civic and Downtown | \$ | 200,380 1.5% |
| Miscellaneous | \$ | 48,000 0.3% |
| Total Expenditures | \$ | 13,466,105 |
| Total Revenue | \$ | 13,466,105 |

The Value of 1 mil of Real Estate Tax

| Average Single Family House Inside The Borough | 2015 | 2016 |
|---|-------------|-------------|
| Police Tax (to the General Fund) | \$353.29 | \$386.94 |
| Fire Tax (to the Motor Equipment Fund) | \$41.84 | \$41.84 |
| Total (per year) | \$395.13 | \$428.78 |

| Real Estate Tax Rate | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Mil | 17 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 21 | 21 | 23 |

The average single family house inside the Borough has an assessed value of \$16,823.61; for illustration purposes, the average home owned by a member of Town Council has an assessed value of \$18,825.62 or slightly over the Borough average.

In 2015, with a 21 mil Police Tax and a 2.5 mil Fire Tax, the average single family home paid \$353.29 in Police Tax and \$41.84 in Fire Tax; for a total annual tax bill of \$395.13 or \$1.08 per day.

The 2016 budget includes a proposed increase to a 23 mil Police Tax (while keeping the Fire Tax at 2.5 mil), the average single family home will pay \$386.94 in Police Tax and \$41.84 in Fire Tax; for a total annual tax bill of \$428.78 (\$1.17 per day) or \$33.65 more real estate taxes (or effectively 8.5% more in total taxes).

100% of the Police Tax goes to support the public safety activities of the Chambersburg Police Department and not for any other department or function or employee or use.

This budget has no increase in the Fire Tax; which would remain at 2.5 mil for 2015.

| | <u>2013</u> <u>Actual</u> | <u>2014</u> <u>Actual</u> | <u>2015</u> <u>Estimated</u> | <u>2016</u> <u>Estimated</u> |
|------------------------------|--|--|---|---|
| Police Tax Yield | \$3,986,144 | \$4,233,887 | \$4,085,000 | \$4,509,500 |
| Mil | 20 | 21 | 21 | 23 |
| Fire Tax Yield | | \$480,000 | \$480,000 ¹ | \$470,000 |
| Mil | | 2.5 | 2.5 | 2.5 |
| Value of 1 Mil | \$199,307 | \$200,591 | \$194,255 ² | \$195,275 |
| Est. Single Family House Tax | | | | |
| Police Tax | \$336.20 | \$346.84 | \$351 | \$387 |
| Fire Tax | | \$41.29 | \$42 | \$42 |

Average assessed value in 2015 increased 1.37% over 2014, bringing it back within 0.1% of 2013 values. As such, at 23 mils for general purposes and 2.5 mil of fire tax: avg. residential assessed value is \$16,823.61; avg. general levy tax is \$386.94; avg. fire tax is \$41.84.

Total taxable assessed value has increased 0.84% from 2012 - 2015, so total assessed value for 2016 is estimated to be \$199,455,380. Therefore, the cash value of a mil would equal \$199,455. However, when factoring in our average collection rate for the current year, we should expect that same mil to yield \$185,493.



Real example of average Borough home:
0.15 acre lot single family home
Estimated value: \$154,500

Assessed value: \$16,850

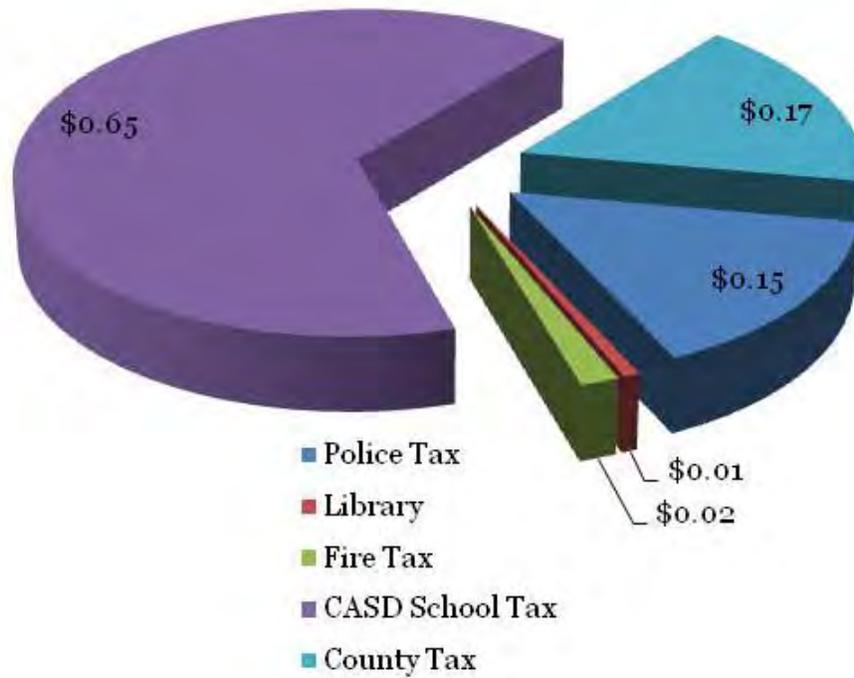
| | <u>2015</u> | <u>2016</u> |
|----------------------|--------------------|--------------------|
| Police Tax | \$353.85 | \$387.55 |
| Fire Tax | \$42.13 | \$42.13 |
| Total Borough | \$395.98 | \$429.68 |

¹ The rebate will be \$480,000 regardless of how much actual tax revenue is collected – We generally only collect 93% of levy

² Not a precise measure as the value changes every year due to the assessed value of real estate – use for planning only

Total Tax Burden

| 2016 | | | | |
|-----------------------------------|--------------------|-------------------|-------------|--|
| Franklin County | 25.65 mil | \$429.27 | 16.96% | |
| Library | 1.05 mil | \$17.57 | 0.69% | |
| Chambersburg Area School District | 98.426 mil | \$1,655.88 | 65.41% | |
| Police Tax | 23 mil | \$386.94 | 15.29% | |
| Fire Tax | 2.5 mil | \$41.84 | 1.65% | |
| Total | 143.858 mil | \$2,531.50 | 100% | |



Only 17¢ of every \$1 paid in real estate taxes will go to the Borough of Chambersburg. The balance, 83¢ will go to support the school district, the county, and the library. In fact 65¢ of every dollar goes to the Chambersburg Area School District.

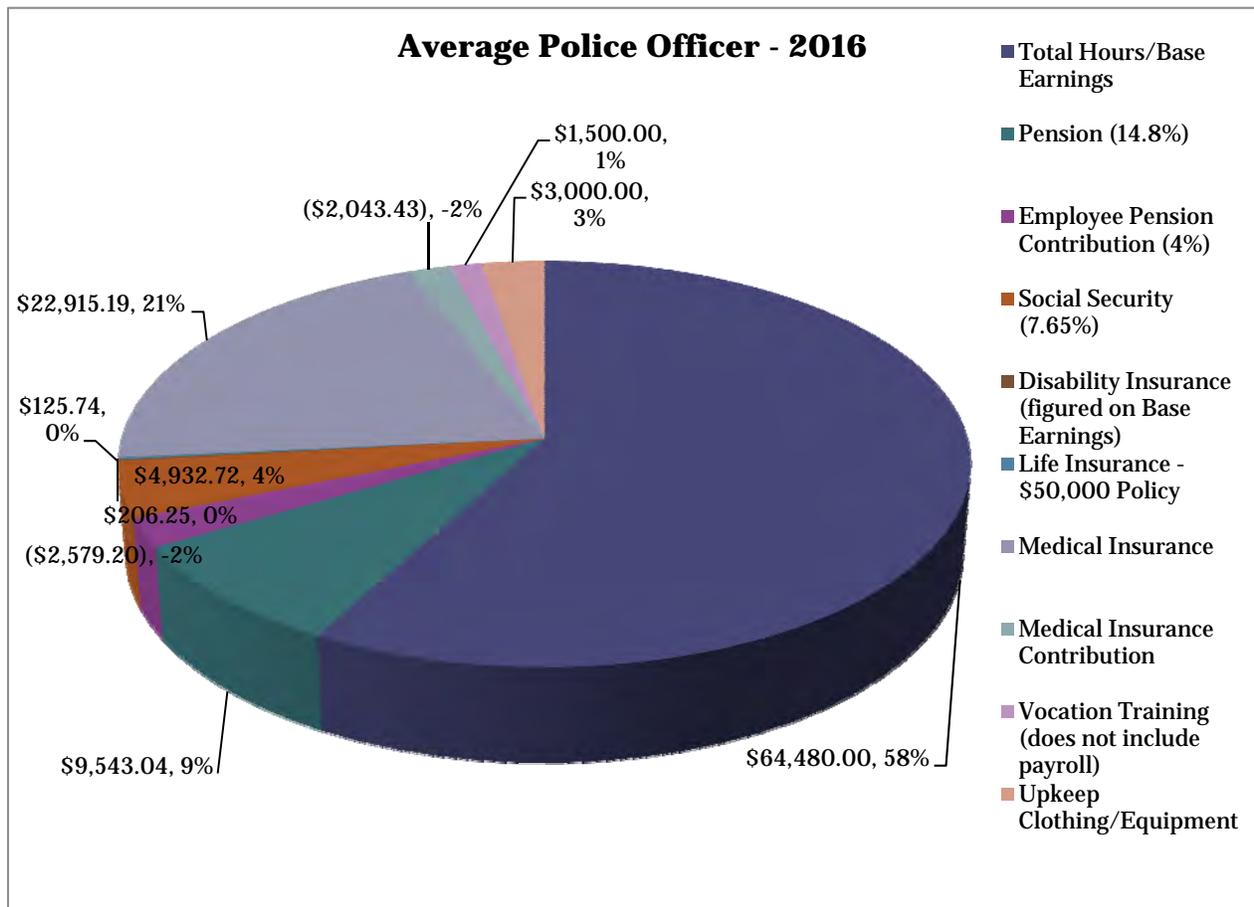
| Schedule 20 | | | | | | |
|---|------------|------------|------------|------------|------------|------------|
| Full-Time Equivalent Municipal Employees by Function/Program | | | | | | |
| Last Five Years | | | | | | |
| | Proposed | | | | | |
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Function/Program | | | | | | |
| General Government | | | | | | |
| Administration | 2 | 2 | 2 | 2 | 2 | 2 |
| Clerical | 12 | 12 | 11 | 10 | 11 | 11 |
| Code Enforcement | 1 | 1 | 2 | 2 | 2 | 4 |
| Community Development | 1 | 1 | 1 | 1 | 1 | 1 |
| Engineering | 4 | 4 | 4 | 4 | 4 | 4 |
| Finance | 20 | 20 | 19 | 20 | 20 | 22 |
| Information Technology | 5 | 5 | 5 | 5 | 5 | 5 |
| Personnel | 3 | 2 | 2 | 2 | 2 | 2 |
| Planning/Zoning | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Information | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Works | | | | | | |
| Administration | 3 | 3 | 3 | 2 | 2 | 2 |
| Central Garage | 4 | 3 | 3 | 3 | 4 | 4 |
| Labor/Maintenance | 7 | 6 | 5 | 6 | 6 | 6 |
| Sanitation | 12 | 11 | 11 | 11 | 11 | 11 |
| Recreation | | | | | | |
| Administration | 3 | 2 | 2 | 2 | 2 | 2 |
| Labor/Maintenance | 3 | 3 | 3 | 3 | 3 | 4 |
| Pool | 0 | 0 | 0 | 0 | 0 | 0 |
| Seasonal | 0 | 0 | 0 | 0 | 0 | 0 |
| Tennis | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Safety | | | | | | |
| Fire Administration | 1 | 1 | 2 | 2 | 2 | 2 |
| Fire Personnel | 21 | 21 | 21 | 21 | 21 | 21 |
| Police Administration | 2 | 1 | 1 | 1 | 1 | 1 |
| Police Personnel | 35 | 34 | 33 | 31 | 31 | 33 |
| 911 | 0 | 0 | 0 | 0 | 0 | 0 |
| Utilities | | | | | | |
| Administration | 7 | 6 | 6 | 6 | 6 | 6 |
| Electric Distribution | 9 | 9 | 9 | 9 | 9 | 9 |
| Electric Generation | 11 | 11 | 11 | 11 | 9 | 9 |
| Electric System Maintenance | 1 | 1 | 1 | 1 | 1 | 0 |
| Gas Distribution | 7 | 7 | 8 | 8 | 8 | 8 |
| Stores/Warehouse/Call Center | 6 | 6 | 6 | 6 | 6 | 6 |
| Water Distribution | 3 | 3 | 3 | 3 | 3 | 4 |
| Water Treatment Plant | 6 | 6 | 6 | 6 | 7 | 7 |
| Sewer Collection/Conveyance | 5 | 5 | 5 | 4 | 4 | 4 |
| Sewer Treatment Plant | 10 | 10 | 10 | 10 | 10 | 10 |
| Traffic Signal/Street Lights | 1 | 1 | 1 | 0 | 0 | 0 |
| Totals | 206 | 198 | 197 | 193 | 194 | 201 |

The total number of full time equivalent employees proposed for 2016 is 206.

**AVERAGE POLICE OFFICER
2016**

estimate only

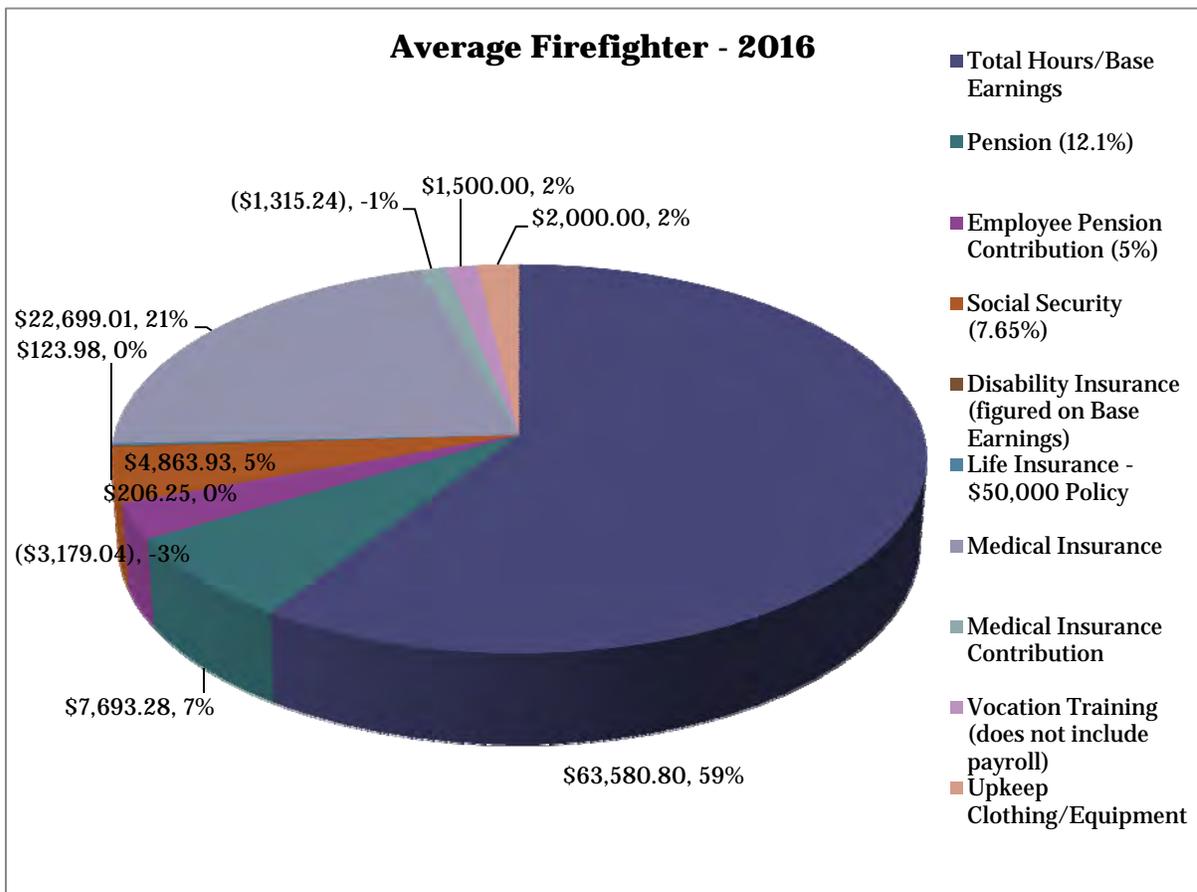
| | | |
|---|--------------|-----------------|
| Pay Rate | \$31.00 | |
| Base Earnings | \$64,480.00 | |
| Total Earnings | \$64,480.00 | |
| Base Earnings Breakout | <u>Hours</u> | <u>Earnings</u> |
| Total Time Worked | 2080 | \$64,480.00 |
| Total Hours/Base Earnings | 2080 | \$64,480.00 |
| Benefits | | |
| Pension (14.8%) | | \$9,543.04 |
| Employee Pension Contribution (4%) | | (\$2,579.20) |
| Social Security (7.65%) | | \$4,932.72 |
| Disability Insurance (figured on Base Earnings) | | \$125.74 |
| Life Insurance - \$50,000 Policy | | \$206.25 |
| Medical Insurance | | \$22,915.19 |
| Medical Insurance Contribution | | (\$2,043.43) |
| Vocation Training (does not include payroll) | | \$1,500.00 |
| Upkeep Clothing/Equipment | | \$3,000.00 |
| Total Benefits | | \$37,600.31 |
| Total Earnings and Benefits | | \$102,080.31 |



**AVERAGE FIREFIGHTER
2016**

estimate only

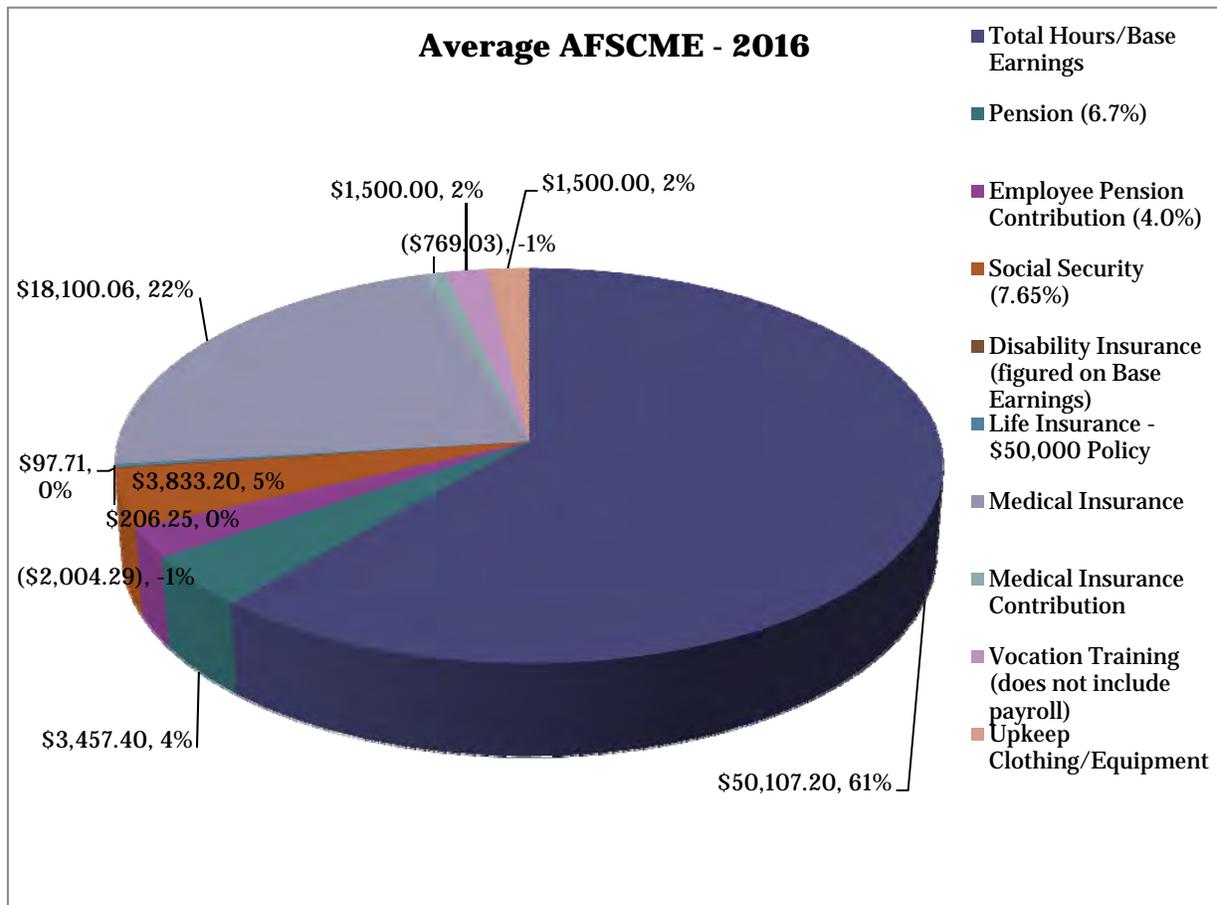
| | | |
|---|--------------|-----------------|
| Background | | |
| Pay Rate | \$21.48 | |
| Base Earnings | \$63,580.80 | |
| Total Earnings | \$63,580.80 | |
| Base Earnings Breakout | <u>Hours</u> | <u>Earnings</u> |
| Total Time Worked | 2960 | \$63,580.80 |
| Total Hours/Base Earnings | 2960 | \$63,580.80 |
| Benefits | | |
| Pension (12.1%) | | \$7,693.28 |
| Employee Pension Contribution (5%) | | (\$3,179.04) |
| Social Security (7.65%) | | \$4,863.93 |
| Disability Insurance (figured on Base Earnings) | | \$123.98 |
| Life Insurance - \$50,000 Policy | | \$206.25 |
| Medical Insurance | | \$22,699.01 |
| Medical Insurance Contribution | | (\$1,315.24) |
| Vocation Training (does not include payroll) | | \$1,500.00 |
| Upkeep Clothing/Equipment | | \$2,000.00 |
| Total Benefits | | \$34,592.17 |
| Total Earnings and Benefits | | \$98,172.97 |



**AVERAGE AFSCME
2016**

estimate only

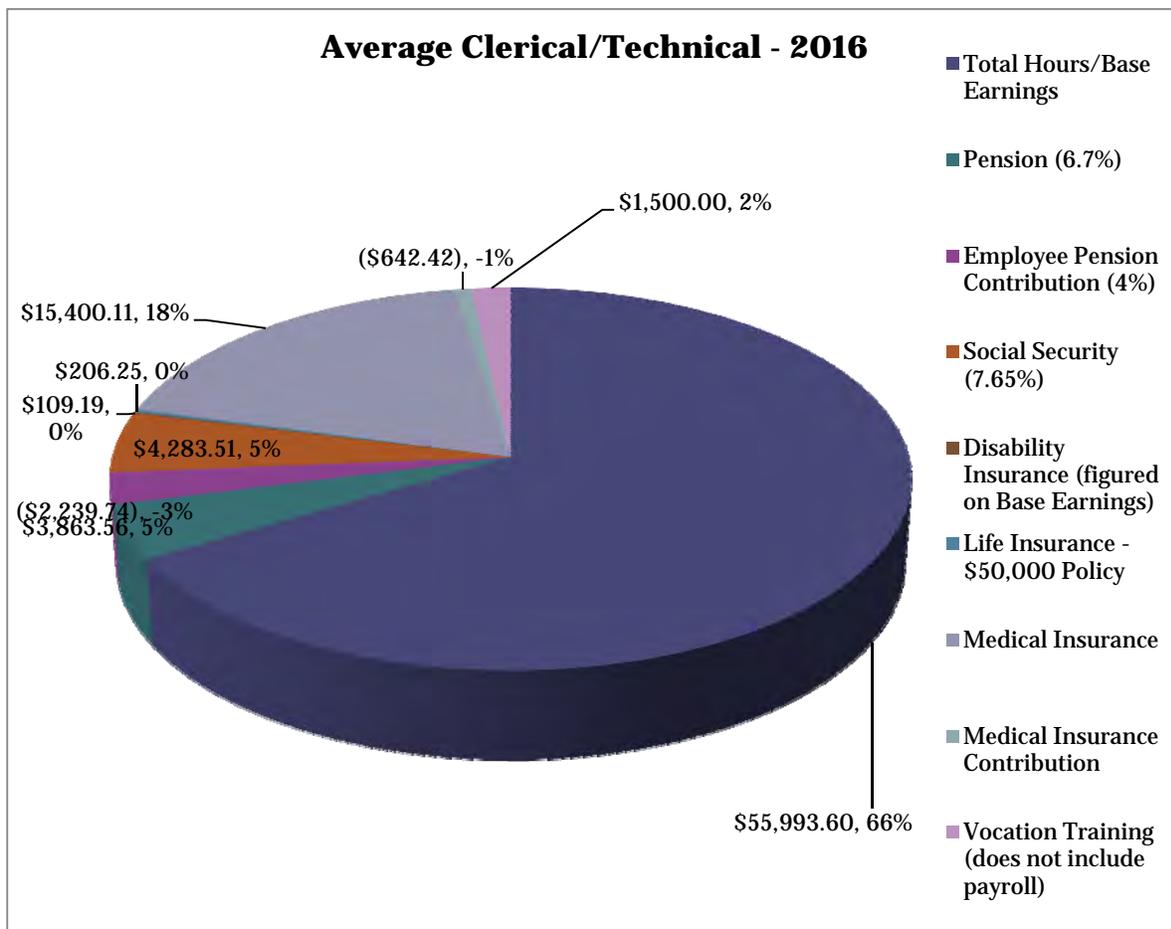
| | | | |
|---|---------|--------------|-----------------|
| Background | | | |
| Pay Rate | \$24.92 | \$24.09 | |
| Base Earnings | | \$50,107.20 | |
| Total Earnings | | \$50,107.20 | |
| Base Earnings Breakout | | <u>Hours</u> | <u>Earnings</u> |
| Total Time Worked | | 2080 | \$50,107.20 |
| Total Hours/Base Earnings | | 2080 | \$50,107.20 |
| Benefits | | | |
| Pension (6.7%) | | | \$3,457.40 |
| Employee Pension Contribution (4.0%) | | | (\$2,004.29) |
| Social Security (7.65%) | | | \$3,833.20 |
| Disability Insurance (figured on Base Earnings) | | | \$97.71 |
| Life Insurance - \$50,000 Policy | | | \$206.25 |
| Medical Insurance | | | \$18,100.06 |
| Medical Insurance Contribution | | | (\$769.03) |
| Vocation Training (does not include payroll) | | | \$1,500.00 |
| Upkeep Clothing/Equipment | | | \$1,500.00 |
| Total Benefits | | | \$25,921.30 |
| Total Earnings and Benefits | | | \$76,028.50 |



AVERAGE Clerical/Technical
2016

estimate only

| | | |
|---|--------------|-----------------|
| Background | | |
| Pay Rate | \$26.92 | |
| Base Earnings | \$55,993.60 | |
| Total Earnings | \$55,993.60 | |
| Base Earnings Breakout | <u>Hours</u> | <u>Earnings</u> |
| Total Time Worked | 2080 | \$55,993.60 |
| Total Hours/Base Earnings | 2080 | \$55,993.60 |
| Benefits | | |
| Pension (6.7%) | | \$3,863.56 |
| Employee Pension Contribution (4%) | | (\$2,239.74) |
| Social Security (7.65%) | | \$4,283.51 |
| Disability Insurance (figured on Base Earnings) | | \$109.19 |
| Life Insurance - \$50,000 Policy | | \$206.25 |
| Medical Insurance | | \$15,400.11 |
| Medical Insurance Contribution | | (\$642.42) |
| Vocation Training (does not include payroll) | | \$1,500.00 |
| Total Benefits | | \$22,480.45 |
| Total Earnings and Benefits | | \$78,474.05 |



AVERAGE Administrative/Supervisory
2016

estimate only

| | | |
|---|--------------|-----------------|
| Background | | |
| Pay Rate | \$41.33 | |
| Base Earnings | \$85,966.40 | |
| Total Earnings | \$85,966.40 | |
| Base Earnings Breakout | <u>Hours</u> | <u>Earnings</u> |
| Total Time Worked | 2080 | \$85,966.40 |
| Total Hours/Base Earnings | 2080 | \$85,966.40 |
| Benefits | | |
| Pension (6.7%) | | \$5,759.75 |
| Employee Pension Contribution (4.0%) | | (\$3,438.66) |
| Social Security (7.65%) | | \$6,576.43 |
| Disability Insurance (figured on Base Earnings) | | \$167.63 |
| Life Insurance - \$50,000 Policy | | \$206.25 |
| Medical Insurance | | \$18,796.11 |
| Medical Insurance Contribution | | (\$795.94) |
| Vocation Training (does not include payroll) | | \$2,500.00 |
| Total Benefits | | \$29,771.58 |
| Total Earnings and Benefits | | \$115,737.98 |

