



2019 BUDGET

AS RECOMMENDED BY THE
BOROUGH MANAGER

NOVEMBER 5, 2018

**TABLE OF
CONTENTS**



**BOROUGH OF
CHAMBERSBURG
2019 BUDGET**

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

11/5/2018



2019 Budget Message

As Proposed for 2019 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

2019 Budget Message

As Proposed for 2019

To: Town Council

Submitted herewith for your consideration is the Borough Manager’s Recommended 2019 Budget. As is required by local law, I have prepared this document in a form that can be adopted by Town Council. The proposed 2019 operating budget is balanced; revenues and cash balances cover all necessary expenses.

This is my ninth 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. For many years the Borough’s audit has been award-winning. However, the budget must be adopted in December by Town Council. 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.

	Largest Municipalities in Pennsylvania (2016)		County	Total Revenue	Population	Rev Over Exp
1	Philadelphia City	City 1st Class	Philadelphia	\$8,572,729,000	1,526,006	\$54,160,000
2	Pittsburgh City	City 2nd Class	Allegheny	\$738,266,008	305,704	\$20,470,428
3	Lancaster City	City 3rd Class	Lancaster	\$281,897,587	59,322	\$(2,171,192)
4	Reading City	City 3rd Class	Berks	\$170,137,514	88,082	\$6,122,166
5	Allentown City	City 3rd Class	Lehigh	\$167,813,616	118,032	\$(12,730,844)
6	Bethlehem City	City 3rd Class	Northampton	\$149,758,912	74,982	\$2,531,113
7	Scranton City	City 3rd Class	Lackawanna	\$134,813,958	76,089	\$6,709,959
8	Erie City	City 3rd Class	Erie	\$126,581,290	101,786	\$566,962
9	Harrisburg City	City 3rd Class	Dauphin	\$109,048,631	49,528	\$4,498,921
10	Lower Merion Twp	Township 1st Class	Montgomery	\$104,080,176	57,825	\$2,986,561
11	York City	City 3rd Class	York	\$93,824,489	43,718	\$3,691,921
12	Upper Darby Twp	Township 1st Class	Delaware	\$92,184,730	82,795	\$6,497,677
13	Chambersburg	Borough	Franklin	\$89,095,191	20,268	\$7,529,966

Source: Pennsylvania Department of Community and Economic Development

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 the thirteenth largest in the State of Pennsylvania, the third highest revenue over expenditures, and the largest Borough; 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. Many transactions are money being spent between the separate funds, to cover expenses; back and forth, thousands of internal transactions. This makes Chambersburg a unique government organization.

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 multiple 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 around 2,000 communities to own an electric system and one of 800 communities to own a gas system; but one of only about 50 in the U.S. 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 Town 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 employees of the Borough and most of the equipment of the Borough, is owned and operated by our utility departments (Electric, Gas, Water, Sanitary Sewer, Storm 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.

This budget reflects the decision made by Town Council to invest in the future infrastructure of our community. **It includes no tax increases whatsoever.** It does maintain the previously decided Recreation Bond Tax, the second year of a tax earmarked specifically to retire the debt from the 2016 Recreation Bond; and no other use. It includes the Fire Tax and the Ambulance Tax, same as in 2018, used to help balance the expenses of the Chambersburg Emergency Services Department, which provides fire and EMS services. It maintains the Police Tax, same as in 2018.

Chambersburg real estate taxes remain earmarked only for police, fire and ambulance operations. No other department or employee is funded through real estate taxes. In fact, since the Recreation Bond Tax is specifically earmarked for paying off the 2016 Recreation Bond, one can reliably say: **no real estate tax will pay for any operations of the Borough of Chambersburg other than police, fire, and ambulance.** No other department, operation or employee; not parks or streets or the Borough Manager, are paid for using real estate taxes. The only use of these taxes are police, fire, ambulance and to pay off the 2016 Recreation Bond.

There will be more detailed information about these tax levels within this document.

The Borough of Chambersburg receives no sales taxes, liquor taxes, business taxes, or other type of local taxes and they are not an option under State law. In 2015, the State proposed an increase in the hotel taxes statewide; we urged using it for law enforcement, but the State restricted it to tourism expenses, with a prohibition on using them by any local town for anything else. The truth is we have very little revenue, very few opportunities to increase revenue, and a lot of responsibilities.

In other states, these other types of taxes are the foundation to the fiscal health of local government. In Pennsylvania, the General Assembly denies them as an option to communities like Chambersburg.

It is often said that Town Council has a toolbox with one tool inside (real estate taxes) and it is a dull and poorly honed tool, but that is the only tool given to them by the laws of the Commonwealth of Pennsylvania.

Chambersburg is adapting to the twenty-first century. Our municipal government is a leader among Pennsylvania boroughs, townships, and cities. Our finances are strong, our mission is clear, and we provide more services, more programs, more successfully than any other municipality in Pennsylvania. This is no small chore.

Our Twenty-First Century Municipality looks and feels different than the Chambersburg of the last century. Our demographics continue to change. Our services continue to expand. Our economic development objectives are more complex. We are adapting our plans and our strategic planning activities to the new reality offered by the twenty-first century. In 2019 and 2020, we will see the most aggressive update of strategic objectives in Chambersburg's history. We are becoming a major participant in State and Federal policymaking. People in Harrisburg and Washington have heard of Chambersburg and they ask our insight on a variety of important issues.

As a Twenty-First Century Municipality, Chambersburg will be an organization dedicated to public services. We are in the process of developing transportation systems, which will change the way traffic moves through and past our community. We are dedicated to quality of life programs, such as rental housing licensing and youth activities like no other community in our area. We have become a major leader in municipal utilities; not only in electric and gas but a leader in addressing Federal storm sewer system mandates. We are a leader in using electric and gas for economic development and job creation. We are a groundbreaking municipality doing more than any other municipality in our region.

As a Twenty-First Century Municipality, Chambersburg has an outstanding workforce of women and men. We take a team approach to the delivery of vital community services. We take pride in their knowledge and experience. We have a team of specialists and use our unique knowledge and experience for the benefit of our town, its citizens, and businesses. This internal knowledge base provides us with the ability to move swiftly to address all types of challenges. We use technology including digital mapping, wireless communications, remote cameras, and workgroup data exchange, to excel in time periods unheard of in municipal government. In the twenty-first century, we need to know that the next generation of municipal leaders will be ready to inherit this organization. We work towards succession planning and employment outreach to train tomorrow's leadership.

As a Twenty-First Century Municipality, Chambersburg is fully transparent. We believe in sharing information, both small and large. We now post a record of every public meeting, every resolution, ordinance, local law, business contract, competitive bid result, and professional services agreement on the Internet. Any citizen, so inclined, can read voluminous documents related to our finances, our decision making, and our business relationships without leaving their home. We are dedicated to transparency and open government.

As a Twenty-First Century Municipality, Chambersburg supports citizen engagement and public input. We believe in gathering as many diverse opinions in the public forum as possible. We have town hall meetings, committee meetings, web sites with submit boxes for comments, and the names and contact information for every public official freely shared. We post proposals on the Internet. We hold neighborhood forums. We send more reminders and notices in the mail than any other community. We want a well informed and vocal public. Our leaders are community organizers and seek the input of the community. Any citizen, so inclined, can participate in the local government process. We are dedicated to making government as participatory as possible.

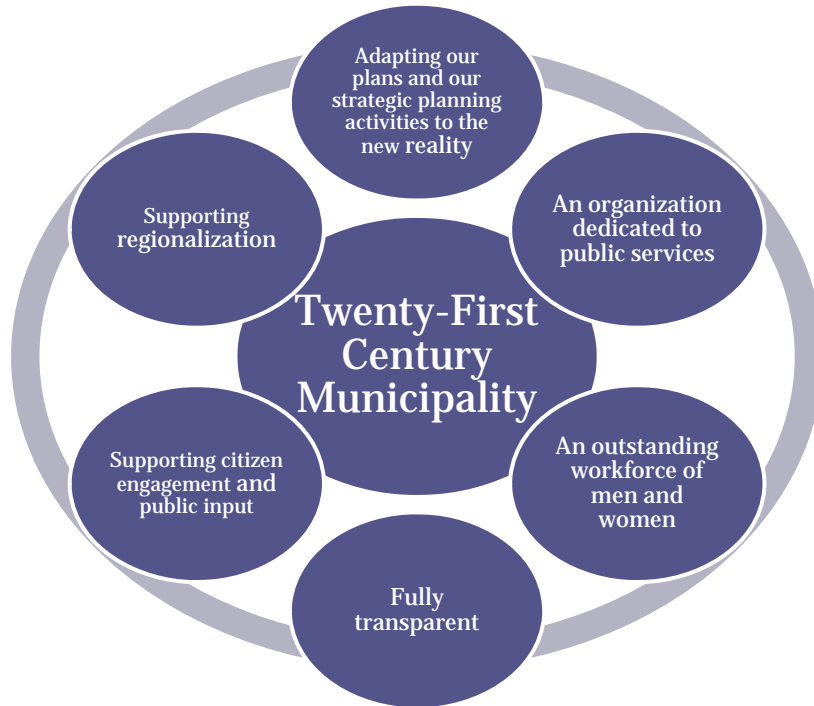
As a Twenty-First Century Municipality, Chambersburg supports regionalization. Chambersburg is the urbanized core of a suburban/rural county. We work with our neighbors on sanitary and storm sewer, and water projects. We work with the Metropolitan Planning Organization (MPO) on regional transportation planning and the Council of Governments (COG) on joint projects. The Borough Manager provides peer support to the managers in other communities. We want to see our public safety services help support the quality of life in the surrounding townships. We want to see our new Aquatic Center be the model for recreation amenities in the region. We are dedicated to working together with our neighbors, whether it is fixing a water pipe or planning for the future of Franklin County.

In conclusion, there are steps that Chambersburg must take to be a Twenty-First Century Municipality. They include updating our Comprehensive Plan and integrating our other long term planning documents into a new Comprehensive Plan. We must reexamine our Subdivision and Land Development and Zoning codes and turn it into an implementable plan that not only focuses on the priorities, but will allow action to start during the planning process. We need to develop and grow the next generation of leaders. We need to reach across municipal boundaries and work cooperatively.

We need to focus on the goals of this budget document, as amended by Town Council, and move Chambersburg forward as a unique type of municipal government.



In 2019, Franklin County is expected to begin construction of a new Twentieth Century Judicial Center on Memorial Square in Downtown Chambersburg



Borough Real Estate Tax Increases (Historical)		Increases
2007	12 years ago	No
2008	11 years ago	No
2009	10 years ago	No
2010	9 years ago	No
2011	8 years ago	No
2012	7 years ago	No
2013	6 years ago	No
2014	5 years ago	Yes
2015	4 years ago	No
2016	3 years ago	Yes
2017	2 years ago	No
2018	Last year's budget	Yes
2019	This year's budget	No

Taxes

This budget contemplates no increase in taxes or tax rates. This is the tenth budget in the last 13 years with no increase. The Borough of Chambersburg did not raise real estate taxes between 2007 and 2013; then there was an increase in 2014, a second increase in 2016, and a third in 2018. **Chambersburg has not raised the real estate tax rate in most years, in recent history.** Taxes were more often raised by others such as Franklin County or the Chambersburg Area School District; and, that sometimes leads to confusion. In 2014, 2016, and 2018, the Borough raised the real estate tax rate, but only to fund police and fire services, and in 2018 to begin paying off the 2016 Recreation Bond. Beginning a decade ago, and through 2019, there is a constant theme in our finances: real estate tax increases were rare and only dedicated to funding police and fire services.



“Good debt is investment debt that creates value,” says Eric Gelb, CEO of Gateway Financial Advisors and author of “Getting Started in Asset Allocation.”

Paying a tax for a bond issue, as was decided by Town Council, is not the same as paying a tax for the operation of the Borough. For example, it is a similar difference to opening a mortgage to buy a house or fix the roof, in contrast to using a credit card to pay the telephone bill. Debt should only be used to add asset value. Whether citizens agree with the Town Council or their decision to not hold a referendum in 2016, the basic fact remains, the Recreation Bond Tax, the new tax started in 2018, is not to pay for any Recreation Department operations. It will pay off, over twenty-five years, the debt to build the new Chambersburg Aquatic Center at Memorial Park and other playground and park improvements.

Debt to increase asset value is a smart use of debt, is common in business and industry, and is actually a recommended practice. This new tax and its approval of Council is a decision that was made in 2016. In 2019, it will be year two of the collection of this new Recreation Bond Tax. Otherwise, the collection of the tax and its rate will be unchanged from the initial year, 2018.

For background purposes, in 2016, the Borough Manager and consultant Kevin Post of Counsilman-Hunsacker Aquatics discussed a variety of options for the design of the new Aquatic Center and the financing of the proposed 2016 Recreation Bond. At the Town Council meeting on February 22, 2016, Laura Kurtz from Eckert Seamans, and Financial Advisor John Frey from PFM, advised Town Council that a voter referendum, under the laws of the Commonwealth of Pennsylvania, would be non-binding; but ultimately it was Council's decision whether to move forward with a bond issue. On May 23, 2016, Town Council authorized the 2016 Recreation Bond sale and approved the new Recreation Bond Tax to begin in 2018.

In Chambersburg, our citizens pay no dedicated Recreation Tax, no dedicated Highway Tax, and no taxes at all to support any of the Borough's operations, utilities, or utility support departments other than police and fire/EMS. Our taxes are very limited, yet misinformation is abundant on this topic.

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 the Chambersburg Emergency Services Department. This includes ambulance operations.

In 2018, the Borough Manager recommended, and Town Council approved, an increase in the Fire Tax for use by the Fire Department and its Ambulance operations; as well as an increase in the Police Tax. This remains the main purpose of Borough real estate taxes. In this 2019 Budget, the Borough Manager is recommending no additional changes to taxes or tax rates.

All the real estate taxes collected within the Borough are used exclusively for the Police Department and to support the operations of the Chambersburg Emergency Services Department; none of this revenue is used to support any other department or operation. As of 2019, we will still only use real estate taxes to support Police, Fire, Ambulance and the debt services associated with the pool and park 2016 Recreation Bond. No real estate taxes are used for highways, streets, code enforcement, parks, or any other employees such as the Borough Manager, or any other operation or utility of the Borough other than public safety.

Of course, there are other types of taxes other than real estate taxes. However, they are set by the State, cannot be adjusted, and are currently at the maximum allowed by State law. We use the other taxes of the Borough (such as Earned Income Tax and Deed Transfer Tax) to pay for the Highway Department operations and the Recreation Department operations. 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) and whatever money is left over from the previous fiscal year. Our Highway Aid grant only pays for construction on Borough owned streets and not much of that at all. Keeping up with all highway maintenance on Borough streets without a dedicated funding source has always been very challenging. Street repair is extremely expensive and Highway Aid is very small.

In 2019, the Borough will use accumulated balances from 2018 to have a street maintenance program, but once again, not enough money to either keep up with the growing needs or to address any of the Borough-owned alleys. Alleys are not getting addressed at all and Council has been urged to take action.

This year, the Borough Manager is proposing a study to find a new way to fund alley paving with the formation of a new committee. Once the Curb and Sidewalk Master Plan is published (estimated to be before the end of 2019), the Engineering Department should transition, from the study of curbs and sidewalks, to the study of alleys. Further, staff is recommending a comprehensive funding scheme be developed to address the serious condition of back alleys. The Borough owns many (although not all) of the many back alleys. It appears we own more back alleys than most similarly sized communities.

Utility Rates

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 needs a very small rate increase this year; the second in consecutive years, and the second of a series of three small increases. The Gas Department has the lowest residential heat rate in the State of Pennsylvania and successfully manages its finances.

In this 2019 budget, there is no proposed rate changes for natural gas, sanitary sewer, storm sewer, sanitation, or electric. This budget includes a very small rate increase for water. This budget contemplates that a mid-year 2019 increase in the sanitation rate may become necessary based upon costs associated with recycling.

The cost of disposing of recycling and electronic waste continues to rise. This may necessitate a mid-year Sanitation Rate adjustment sometime in 2019.

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.

In 2016, the American Public Power Association (APPA), which counts Chambersburg as a member, did a survey of 171 public power entities, just like Chambersburg's Electric Department. In the survey, 136 of the 171 entities made a payment in lieu of taxes even though they were tax-exempt entities. Further, of the 136, 38 entities (or 22%) used the tax type commonly called Gross Receipts Tax, as the calculation for their PILOT payment. This is the method that Chambersburg utilizes to determine the PILOTs from the Electric Department and the Gas Department.

This budget contemplates the continuation of a Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund from these two departments.

Types of Taxes Allowed for Boroughs under State Law

Real estate taxes	<i>Various limits on type, size and use – may be changed once per year</i>
Deed Transfer Tax	<i>Set at maximum since 1987</i>
Earned Income Tax	<i>Set at maximum since 1965</i>
Local Services Tax	<i>Set at maximum since 2007</i>
Mercantile/Privilege Tax	<i>Prohibited if not adopted by 1988</i>
Amusement Tax	<i>Vending machine tax seen as nuisance in today's environment</i>

There are no other types of taxes allowed under State Law.

What of the Police Tax in 2019?

In our area, Chambersburg is the only municipality with a full service, round the clock, local police department. It is a professional and successful law enforcement organization. In 2016, Town Council appointed a new Police Chief. Ron Camacho joined the Borough in mid-2016; a highly qualified law enforcement professional, he has installed a series of upgrades in the organization and their standard operating procedures since joining Chambersburg. In 2019, it will continue to be very expensive to operate a high performing police department, but unlike our neighbors who have chosen to rely on 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 the Chambersburg Emergency Services Department. This includes ambulance operations. While the Police and Fire/EMS tax rate grew in 2018, this remains the sole operational use of real estate taxes.

Perhaps this explains why Greene, Guilford, Letterkenny and Antrim townships have no local real estate tax. The Borough collects almost enough Police Tax to pay for the cost of operating the Police Department. Every dollar of designated revenue from the Police Tax is used wisely by the Police Department.

For the 2018 Budget, Town Council raised the Police Tax from 23 mil to 24 mil. **In this 2019 Budget, Council is not being asked to raise it at all.** By keeping the rate at 24 mil, Council is committing to a steady, but manageable, rate of growth in the Police Tax rate. Overall, since 2007, the Police Tax rate has risen from 20 mil to 24 mil. When averaged out over the thirteen years, that is a growth rate of a little over 1.6% per year. While no one wants to see taxes go up, this overall growth rate seems reasonable for such an important tax, which pays for such an important service.

Police Department Budget	2018	2019
Estimated cost of operations	\$5,295,920	\$5,163,250
Reimbursement from CASD for School Crossing Guards (estimated)	-\$53,000	-\$52,000
Estimated Yield from Fines and Fees	-\$176,500	-\$159,000
State Grant for Police Pension Costs	-\$312,002	-\$318,538
Subtotal	\$4,754,418	\$4,633,712
Tax Rate	24 mil	24 mil
Estimated yield of Police Tax (including tax liens & donations)	\$4,539,000*	\$4,637,000*
<i>Estimated Expenses over Revenue</i>	-\$215,418	\$3,288

\$3,288 is the estimated budget surplus in the Police Department

* - Current year estimated collections only

While we programmed a deficit in the Police Department in 2018 of -\$215,418, with the 2018 increase in the Police Tax, we now will see the gap closed in 2019 to +\$3,288. For the first time in decades, the Police Tax will generate enough revenue to pay for approximately 100% of the Police Department (when including other police related revenues). As was pointed out in the 2018 Budget, it was impossible to avoid last year's 1 mil Police Tax rate increase.

While \$3,288 is not much, it's good to have a little extra money in the Police Budget. Please keep in mind that we are operating the Police Department with very little margin for error. Unforeseen costs such as a major detective caseload, a major public safety event, additional unforeseen overtime, additional training, or adding more employees in advance of other future retirements, can easily throw the Police Department budget into a more unstable place.

What of the Fire Tax in 2019?

The Borough of Chambersburg once had no Fire Tax. In 2014, a so-called neutral arbitrator imposed upon the Borough and the International Association of Fire Fighters Local #1813 a labor pact (the infamous "Kasher Decision"). Town Council was forced to add a Fire Tax. That tax was set at 2.5 mil and remained unchanged through 2017. In exchange for this tax, and implementing the Kasher Decision, there was relative labor peace for the years following this decision.

In May 2017, the Borough and the International Association of Fire Fighters Local #1813 reached a negotiated labor deal thereby avoiding arbitration. We were able to avoid the cost of arbitration (lawyers, expert witnesses, and the Borough paying 100% of the arbitration panel expenses) by accepting a compromise. The 2017 deal, executed in the form of a Memorandum of Understanding, established a proposed labor contract to fix the wages and benefits between the Borough and our professional fire fighters for the years 2017 through 2021.

This five year contract included sweeping organizational changes sought from Borough employees for a generation.

First, the agreement radically changed the Fire Department work schedule. The new agreed upon work schedule lowered the total number of hours worked by fire fighters (without impacting their annual compensation), but forced them to work 12-hour work shifts rather than the previous 24-hour work shifts. For a variety of reasons, 12-hour work shifts are far superior in both productivity and deployment. Further, the department personnel was divided into 4 squads rather than 3 squads, each with their own Captain.

As a result, and impacting the 2018 Budget, the Borough hired both extra qualified part time firefighters to work on our two ambulances as well as supplementing fire suppression operations. And in January 2018, the Borough increased the number of firefighters from 21 employees to 24 employees (not including the 2 Fire Chiefs). Finally, we added one additional captain.

It was the hope of the 2018 Budget that sufficient resources to hire and equip the part timers and extra full timers would be offset by an expectation that the revenue that they generate will pay for all their costs.

So far, this has not happened. In 2018, finding and recruiting enough part time firefighters has been a significant challenge. Despite generous pay offers and advertising, only a handful of qualified part timers has been identified. As a result, and due to the new work schedule, overtime has increased and ambulance revenue has not kept pace.

While this is not as we planned, it is not a cause for concern. First, 2019 may result in a more successful recruitment of part time firefighters. Further, 2019 may result in even more ambulance billing revenue. The 2019 Budget modulates our expectations and sets, perhaps, more realistic goals.

The world of EMS is in such flux, we do not see any reason to not stay the course, and give the process another year to unfold.

More concerning than our fiscal status, or the delays in finding part time firefighters, is the abject failure of volunteer ambulance companies (and some paid companies) to find employees/volunteers, staff ambulances, and answer calls. There is reason to fear that the entire EMS system in Pennsylvania is on the verge of a breakdown. If such an expectation comes to fruition, Chambersburg would remain in a strong and safe position. As a result of our commitment to professionalism, our use of firefighter personnel, and our willingness to use taxes to supplement EMS operations, our community and our citizens are somewhat insulated from, what may turn out, to be a breakdown in emergency medical operations regionally or statewide.

How this may impact us is both in an increased demand for our ambulance(s) to leave the Borough and provide regional mutual aid; and, second, by seeing a need to once again explore with whom the Borough contracts for Advance Life Support (ALS) paramedic services. As you know, the Chambersburg Emergency Services Department provides only Basic Life Support (BLS) services. Currently, Holy Spirit EMS, a division of the Geisinger Health System, provides ALS paramedic services for the Borough of Chambersburg. We meet often, and work diligently, on maintaining a good relationship with Holy Spirit EMS.

In 2019, we hope that these relationships, and our partnership, and the other BLS providers in our neighboring communities, all remain strong and stable. We hope, but we are prepared to act, just in case someone falters, and we must act to protect the emergency medical systems in Chambersburg.

In 2018, Town Council adjusted the Fire Tax, raising it to 3.0 mil. Further, Council added a separate 0.5 mil Ambulance Tax. Under State Law, Council cannot raise these rates any higher. They are now set at State maximum. That is troubling given the uncertain future and the containment of costs for firefighting and emergency medical services. Apparently, the General Assembly, in their wisdom, back in the 1960s, could not contemplate that any Borough in the State, would ever need to raise a fire tax above 3 mil or an ambulance tax over 0.5 mil. I guess they assumed these services would always be provided by volunteers. Well times have changed, and the State of Pennsylvania, best lift this cap before something else happens.

This proposed 2019 Budget, therefore, includes no increase to the Fire/Ambulance Tax. It will remain at State Maximum, at 3.5 mil for 2019.

The long term funding 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 closed by undesignated General Fund 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 budget 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.

	2018 Budget	2019 Budget
Fire Code Permits & Fees	\$65,000	\$65,000
Contributions For Ambulance Service	\$45,000	\$43,000
Ambulance Service Receipts	\$1,598,465	\$1,109,000
Ambulance Club Membership Fees	\$112,400	\$110,000
<i>Total</i>	\$1,820,865	\$1,327,000

The Borough's expectation for Ambulance Service Receipts proved to be unrealistic in 2018. We are modulating our expectations in 2019. That being said, we still believe, with the 2018 Budget increase in the Fire/EMS tax, and these revenues, that the ES Department budget can be operated with only a slight deficit in 2019.

If we are wrong, we have few other choices. Other undesignated revenue in the General Fund will ensure we successfully make it through 2019 and, it is possible, everything in the world of Emergency Medical Services may change for everyone in Pennsylvania in the meantime.

So, what can Town Council do? In 2019, it is suggested that Town Council support initiatives in Harrisburg to reform and change the EMS system in Pennsylvania. Support reforms that bring resources, clarify billing rules, increase billing options, and force regionalism of ambulance systems. In addition, any talk of lifting the Fire/EMS tax limits for Boroughs would be appreciated. Nobody likes to raise taxes, but I do not believe the General Assembly, rather than our Town Council, should decide the proper tax rate for Fire and EMS operations. Finally, urge Washington to fix EMS billing rules in Medicaid and Medicare. These rules, debated often by professionals and Congress, are hurting systems throughout our country.

How much does 1 mil of real estate tax yield in 2019?

Total assessed value of taxable real estate inside the Borough for 2019 is estimated to be \$205,697,440; up very slightly. Therefore, the cash value of 1 mil would equal \$205,697. However, when factoring in our average collection rate for any given year, we should expect that same mil to yield \$191,298. This difference is a result of the average amount of taxes remitted on time, annually, versus the total that is levied.

So for budget purposes, **1 mil is equal to approximately \$206,000 in cash.** As explained, if you assume the standard percentage of Taxpayers will fail to pay their taxes, 1 mil would equal \$191,000 in cash. If you assume some old outstanding tax liens from previous years may pay their debts in 2019, 1 mil might equal \$206,364 in cash. In 2018, due to old tax liens from previous years, the Borough anticipates earning \$201,929 in cash per 1 mil. The value of a mil is therefore not precise.

	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Estimated</u>	<u>2019</u> <u>Estimated</u>
Police Tax Yield	\$4,714,503	\$4,706,641	\$4,884,091	\$4,991,750
Mil	23	23	24	24
Fire Tax Yield	\$509,604	\$505,848	\$601,136 ¹	\$609,200
Mil	2.5	2.5	3	3
Ambulance Tax	-	-	\$96,245	\$98,960
Mil	-	-	0.5	0.5
Recreation Bond Tax	-	-	\$577,368	\$594,200
Mil	-	-	3	3
Value of 1 Mil	\$204,867	\$204,411	\$201,929 ²	\$206,364
Est. Single Family House Tax				
Police Tax	\$388.63	\$388.20	\$406	\$410
Fire Tax	\$42.24	\$42.20	\$51	\$51
Ambulance Tax	-	-	\$8	\$9
Recreation Bond Tax	-	-	\$51	\$51

The Average Single Family Home in Chambersburg will see an increase of about \$5 per year or 42¢ per month in real estate taxes, as a result of the increased value of assessed property, which also increases the assessed value of the Average Single Family Home. Of course, your payment of taxes for your property, rather than the average home, is based on Franklin County’s determination of your home’s assessed value.

¹ The rebate will be at least \$493,000 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

What of the Utility Rates in 2019?

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 needs a very small rate increase this year; the second in consecutive years, and the second of a series of three small increases. The Gas Department has the lowest residential heat rate in the State of Pennsylvania and successfully manages its finances.

In this 2019 budget, there is no proposed rate changes for natural gas, sanitary sewer, storm sewer, sanitation, or electric. This budget includes a very small rate increase for water. This budget contemplates that a mid-year 2019 increase in the sanitation rate may become necessary based upon costs associated with recycling.

The cost of disposing of recycling and electronic waste continues to rise. This may necessitate a mid-year Sanitation Rate adjustment sometime in 2019.

Water rate increase proposal:

What does a 1 cent increase in the Water Rate mean?

- The average residential customer uses 185 gallons of water per day
- This usage equates to 75 “units” per month (1 “unit” = 74.8 gallons)
- 2017 usage charge: \$.12/unit
- 2017 average monthly billing: \$15.00
- 2018 usage charge: \$.13/unit
- 2018 average monthly billing: \$15.75
- 2019 usage charge: \$.14/unit
- 2019 average monthly billing: \$16.50



Utility	2018 Cost	2019 Cost	Last Changed
Electric	\$100.90 per month	\$100.90 per month	2014 (lowered)
Water	\$15.75 per month	\$16.50 per month	2019
Sewer	\$29.50 per month	\$29.50 per month	2012
Gas	\$631 per year	\$631 per year	2013
Sanitation	\$18.75 per month	\$18.75 per month	2016
Storm Sewer	\$4	\$4	2017

Chambersburg will still have the lowest composite residential utility monthly bill in Pennsylvania.

Budget Goals 2019

This budget talks a great deal about the twenty-first century municipality. I believe that our local government must explore new ways to be an outstanding model municipality. Chambersburg is unique. 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. Growth used to improve the quality of life in our community. Our regional economy is driven by Chambersburg, our policy making, our utilities, much more than any other municipality in Pennsylvania. Those who want to see the community bloom should support our efforts to plant the seeds, till the soil, and water our organization.

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 decide 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.

Throughout 2018, Chambersburg moved past our three big infrastructure projects (the \$39 million reconstruction of the J. Hase Mowrey Regional Wastewater Treatment Plant, the construction of a \$9.75 million utility addition on City Hall, and the construction of a \$7.5 million Aquatic Center at Memorial Park). In 2019, we are intending to focus on three goals to realize our objective in becoming a Twenty-First Century Municipality:

Goal A – Planning, Preservation, and Citizen Engagement

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

Goal C – Reshaping our Community One Project at a Time

Goal A - Planning, Preservation, and Citizen Engagement

1. Begin the multi-year process of updating the Borough's Comprehensive Plan

Over the course of 2007 and 2008, the Borough of Chambersburg led a comprehensive planning process that resulted in the November 2008 adoption of a new Comprehensive Plan. The Comprehensive Plan (Comp Plan) was developed through a collaborative planning process that integrated technical analysis with community input. The Comp Plan provides a vision for the future with a planning horizon of 20 years addressing community enhancement and development/redevelopment opportunities within the Borough.

The Plan was developed using information, analysis, and conclusions from research of current Borough programs, services and policies, existing conditions, analysis of build-out and summary of community input. The Comp Plan builds upon current Borough plans and policies in effect in 2008, including but not limited to the Franklin County Comprehensive Plan, Pennsylvania's Keystone Principles & Criteria for Growth, Investment & Resource Conservation, and Pennsylvania Municipalities Planning Code (MPC) requirements.

The Comp Plan includes elements such as:

- an explanation of plan purpose, methods, and planning process;
- summary of community input;
- description of community development policy with plan goals and objectives;
- identification of Special Planning Districts;
- a Downtown Revitalization Plan;
- overview of the Borough's Elm Street Neighborhood Revitalization Strategy;
- a Future Land Use Plan;
- a Future Transportation Plan;
- Community Facilities, Services and Utilities Plan;
- a Housing Plan;
- an Economic Development Strategy; and
- Implementation Plan

Beginning in 2019, and lasting into 2020, this 2007-2008 Comp Plan will need to be updated.

Chambersburg is undergoing significant growth and changes. These are exciting times. Projects include downtown redevelopment, the new Franklin County Judicial Center on North Main Street, the Central School Project, on West Queen Street, and development growth along the Grant Street Corridor. These areas, and the continued growth on Norland Avenue, on Wayne Avenue, and plans for additional residential development in Laurich Meadows, along Hollywell Avenue, along Progress Avenue, around the South Gate Shopping Center, and near Maple Run, will ensure that Chambersburg will dramatically grow and change over the next twenty years.

The time has come to update our plans, our vision, and incorporate all the other planning that has been completed into a new Comprehensive Plan for our community.

According to Denny Puko, from the PA DCED Governor's Center for Local Government Services, creating a new Comp Plan must follow the basic guidelines of the State Law, the Municipalities Planning Code; but, within that code, there exists flexibility to develop a creative comprehensive examination of the municipality. The Municipalities Planning Code (MPC) is the enabling law that gives local governments the powers and procedures for planning, zoning, subdivision, and land development. It also enables local governments to create planning commissions, departments, and hire staff. The MPC is not a comprehensive plan template.

According to Michael Chandler in his analysis "Preparing an Implementable Comprehensive Plan", community planning is a part of a continuum of community action, not a snapshot in time. An "implementable comprehensive plan" is a plan for innovation and action to better the community. This is the type of plan that I am recommending Council explore in 2019.

Michael Chandler is a planning consultant based in Richmond, Virginia. He is a former Professor and Community Planning Extension Specialist at Virginia Tech in Blacksburg, Virginia, and co-founder of the Virginia Institute for Planning Commissioners. Chandler has for many years conducted planning commissioner training programs across the country, and is a frequent speaker at planning workshops.

According to Mr. Chandler "The ten questions that follow should help ensure that when your commission develops -- or updates -- the comprehensive plan, you end up with an implementable plan that will improve the quality of life enjoyed by residents of your town, city, or county."

1. Is the plan realistic?
2. Is the plan comprehensive? ...
3. Is the plan specific? ...
4. Is the plan linked with related functions? ...
5. Does the plan link public and private interests? ...
6. Is the plan citizen-focused? ...
7. Is the plan understandable? ...
8. Is the plan problem- and solution-specific? ...
9. Is the plan change-specific? ...
10. Is the plan current? ...

The goal is to develop this plan that provides action and results for our community. The 2019 Budget contains a planned expenditure of up to \$100,000 in total costs, including internal and legal costs, to develop a new Comprehensive Plan for Chambersburg.

This project will touch most everything that the Borough is undertaking. It gathers together efforts related to Economic Development, engineering, land use, sidewalks & curbs, bicycles & pedestrians, street maintenance & traffic, downtown issues, issues of community outreach and diversity. The Borough utility systems and infrastructure planning are a part of the process. Finally, the process includes integration of plans from our partners including the Chambersburg Area School District, Summit Health, Wilson College, Downtown Chambersburg, Inc., and Building Our Pride in Chambersburg (BOPIC). For the next two years, the Comprehensive Plan process will consume significant organizational resources.

2. Use Citizen Engagement and Public Outreach to Involve the Community in the Planning Process

The goal is to nurture a new Comp Plan with public policy sufficiently specific to be tied to governmental action. A comprehensive plan is a roadmap to policy-making and actions to be taken upon completion of the planning process.

According to Richard Burby in “Making Plans that Matter, Citizen Involvement and Government Action”, “... stakeholder advocacy is the critical factor in moving ideas forward from proposals made in plans to actual actions undertaken by governments.” Citizen engagement is not just a buzz word, but a process to ensure that our Comp Plan does not end up sitting on a shelf. Burby said, “With broad participation in plan making, planners develop stronger plans, reduce the potential for latent groups who oppose proposed policies to unexpectedly emerge at the last moment, and increase the potential for achieving some degree of consensus among affected interests.”

Our framework, like many other communities, will include copious citizen outreach. Each planning objective will commence by asking the community questions that all can answer like, “*What do you want to see in your neighborhood?*”

The Borough will develop ideas and concepts from grassroots engagement with residents, social organizations, neighborhood groups, and local businesses. The Borough will ask the community the broader policy questions, compile public input on current conditions and desired goals; then, develop ideas and solutions. The ideas and solutions will first be developed by the community at large, rather than Town Council, its advisory boards, and Borough staff. Some previous questions asked or feedback sought includes, but are not limited to:

1. What uses do you want in your neighborhood?
2. How would you use public resources to improve community transportation?
3. What types of business should be located in each area?
4. How would we solve the problems you identify in our community?
5. What are the factors that you would be willing to see government change?

The format could be a three part approach. At times, all three steps may be accomplished in a single session. Other times, these steps may take multiple sessions to complete. The generalized steps include the following:

1. Scoping Meeting – Ask the community the question and identify prioritized issues and opportunities
2. Develop Ideas and Solutions – these are to be developed collaboratively
3. Agree on Preferred Ideas and Solutions – develop consensus around results

We need to focus on relevant, real community issues. An assessment of community issues should scope beyond the “conventional formula”. We should get participation, not survey the community for generation of information/data that is not particularly relevant.

We need to use neighborhood meetings, social media, and interactive digital polling, to access community feelings on these issues.

3. Incorporate Other New And Existing Plans Into An Overall Action Plan For Our Community

The Borough of Chambersburg has been exploring a series of other plans, which are either completed or in development, which can be rolled together into a new comprehensive planning process. These plans include, but are not limited to:

- Downtown master planning
- Elm Street neighborhood strategic planning
- Long range transportation planning
- Curb and Sidewalk Master Plan/Map
- Official Map of Future Transportation Needs
- Bicycle and Pedestrian Master Plan
- Retail Recruitment and Retention Plan
- Side Street and Alley Development Plan
- Storefront Protection Plan
- Housing Rehabilitation Plan
- Recreation Master Plan
- Smart City Initiatives and Complete Streets Policies

Some of these documents exist and others need to be created or updated to be current. The goal would be to create an implementable Comprehensive Plan that addresses the goals of each of these planning efforts.

The Borough should explore whether we can incorporate the principles of New Urbanism into our downtown: No buildings less than two inhabitable floors, no residential uses on first floor unless townhouse single family residential use, require stoops and steps (and ADA), require street wall, no parking lots or yards allowed on street side unless behind barrier (i.e. fence, hedge, etc.), require public creek access, etc.

The Borough needs to explore three areas that are controversial as a part of this process:

- A. Historic preservation and the limitation on uses of private property to protect their history
- B. Creating a downtown improvement district and limiting the use of downtown buildings and forcing downtown property owners to pay for downtown improvements
- C. Setting community aesthetic standards in certain neighborhoods and forcing private property owners to obtain permission before an Architectural Review Board before making alterations that impact neighborhood aesthetics

These issues limit property owners in favor of community standards with which they may not always agree. They cause extra costs but also raise property values.



4. Public Outreach in the Elm Street Neighborhood

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 2019, 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 statewide 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 have 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.

That being said, the 2019 Budget includes enough in-kind support for the Keystone Communities Program (Downtown Chambersburg Inc. for the Main Street program and Building Our Pride in Chambersburg for the Elm Street program) to take hold in our community in 2019. These programs remain the single best hope for continued economic growth and financial stability in Downtown Chambersburg, and the residential neighborhoods adjacent to Downtown Chambersburg.

As usual, Chambersburg needs to be a leader in demonstrating the success of these programs.

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

1. Explore Pedestrian and Bicycle Improvements & Healthy Communities Design Initiative

In 2018, the Borough of Chambersburg adopted the Pedestrian and Bicycle Improvements Plan. The plan recommended the creation of new complete streets initiative for all future 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 recommended:

- 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 bicycle rental resources

This plan addresses factors as they relate to pedestrian and bicycle travel and recreation within the Borough as well as considers opportunities for connection to the surrounding region. The plan also considers Complete Streets Policy adoption that results in a comprehensive and integrated network of transportation with connections to recreation facilities that are safe and convenient for people of all ages and abilities traveling by all modes including pedestrians and bicycles.

Local Complete Streets Policy shall provide:

- Reference to a Complete Streets Policy as part of the goals in the Comprehensive Plan, Neighborhood Plans, Transportation Plan and other plans and implementation strategies.
- Smart Growth land use policies that encourage bicycling and pedestrian travel in addition to traffic control systems.
- Bicycling and walking facilities incorporated into all new development, redevelopment and transportation projects unless exceptional circumstances exist.
- Sidewalks, shared use paths, street crossings (including over and under-crossings), pedestrian signals, signs, street furniture, transit stops and facilities, and all connecting pathways shall be designed, constructed, operated and maintained so that all pedestrians, including people with disabilities, can travel safely and independently along, within and across corridors.
- Safe routes for children to and from school.
- Better access to employment and educational opportunities in all neighborhoods regardless of income or ethnicity as equitable transportation solutions.
- Facilities designed to the best currently available standards and guidelines to provide:
 - Vehicular speeds and congestion compatible with the character of the neighborhood.
 - Usability and safety of well-maintained on/off-street bicycling/pedestrian facilities.
 - A well interconnected street network.

- Intersection design addressing safety and convenience for bicyclists and pedestrians.
- Quality, safe and convenient bike parking options at destinations community-wide.
- Borough policies, staff training program, policy checklist, and compliance procedures/performance measures.
- Education and public awareness program for the traveling public, bicyclists, and pedestrians.

National studies indicate that the way we design, build and retrofit our neighborhoods affects our physical and mental health. Decision-makers must consider options that promote walkability, bikeability and livability such as:

- Provide adequate public facilities such as parks, bike trails, recreation centers and outdoor plazas that give people a place to be active and encouraging outdoor physical activity.
- Finding creative ways to address health issues through the design and retrofit of neighborhoods and streets.
- Improve the health of vulnerable populations and access to health care.
- Ensure that sidewalks and streets are in good repair and streets are safe for pedestrians and bicyclists.
- Offer more healthy and affordable food choices readily available and accessible to all neighborhoods.
- Assure land use policies support issues of healthy retail, farmers markets, urban agriculture, restaurants and education.
- Incorporate crime prevention through environmental design (CPTED) standards into ordinances and design standards where appropriate to create an environment that promotes safety. Feeling safe in your surroundings plays an important role in mental and physical health.
- Establish a Good Neighbor strategy that provides expectations for becoming a good neighbor to other residents and adjacent businesses as well as becoming a partner to local government.
- Create a welcoming and friendly environment through social events, citizen engagement and develop the next generation of community leadership.
- Promote environmental stewardship and protection with residents, businesses, developers, and government.
- Adopt a complete streets policy and amend ordinances and design standards to require public and private investment comply with this policy; add reference to the Subdivision and Land Development local law.
- Create identified corridors that provide safe and accessible mobility for multiple forms of transportation (cars, trucks, bicycles, pedestrians, etc.)

The next step in this process was appointing our new Pedestrian and Bicycle Advisory Committee, and set about ranking and exploring these initiatives. Their goal is to identify the funding opportunities and the priorities for the community.



2. 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.

In 2016, the Borough formed a partnership with the Shippensburg University Center for Land Use and Sustainability. The Center's vision is to become a nationally recognized interdisciplinary center that that leverages the expertise of faculty, staff, and students to promote sustainable land use, economic development, and communities at local, regional, and global scales. The evaluation 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 Sustainable PA Certification 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 when submitted for review or updated. 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.

In 2017, the Borough of Chambersburg was recognized at the Gold level of certification for meeting the program's rigorous performance criteria which tracks 131 policies and practices that define a sustainable community.

"We are delighted to see the Borough of Chambersburg distinguished among local governments that are leading the way in applying sustainability to both their operations and management as well as within the community," said Anne McCollum, Director of Training and Development, Pennsylvania Municipal League.

In 2019, the Borough of Chambersburg will begin to implement policy and program changes to be consistent with the goals of the Sustainable PA Community Certification Program. We need to formalize our relationship with Shippensburg University, aim for Platinum certification, and make this a goal in 2019. **The 2019 Budget sets this as one of our priorities.**

3. Expand Post-Construction Stormwater Management to Prevent Pollution in Our Streams

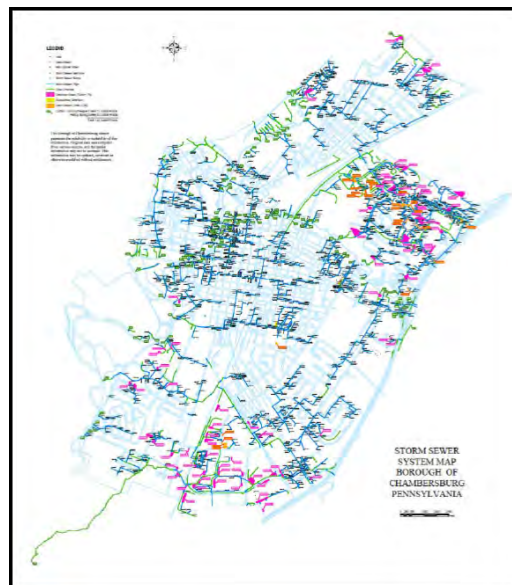
2019 will mark the fifth year of existence of a Municipal Separate Storm Sewer System (MS4) utility; one of the first such municipal utilities in the Commonwealth of Pennsylvania.

Our storm sewer utility allows Chambersburg to better manage stormwater by creating a designated fund for stormwater management, Federal mandates, and system upgrades. The storm sewer utility provides 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 utility offers. Like a water or sewer utility, a storm sewer utility generates revenue through user fees that will eventually be based on the amount of stormwater generated on a property; which is determined by an impervious surface calculation.

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. In 2019, the Borough will begin working with Hamilton Township to migrate this program beyond the borders of the Borough of Chambersburg. It is our hope to add St. Thomas Township to our program, joining together to work towards compliance with their MS4 permit from the Department of Environmental Protection.

This budget encourages other MS4 Boroughs and Townships to partner with Chambersburg in the same manner. We believe Chambersburg, and our staff, are well situated, to provide contract MS4 services to other regional municipalities.

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 the establishment of capital improvement plans, and monitoring and modeling of stormwater system flows to the local creeks.



Chambersburg Storm Sewer System

4. Expand Fire Safety Programs into the Townships

In 2019, we should continue to push 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 ES 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-annually) 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 a systematic Fire Code inspection program, 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 to explore how this program may function.

This is not about Chambersburg or the Chambersburg Fire Department. This is about saving lives and property in the townships. Chambersburg has this program regardless. We see the value. We have seen the number of fires reduced as a direct result of the program. In an era where the volunteer fire companies are struggling, there is absolutely no reason that the townships would not invite the Borough to bring this program into their municipalities. There is no one else available to provide the program. This is not competition, this is a smart move for each of the townships.

The 2019 Budget includes a commitment to this goal. Finally, the Mayor has offered to carry the torch, to reach out to the townships, and to help promulgate the lifesaving program, in 2019.

Goal C – Reshaping our Community One Project at a Time

1. Moving into an Expanded City Hall

In July and September 2013, the Borough of Chambersburg Water Department took ownership of the properties adjacent to City 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 City 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 to Town Council 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 47 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 have 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. Especially wrong is that our employees of the Chambersburg Police Department are crammed into the basement of City Hall's 1971 addition near the boiler room.

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 the existing 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. That modern addition would take pressure off renovating the existing complex old building.

Ironically, the issue on the back burner is now coming back around. But first, in the summer of 2015, the lot on the east of City Hall was cleared of the houses and their foundations.

SGS Architects Engineers, Inc. of Carlisle 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 ensure that their vision for the addition is being met. Every detail was discussed at these meetings.

The bids for the project were opened by SGS on Wednesday, November 2, 2016. There were five bidders, and the bids were evaluated for compliance, and construction was awarded in early 2017 to ECI Construction of Dillsburg, Pennsylvania. It is anticipated that total construction cost of the project will be \$9.725 million, including furnishings and a security system, which were not included in the construction bids.

Construction is anticipated to be fully completed in December 2018.

There is no doubt that building a Utility Departments' Addition for City Hall is expensive. However, as it has been 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.



The Conceptual Rendering of the Utility Departments' Addition for City Hall



Newly completed rear parking lot entrance & plaza for the Utility Departments' Addition for City Hall



The Utility Departments' Addition for City Hall under construction in 2018

2. City Hall Renovations, Phase 2, the Police Department Project

As the construction of the Utility Departments' Addition for City Hall continued in 2017, a second Building Committee formed to discuss Phase 2 of the project originally conceived in 2013. The Second Phase would be a return to the old Borough Hall building and discussion on the future of the space utilized by the Chambersburg Police Department. Originally, the first priority was the Police Department. However due to several reasons, including the lack of available physical space, as well as funding, the issue of how to provide the Police Department with adequate space was placed on the back burner.

The goal of the first phase, the Utility Departments' Addition for City Hall, was to provide updated office and meeting space for the utility departments, Town Council, and the utility support departments; and, more importantly, to provide extra space in the old Borough Hall building in order to allow the Police Department to expand their footprint.

In 2017, the Borough entered into a professional services agreement with SGS Architects/Engineers to do a utilization study of the Chambersburg Police Department, determine their needs, and to evaluate the condition and opportunity in the 1971 existing addition to Borough Hall. The 1971 project or the southern part of Borough Hall, was built and opened to the public in 1972 to provide for a police station for the Police Department on the first floor and basement, and a meeting space for Town Council, on the second floor. Since 1972, this has been the programming in this addition; the site of the old Borough Fire Hall, which used to sit on this site, south of the Market House, on South Second Street. The Fire Hall had been converted to the first Police Station of the Borough, and by the 1960s, it had become clearly inadequate for Police Department operations. This was becoming true of the 1971 addition as well. By moving Town Council out of the 1971 addition, and relocating other office space to the Utility Departments' Addition, the Police Department could expand and make better use of the 1971 addition.

The second building committee consisted of the Borough Manager, the Mayor, the Police Chief, the Water/Sewer Superintendent, police staff, and the architects. The committee studied police station design concepts and visited projects in other communities including Derry Township, Dauphin County, York City, Baltimore City, and a newly renovated similar sized community police station during a conference in Texas. This information, and other information provided by the architect led to a design plan for a renovated Police Station to fill the 1971 addition to Borough Hall, plus a small building add-on in what was once the drive-thru teller driveway next to the Police Station.

This part of the Phase Two project development included no plan to pay for the project; that is the next step in the process. While we know this would be a challenge left to 2019, it was decided that knowing what the Committee proposed to build and what it would cost, would be the best first step. GMS Funding Solutions was engaged to evaluate grant opportunities (possibility of 25% grant funding). The total cost of this phase is beyond the ability of the General Fund (home of the Police Department) or the General Capital Reserve (home of Police Capital Projects) to afford in cash. The General Fund is not supposed to use debt to fund projects. Although, it would be possible to utilize a pass-through debt offering issued by the Chambersburg Authority. Finally, avoiding real estate tax impact from the construction of a renovated Chambersburg Police Station is next to impossible.

For example, just for capital project budgeting perspective, the deferment of one year of street paving frees approximately \$1 million in cash (in exchange for little or no street paving for that calendar year). Highway construction projects are done with Highway Aid grant money (a grant from the State created by

the sale of Liquid Fuels) and whatever money is left over from the previous fiscal year. Our Highway Aid grant only pays for construction on Borough owned streets and not much of that at all. In any good year, the money left over from the previous fiscal year could be used towards this project, but that is not enough to support the whole project, and deferment of street paving might provide 20% of the resources needed to renovate the Police Station.

The Phase Two project also includes some alternate parts such as replacing the slate roof over the original Market House part of City Hall and repairs to the historic clock tower. Those needs are important but not specifically a part of the needs of the Police Department.

The architect estimates the total cost of Phase Two would be approximately \$5 million.

It is suggested that Town Council wait to see if a grant opportunity becomes available in 2019. Otherwise, they should take no action and no action is contemplated yet in this 2019 Budget. The Police Station last underwent a renovation in 1972; we added the adjacent Police Station Annex building in 2007. Since then, the force, the mission, the technology, and the personnel, have all gone through significant changes.

These plans are years in the making. In 2007, Council contemplated plans to build a standalone Police Station in the rear parking lot of City Hall for an estimated cost of \$5 million (in 2007 money). For the last 11 years, the elected officials, staff, and the police have worked towards a goal of a new facility for the Police and this project envisions a retrofit and expansion of the existing station rather than a new standalone facility.

At this point, the price tag is just an educated estimate. Over the course of 2019, we want public input into the project, a discussion of the project details, and research into ways to fund this project. We do not anticipate any action until the 2020 budget year.



The Plans for Phase Two include a Fully Renovated Police Station, a small addition in what is now the drive-thru teller driveway, and a restoration of the roof and clock tower of the original Market House.

3. North Chambersburg Transportation Improvements Project Phase Five

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 five 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
4. Extension of Fifth Avenue northward to meet Parkwood Drive
5. Extension of Fifth Avenue towards Kohler Road & the addition of Rotary Intersections (NEW PHASE ADDED)

This multi-municipal, multi-faceted project will directly unleash the economic potential and improve the safety and functionality of this growing commercial corridor. A grant application was approved through the PennDOT's Multimodal Transportation Fund, which resulted in an award of \$2,869,907 in financial assistance for Phase 1 to 4 of the project with a matching contribution from Chambersburg Health Services. On June 23, 2014, Town Council approved the project plan, because some of it impacted streets inside the Borough of Chambersburg.

Summit Health is managing this construction project, which began 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. On August 7, 2017, a second approval was authorized by Council to add the fourth phase to the original scope of the project.

On July 23, 2018, the Borough approved a letter of support for Phase Five, which will be entirely inside Greene Township and not impact the Borough directly.

The Borough Engineering Department is working very closely with the selected contractors to ensure 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 impact current and future traffic patterns in the Borough.

More importantly, the opening of these streets will directly lead to a discussion of municipal services north of the Borough of Chambersburg. So far, to date, the Borough has entered into discussions with Greene Township, the Guilford Water Authority, the Greene Township Municipal Authority, and the Chambersburg Area Municipal Authority, about the provision of water and sewer services into this growing neighborhood, just north, and just outside the Borough limits. This has been a productive discussion and will hopefully lead to intermunicipal agreements that will meet Greene Township's goal of smart development in this area, and the Borough's goal of increasing our sale of utilities.

4. UGI Gas Transportation Partnership and Other Energy Projects

On Monday, August 27, 2018, Chambersburg Town Council agreed in principle to an arrangement that would bring gas supply to underserved portions of neighboring Greene Township through a transportation agreement with UGI Central Penn Gas of Reading, Pennsylvania.

Chambersburg Borough operates one of only two municipal natural gas systems in the State of Pennsylvania. Pursuant to State Law, the Borough is generally prohibited from serving gas to customers outside of the Borough. In 2005, the Gas Department was granted a rare exception, allowing it to serve gas to Menno Haven's Northgate Commons building in Greene Township. This one building was permitted after the two neighboring investor-owned gas systems, UGI Central Penn Gas and Columbia Gas, both consented to this arrangement.

In 2017, Menno Haven began a significant multi-year project to upgrade a series of facilities, mostly in Greene Township. While the campus straddles the boundary between the two municipalities, the rules are clear. Unlike the Northgate Commons building, the Borough of Chambersburg could not serve natural gas to other new or proposed facilities in Greene Township. While working with Menno Haven, the facility approached the two neighboring gas companies to request service, but there were no gas lines as close to Menno Haven as Borough of Chambersburg natural gas.

In discussions between Menno Haven and UGI Central Penn Gas, the two decided to approach the Borough of Chambersburg and request a transportation arrangement. The concept was, UGI Central Penn Gas would buy its own gas supply and have it transported to the Borough's natural gas interconnection on the Texas Eastern pipeline. Chambersburg would transport that gas through the Borough system to the Greene Township line, and UGI offered to pay the Borough for the transportation. UGI would then take possession of its gas at the Borough border, then distribute to Menno Haven. In the end, Menno Haven gets gas service, UGI gets a gas customer, and UGI pays the Borough a fee for transportation of natural gas through the Borough system.

While working out this arrangement for Menno Haven, the Borough of Chambersburg decided a similar arrangement could work for dozens of homes and businesses in Greene Township. The Borough suggested, and UGI Central Penn Gas agreed, that gas could be made available to: the Grand Point neighborhood, the growing Summit Health campus on Parkwood Drive, undeveloped land along I-81 near Exit 17, the Franklin Square residential neighborhood, and the Chancellor Drive/Beechwood neighborhood as well. The Borough of Chambersburg could transport UGI gas from the Texas Eastern pipeline to Greene Township in these areas, in addition to the Menno Haven campus, and UGI could sell its gas to new customers in these sections of Greene Township. UGI would pay the Borough a fee for the transportation of its gas.

This project includes the addition of new pipelines on the north end of the Borough natural gas system, paid in part from a grant from the Pennsylvania Commonwealth Financing Authority.

On July 17, 2018, the Borough of Chambersburg received a notice of award for a \$584,100 Pipeline Investment Program (PIPE) grant from the Commonwealth Financing Authority (CFA). The grant will be used to partially fund the Chambersburg Natural Gas Pipeline Project, a critical infrastructure project offering natural gas to underserved neighborhoods both within the Borough of Chambersburg and in

Greene Township. The sections of Greene Township affected by this project include newly served areas around the Menno Haven non-profit continuing care retirement community and the Grand Point section of Greene Township. Chambersburg Borough is partnering with UGI Central Penn Gas to deliver gas to these homes and businesses through a unique inter-municipal public/private partnership. Additionally, the pipeline extension will effectively serve the impending Summit Health healthcare campus. The gas line extension is expected to build upon the North Chambersburg Improvements Project – the aforementioned infrastructure development project that extended Parkwood Drive and Fifth Avenue from the Borough to Greene Township to facilitate future development.

The UGI interconnection, as well as future water and sewer projects, are all related to this future development.



In addition, the Borough of Chambersburg has entered into discussions with Summit Health, and their new partners, WellSpan Health, about whether solar, combined heat/power, or other alternative energy systems can be incorporated into the growing Summit Health Care Campus, in this same neighborhood.

Summit Health and WellSpan Health have an agreement that will lead to a merger, possibly by the end of 2018. Summit Health has served Franklin County for 125 years and owns Chambersburg and Waynesboro hospitals. WellSpan, based in York, owns six hospitals. The alliance is not expected to impact employment at either Summit Health or WellSpan, according to L. Michael Ross, president of the Franklin County Area Development Corp. Summit Health is the largest single employer in Franklin County with 3,600 employees. WellSpan employs more than 15,000 in York, Lebanon, Lancaster and Adams counties.

The Borough has an outstanding relationship with Summit Health and expects a similar one with WellSpan. Specifically, the development of this campus, north of the Borough, will involve plenty of opportunities to expand Borough services into this section of Greene Township.

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. On Wednesday, May 3, 2017, representatives of the fire union executed a landmark proposed labor contract to fix the wages and benefits between the Borough and our professional fire fighters for the years 2017 through 2021. 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.

As such, we have made the following assumptions included in this budget:

	2018	2019
Chambersburg Police Officers Association		
A new contract was approved by the parties in 2015		
Wages (cost of living adjustment to all steps)	+1.95% more	+1.95% more
CPOA Collective Bargaining Agreement expires 12/31/2020		
International Association of Fire Fighters (IAFF) Local #1813		
A new contract was approved by the parties in 2015		
Wages (cost of living adjustment to all steps)	+1.95% more	+1.95% more
IAFF Collective Bargaining Agreement expires 12/31/2021		
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)	+1.95% more	+1.95% more
CPOA Collective Bargaining Agreement expires 1/10/2021		
Clerical, Technical, and Management Employees		
These employees have no contract & this represents Manager’s proposal		
Wages (cost of living adjustment to all steps)	+1.95% more	+1.95% more

Pension Plan Reform & Health Insurance

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 account. Federal law prohibits government employees from having 401(k) accounts. They get similar 401(a) accounts. This new option went into effect in the fall of 2016 and many employees have already switched out of the pension plan system. The addition of the 401(a) accounts make a lot of sense, and will continue to grow in popularity over the next few years.

Also, with respect to health care in the 2019 Budget, the Borough continues our successful relationship with the self-insurance trust called the Pennsylvania Municipal Health Insurance Cooperative (PMHIC) operated by Benecon Benefit Administrators. In 2019, our contributions to the PMHIC pool will rise approximately 3%. That is a very respectable growth rate. Further, Chambersburg each year receives a sizeable rebate of premiums from the pool; based upon successful management of health expenses.

United Concordia, our provider for dental insurance, anticipates no premium rate increase in 2019. OneAmerica, our provider for life insurance and long-term disability coverage confirmed that they will have no increase in premium costs for 2019 coverage.

Conclusion

It is with great confidence that I deliver this enclosed budget. Our utility funds are in good financial condition and we are able to avoid any changes in the Police Tax and the Fire Tax this year. It is also the second year that the new Recreation Bond Tax, approved in 2016, will be collected.

It was clearly stated last year that the increases approved by Council in December 2017 would be sufficient to hold the line through 2018 and into 2019. We want to raise taxes as infrequently as possible, and continue to use our aggressively low utility rates to offset any need for those future tax increases.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u> <u>Proposed</u>
Police Tax Mil	21	23	23	24	24
Fire Tax Mil	2.5	2.5	2.5	3	3
Ambulance Tax Mil	-	-	-	0.5	0.5
Recreation Bond Tax Mil	-	-	-	3	3
Total Real Estate Tax Mil	23.5	25.5	25.5	30.5	30.5

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."

By adding additional taxes in 2016 and 2018, Council addressed added costs in the General Fund without reliance on transferring money from unrelated budget areas. What Moody's will seek, is a commitment by Council to pay for the Police Department and Emergency Services Department budgets with Police Tax and Fire Tax sufficient to those needs.

In addition, we must protect our cash balances. The Electric, Gas, Water and Sewer Capital Reserve accounts are estimated to withdraw approximately \$5,822,340 in accumulated cash balances for investment in assets.

While it may appear that debt should be avoided, spending cash balances on projects that will last for generations is actually not the preferred method of financing. Generally, all the operations of the Borough are well balanced.

To that end, I am proposing that almost \$10 million in upcoming capital improvements to the Electric Department system be funded by a bond issue rather than cash. Debt to increase asset value is a smart use of debt.

I have asked the Electric Department to create a list, which they have, of improvements to the system, which will add value to our utility. It is recommended that in the beginning of 2019, the Council authorize a bond issue to allow the Electric Department, over the next 36 months to build these important upgrades to the system. It is possible, that by the end of 2020 or 2021, the Electric Department may need a small rate increase to pay off the bond. However, there has been no change in electric rates since 2014, and then it was a *decrease* in rates. We need to invest in our system, and this type of investment is smart. Before any bond is sold, in 2019, I will estimate for Council the impact of the sale, and stress the value of the assets created by these capital improvements.

This 2019 Budget is balanced and there is no tax increase. It does add additional personnel or make personnel changes to the Borough staff; and, it continues staffing changes previously approved. It is true that our organization has become larger and more complex than in the past. Yet, as demonstrated by our ability to conservatively control the increase in needs for taxes and the increase in utility rates, the budget demonstrates that adding staff, if done smartly, can be done with little or no impact on painful tax increases or rate increases. One might say, we manage the staffing within the margins of the growth allotted to us by the success of the community, and the controlling of other expenses.

This 2019 Budget adds a new employee in the Information Technology Office of the Administrative Services Department. In addition, this budget includes resources to recruit the often discussed new Diversity, Outreach, and Employment Resources employee in the Personnel & Payroll Office. I believe this is a very important position, will add tremendous value to our organization, and remains a commitment to the next generation of municipal worker as well as our organizational diversity. It is our hope to have the DOER on staff by mid-year and begin our community outreach functions.

This 2019 Budget includes previous decisions to add an Assistant to the Operations Supervisor in the Sanitation Department & Central Garage. The budget includes the previous decision to add multiple part time receptionists to work in the lobby of the new Utility Departments' Addition to City Hall. This 2019 Budget includes funding to hire a new part time employee to work in the Storm Sewer Utility; discussed during this year's MS4 Department Presentation. Finally, this budget includes sufficient resources to make the necessary changes in the re-grading of the current job description of the Recreation Department Programming Assistant, not changing the job, but rather increasing the responsibilities and the compensation; and maintaining the new second part-time Recreation Programming Assistant throughout the year, remaining as part-time, not full-time, but year round.

Finally, the 2019 Budget includes the addition of two new junior utility workers: a new line worker trainee in the Electric Department, which is important to ensure we have line workers for the future; and a new Water Meter Technician position that will work within the Water (mostly) and Sewer Departments. The new employee will be responsible for the installation of $\frac{3}{4}$ " and 1" water meters and the installation and programming of Radio-Read equipment; and train to be a future plumbing inspector.

All of these personnel changes are included in the budget and none of them resulted in a need to raise taxes or utility rates.

In 2019, the Borough will have an ALL FUNDS BUDGET of \$123,111,370. In 2018, the ALL FUNDS BUDGET was \$125,274,598. This represents a 1.7% decrease, but the budgets were likely skewed last year and, the year prior, by recent large construction projects, which caused temporary inflation of the budget.

In 2019, the Borough's OPERATING BUDGET will be \$104,415,418. In 2018, the Borough's OPERATING BUDGET was \$108,951,291. This represents a 4.2% decrease, but the budgets were likely skewed last year and, the year prior, by recent large construction projects, which caused temporary inflation of the budget.

In 2019, the Borough's GENERAL FUND BUDGET will be \$15,157,375. In 2018, the Borough's GENERAL FUND BUDGET was \$14,950,500. This represents a 1.4% increase, and is likely a realistic gauge of actual growth in the Borough's spending plan, given the employment of the Police and Emergency Services Department.

The Borough of Chambersburg

Use of Fund Balance 2019

	2019 Revenue	2019 Expenditures	Withdrawal/Deposit from Fund Balance	
General Fund Total	15,157,375			Balanced with a Fire/EMS Tax of 3.5 mil and a Police Tax of 24 mil
General		1,727,375		
Highway		1,128,560		
Fire/Ambulance		4,781,705		
Police		5,163,250		
Recreation		1,389,275		
Land Use/Community Dev		809,285		
Community Functions		157,925		
General Fund		15,157,375	-	Balanced
Electric	30,002,953	30,002,953	-	Balanced
Gas	8,052,750	8,052,750	-	Balanced
Water	3,478,840	3,478,840	-	Balanced with 1 cent rate increase
Sewer	6,429,775	6,429,775	-	Balanced
Sanitation	3,325,705	3,325,705	-	Balanced
Parking Traffic	1,840,800	1,840,800	-	Balanced
Storm Sewer	511,000	511,000	-	Balanced
Swimming Pool	1,040,130	1,815,772	-775,642	Withdrawal from the balance of the 2016 Recreation Bond transferred to the General Capital Reserve Fund
Motor Equipment	3,537,805	2,463,300	+1,074,505	Addition to fund balance for future motorized equipment purchases
Engineering	488,790	768,790	-280,000	General Fund Transfer in 2019 (\$30,000 for Operations, \$100,000 for Comprehensive Plan, \$74,000 engineering for paving, and \$76,000 engineering for sidewalks/curbs)
Stores/Warehouse	1,295,930	1,295,930	-	Balanced
Admin Services Dept	6,800,670			
Utility Addition Operations		700,650		
Personnel & Payroll		459,000		
Info Technology		1,017,200		
Finance/Customer Service		2,197,675		
Clerical Pool		1,017,550		
General Admin & Supplies		807,965		
Admin Cap Projects		600,630		
Admin Services Dept.		6,800,670	-	Balanced
General Capital Reserve	1,874,544	3,403,068	-1,528,514	End of 2018 transfer scheduled \$1.4 million \$795,000 in 2019 Capital Improvements to come from the balance of the 2016 Recreation Bond
Storm Sewer Capital	137,780	255,000	-117,220	Use of accumulated fund balance to pay for capital projects in 2019
Electric Capital	94,100	703,030	-608,930	Use of accumulated fund balance to pay for capital projects in 2019
Gas Capital	1,082,765	2,012,025	-929,260	Use of accumulated fund balance to pay for capital projects in 2019
Water Capital	224,670	3,723,425	-3,498,755	Use of accumulated fund balance to pay for capital projects in 2019
Sewer Capital	2,094,630	2,880,025	-785,395	Use of accumulated fund balance to pay for capital projects in 2019
Sanitation Capital	1,380	47,025	-45,645	Use of accumulated fund balance to pay for debt service in 2019
Parking Capital	3,274,210	3,302,650	-28,440	Use of accumulated fund balance to pay for capital projects in 2019
Self-Insurance Trust	1,061,325	1,600,950	-539,625	Use of accumulated fund balance to pay for anticipated claims in 2019
Workers Comp Trust	284,605	252,327	+32,278	Addition to fund balance for future claims
Special Revenue Trust	378,058	378,058	-	Balanced
Security Deposits Trust	820,690	787,850	+32,840	Deposit for additional customers added versus those deducted
Recreation Tax Fund Holding	597,580	597,580	-	Second year of new Recreation Tax (3 mil) Dedicated to Paying Costs of Recreation Bond Issue
Fire/Ambulance Tax Holding	718,150	718,150	-	Includes 2.5mil for Fire Apparatus, 0.5mil for Fire Wages, and 0.5mil for EMS Wages
Liquid Fuels Holding	623,517	623,517	-	All grant proceeds forwarded to the General Capital Reserve for Street Paving
Sister City	1,380	1,380	-	Balanced
Project H.E.A.T.	25,240	25,240	-	Balanced

Use of Taxes to Fund 2019

In 2019, it is the Borough Manager’s recommendation that the Borough not change the Police Tax rate, currently at 24 mil.

Police Tax Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mil	17	20	20	20	20	20	20	20	21	21	23	23	24	24

In doing so, this means that since 2006, the Police Tax will have increased 7 mil in 13 years. An understandable rate of growth for such an important tax and such an important service.

In 2019, it is the Borough Manager’s recommendation that the Borough not change the Fire Tax rate, currently at 3 mil; nor change the Ambulance Tax rate, currently at 0.5 mil.

Both of these rates are now set at the State maximum. State Law does not envision that they can ever increase. While I hope that it is not necessary to someday increase these tax rates, I cannot imagine that the cost of the ES Department will not someday rise. If this happens in the future, Town Council will be forced to make a very difficult decision.

Fire Tax Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire	0	0	0	0	0	0	0	0	2.5	2.5	2.5	2.5	3.0	3.0
Ambulance	0	0	0	0	0	0	0	0	0	0	0	0	0.5	0.5
Total	0	0	0	0	0	0	0	0	2.5	2.5	2.5	2.5	3.5	3.5

Recall, the Fire Tax does not come close to covering the cost of the department.

Emergency Services Department Budget		2018	2019
Estimated cost of operations		\$4,612,540	\$4,781,705
Local Services Tax Yield (set at State Maximum)		-\$832,500	-\$835,000
Fire Code Inspections		-\$6,500	-\$65,000
Ambulance Fees		-\$1,755,865	-1,262,000
State Grant for Fire Pension Costs		-\$201,883	-\$234,219
	Subtotal	\$1,815,792	\$2,385,486
Tax Rate		3.5 mil	3.5 mil
Estimated yield of Fire/Ambulance Tax (excluding tax liens & donations)		\$685,000	\$713,660
Less required transfer to the Motor Equipment Fund (State Law)		-\$488,900	-\$504,860
	<i>Net Fire Tax Revenue for Operations</i>	\$196,100	\$208,800
	Emergency Services Department Deficit	-\$1,619,692	-\$2,176,686

While we programmed a deficit in the Emergency Services Department in 2018 of -\$1,619,692, even with the 2018 increase in the Fire/EMS tax, we now will see that deficit grow in 2019 to -\$2,176,686. We know that the ES Department does not generate enough revenue to cover its cost. We know that the Fire/EMS tax does not generate enough revenue to close the gap. We have always used undesignated General Fund money to close the ES Department operating deficit.

So what is the alternative? There is not one that currently presents itself. We are blessed that our General Fund has enough undesignated miscellaneous revenue to close this gap. However, long term, we need to explore ways to increase funding for Fire and EMS. Right now, a tax increase is not permitted and not recommended. Perhaps if the ambulance billing system in place was finally fixed.

Recreation Bond Tax Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mil	0	0	0	0	0	0	0	0	0	0	0	0	3	3

2019 will be the second year of the Recreation Bond Tax. It was approved by Council in 2016. It was structured to be delayed to begin until 2018. This tax is earmarked only to pay off the 2016 Recreation Bond, but no operations of the Borough. This was a bond sold for the capital investment in assets (the Aquatic Center, the playgrounds, and other parks projects). In the 2019 Budget, the remaining proceeds of the 2016 Recreation Bond are scheduled to be spent on a revised list of park improvement projects.

Every year, due to slight changes in the value of the real estate in the Borough, the mil rate equals different dollar payment amounts, even if the mil rate is unchanged.

Average Single Family House Inside The Borough	2018		2019	
	Per Year	Per Day	Per Year	Per Day
Police Tax (to the General Fund)	\$406.14	\$1.11	\$409.88	\$1.12
Fire Tax (Mostly to the Motor Equipment Fund)	\$50.77	\$0.14	\$51.23	\$0.14
Ambulance Tax (to the General Fund)	\$8.46	\$0.02	\$8.54	\$0.02
Recreation Bond Tax (to pay off that debt only)	\$50.77	\$0.14	\$51.23	\$0.14
<i>Total (per year)</i>	\$516.14	\$1.41	\$520.88	\$1.42

When asked, some citizens wildly inflate the dollar value of the real estate taxes that they pay per year. Recently, a citizen said to me that the Recreation Bond Tax equated to \$50 per month. That’s not likely. The median single family home pays a total (of all types of Borough real estate taxes) of \$520.88 per year.



Single Family House
\$520.88 per year*



Schools
No tax



Non-profits
No tax



Government
No tax



Commercial/Industrial
More

No government buildings, schools, charities or township property owners pay any Police, Fire, or Recreation Bond Tax on their property – average commercial or industrial 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. Please understand the importance of the SALT (State and Local Tax) deduction, and when your Congressman talks of its elimination from Federal tax policy, understand the impact.

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 ½ of 1% tax on wages (not investments or retirement benefits) earned by those who live inside the Borough; and the Deed Transfer Tax, which is a ½ of 1% tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues.

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 and I respectfully request you adopt my proposed spending plan.

I would like to take this opportunity to thank all involved in preparing this proposed budget, especially Jason Cohen, Finance Director, Carol Ehrenreich, Personnel and Payroll, Assistant Manager David Finch, and Assistant to the Borough Manager Phil Wolgemuth, 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 after my presentation on November 5, 2018. I suggest that Town Council receive public comments on the Proposed Budget on November 19, 2018. If necessary, there can be an extra Town Council meeting to hear comments on November 26, 2018.

Otherwise, I would propose that Council adopt it on December 10, 2018. I promise staff's full cooperation as we try, together, to be fiscally prudent with the finances of our community, and as we plan for its future.

Sincerely,



Jeffrey Stonehill
Borough Manager/Director of Utilities

11/5/2018



Mission, Policies, and Organization

As Proposed for 2019 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Mission, Policies, and Organization

As Proposed for 2019

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 210 full and well over 100 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, with over 59 miles of streets, Chambersburg Borough operates a storm water collection system, planning & zoning office, and property maintenance code enforcement office including systematic rental inspections. Chambersburg operates our own Police force, a combination paid and a volunteer Fire Department, a Basic Life Support EMS service, a recreation department with acres of parkland, and a municipal parking and traffic department. Chambersburg owns all their own street lights and traffic signals, a community and economic development effort including a Main Street downtown revitalization program and a separate Elm Street neighborhood preservation program. Chambersburg has 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 multiple generation stations. Chambersburg is one of two municipalities in Pennsylvania to own and operate a natural gas utility. Further, 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 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 to 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 2017 population (U.S. Census Bureau: State and County QuickFacts) of 20,878 residents up from 17,842 in 2005; a 17% increase in twelve 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, Finance Chair, Finance Vice-Chair, and a Personnel Advisor. 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.

The previous municipal election was in 2017, the Borough held municipal elections where half the elected seats on Town Council were chosen. In January 2018, Town Council held its bi-annual reorganization meeting, and Council Member Heath Talhelm was selected as President of Council. Council Member Alice Elia was selected as Vice President. There is no municipal election in 2018, and therefore no reorganization meeting needed in 2019.

The Mayor is independently elected at large by all the wards of the Borough. 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. In September 2017, as a result of Mayor Darren Brown resigning from the post, Town Council appointed Walter Bietsch as Mayor. In November 2017, Walter Bietsch was elected to serve a full four year term as Mayor.

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; or, a specific State law just for Chambersburg.

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." There are positive and negative consequences to a reexamination of our foundational organization that might make home rules less attractive. For example, the drafting of a proposed charter could not be done by elected officials, staff, or even experts. So, you do not always know what might be placed in the charter. Not that they are all bad, just unknown.

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

Budget Calendar 2019

- First Action -** Begin preparing budget. Take note of how long budget preparations took in last year and give yourself that much or more time to complete the budget.
- Second Action -** Complete tentative budget.
- Third Action -** Adopt proposed budget.
- Fourth Action -** Advertise proposed budget notice stating where the public can examine for 10 days (calendar days not business days). If budget less than \$50,000 then just post a copy of the budget in secretary's office, but no newspaper advertisement required.
- Fifth Action-** Advertise proposed tax ordinance and special purpose taxes if applicable.
- Sixth Action -** Revision and completion of budget.
- Seventh Action -** Adopt budget and tax ordinance (can be done at same meeting) no later than Dec. 31.

Borough Fiscal Calendar

Fiscal Year:	Jan. 1 through Dec. 31
Prepare Proposed Budget: (Borough Code Section 1307 - Borough Code is cited as B.C. below)	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 Dec. 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 – <i>Even numbered years only</i> (B.C. Section 1311)	On or before Feb. 15.
Issue tax duplicate to tax collector:	Within 30 days after budget adoption or receipt of

Source: Pennsylvania State Association of Boroughs

Borough Fiscal Calendar

Fiscal Year:	Jan. 1 through Dec. 31
Prepare Proposed Budget: (Borough Code Section 1307 - Borough Code is cited as B.C. below)	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 Dec. 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 – <i>Even numbered years only</i> (B.C. Section 1311)	On or before Feb. 15.
Issue tax duplicate to tax collector: (B.C. Section 1305)	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 1059.1 [b.1])	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.

Source: Pennsylvania State Association of Boroughs

BOROUGH TAXES

Under the Borough Code (cited below as B.C.), and Act 511 boroughs have authority to levy a number of taxes. The types of levies and the statutory authority and rate limits are given below:

TYPE OF TAX	STATUTORY RATE LIMIT
1. Real Property Tax	30 mills
a. General Purposes (B.C. Section 1302) Additional millage with court approval (Note: A borough may levy a higher millage on the assessed value of land than on the assessed value of improvements; however, revenues collected under a split rate tax may not exceed the revenues which would have been generated by 30 mills on the total assessed value of all taxable properties.)	
b. Interest and principal on any indebtedness incurred pursuant to the Local Government Debt Act or any other act governing indebtedness. [B.C. Section 1302(a)(1)]	Sufficient for purpose
c. Pensions and retirement [B.C. Section 1302(a)(2)]	0.5 mill
d. Shade Trees [B.C. Section 1302(a)(3)]	0.1 mill
e. Lighting [B.C. Section 1302(a)(4)]	8 mills
f. Gas, water and electric light after referendum [B.C. Section 1302(a)(5)]	8 mills
g. Purchase of fire equipment, fire apparatus, fire training, fire training school after referendum [B.C. Section 1302(a)(6)]	3 mills; may be exceeded upon approval by voters in referendum
h. Building fire house, lock-up or municipal building after referendum [B.C. Section 1302(a)(7)]	2 mills
i. Library [B.C. Section 1302(a)(8)]	no limit
j. Support of ambulance and rescue squads [B.C. Section 1302(a)(9)]; [B.C. Section 1302(e)] by referendum	0.5 mills or 2 mills by referendum
k. Special levy for debt by permission of court of common pleas (B.C. Section 1303)	No limit
l. Street improvements (B.C. Section 1304)	5 mills
m. Recreation (B.C. Section 1302 (a) (10))	no limit

Source: Pennsylvania State Association of Boroughs

TYPE OF TAX	STATUTORY RATE LIMIT
n. Community College (1963 P.L. 1132 No. 484)	5 mills
TYPE OF TAX	
2. Occupation Tax	
a. Borough Code [B.C. Section 1302(b)]	30 mills
b. Act 511	no limit if levied as mills on assessment value, \$10 flat rate* \$10*
3. Per Capita Tax	
a. Act 511	\$10*
4. Occupational Privilege Tax	
a. Act 511	\$10*
This tax may be levied on residents and non-residents employed in the borough. Only one occupational privilege tax may be levied against an individual, even though he is employed in more than one community. (See Act 511 for priority of collection of this tax). Persons earning less than \$12,000 annually may be exempted.	
Or	
Local Services Tax	\$52**
a. Act 511	
This tax may be levied instead of the Occupational Privilege Tax on any wage earned within the borough by both residents and non-residents. (See Act 511 for priority of collection of this tax). Persons earning less than \$12,000 annually may be exempted if the borough charges \$10. It is mandatory, if you collect between \$10 and \$52.	
5. Earned Income Tax	
a. Act 511	1%*
This tax is a tax on wages and net profits and may be levied on both residents and non-residents. The taxpayer's residence takes precedence over his place of occupation if both have the tax. The tax may 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%. Should a school district levy an earned income tax pursuant to Act 50 of 1998, the borough may not claim the school district's share of the tax under Act 511.	

Source: Pennsylvania State Association of Boroughs

TYPE OF TAX

STATUTORY RATE LIMITS

6. Mercantile License Tax

a. Act 511

1 mill wholesale and 1.5 mills retail on gross receipts.

7. Business Privilege Tax

a. Act 511

This tax may be levied on professions and services doing business in the borough. It may be imposed at a flat rate and is usually applied to professional persons, service occupations, merchants, vendors and similar businesses.

no limit

8. Real Property Transfer Tax

a. Act 511

1%*

9. Amusements (Admissions) Tax

a. Act 511

Boroughs may not tax admissions to movie theaters. The tax is levied on admissions to places of amusement, entertainment, recreation, athletic events, etc. When overlapping taxing jurisdictions (school districts) levy this tax, the combined rate may not exceed 10%.

4% on golf courses.

10. Mechanical Devices Tax

a. Act 511

This tax may be imposed as a percentage of receipts basis or at a flat rate as a privilege or license tax on juke boxes, pinball machines, vending machines, etc.

no limit

ACT 511 OVERALL LIMITS

According to section 20 of the Local Tax Enabling Act Boroughs may collect from Act 511 taxes a total amount equal to the product obtained by multiplying the latest total market value of real estate by 12 mills. Thus, a borough with a market value of \$10,000,000 could legally collect \$120,000 in Act 511 taxes. Act 511 taxes are subject to sharing with the school district. An exemption to this as far as boroughs are concerned is an occupation tax using a millage or percentage as a basis, as opposed to a flat-rate occupation tax.

Exemptions

Act 511 permits exemption from all or part of the liability for the occupational privilege and per capita taxes of persons earning less than \$12,000 annually from all sources.

1. Commonwealth Court has ruled that the Local Tax Reform Act (Act 145 of 1988) language prohibits a new tax levy on a gross receipts basis or an increase in rates levied prior to November 30, 1988.

* These taxes subject to sharing with the school district.

** This is a dedicated tax. At least 25% of tax revenues shall be used for public safety. The other 75% must be used for road construction/maintenance or to reduce the amount of property tax.

Fees vs. Taxes

A fee is “a charge fixed by law for services of public officers or for use of a privilege under control of government.” Section 1201 (1) of the Specific Powers provision of the Borough Code allow boroughs, “to prescribe reasonable fees for the services of their officers and to enforce payment of the same.” According to various court cases, fees cannot be used as a revenue raiser like taxes. In *Commonwealth v. McFadden* (14 Beaver 242, 44 Mun. 202, 1953) the court ruled “where a fee for a license is assessed, it must be such only as will legitimately assist in the regulation, or it will be struck down.” Commonwealth Court also held “fees charged by municipality for services rendered are proper if they are reasonably proportional to cost of regulation or services performed,” and “municipality may not use its power to collect fees for service as means of raising revenues for other purposes,” (*National Properties, Inc. v. Borough of Macungie*, 595 A.2d 742, 1991).

Some types of common fees are water/sewer rents, solid waste collection, licenses or permits (building, zoning).

Chambersburg Council adopts, through separate action, a Master Fee Schedule.



BOROUGH OF CHAMBERSBURG

Our Mission

The Borough of Chambersburg is a municipal government in south central Pennsylvania committed to the wellbeing 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 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.

With adoption of the Annual Budget, the Town Council of the Borough of Chambersburg, does hereby adopt, ratify, and reapprove the financial policies contained herein.

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
SELF INSURANCE CASH BALANCE POLICY**

The Self Insurance Fund for the Borough of Chambersburg represents the Borough's devotion of pooled financial resources in an amount deemed necessary to satisfy the Borough's obligations as a result of occurrences resulting in financial liability on behalf of the Borough and its respective departments, to third parties that are deemed to be entitled to compensation for loss, as a result of Borough operations. The Fund is also made use of for receiving and funding receipts and expenses associated with the health, vision, and dental insurance programs provided to Borough employees, as well as to fund the expenses of the Borough's Errors and Omission Insurance, Health Reimbursement Accounts, Employee Assistance Program, and Safety Officer. Additionally, the Fund is used to maintain funds to cover the Borough's losses in the event of Borough facilities sustaining flood damage, as opposed to purchasing conventional flood insurance.

- In order to ensure adequate funding levels deemed necessary to be prepared to satisfy any general liability obligations not already covered by the various insurance policies held by the Borough at any given time, the following formula is made use of, with respect to cash balance:

(A) During the course of creating the Borough's annual budget, the average annual expenses out of the fund, based upon the most recent three (3) calendar years for which complete figures are available, will be determined.

(B) The resulting average annual expenses will be multiplied by three and thirty-three one hundredths (3.33), in order to determine the amount necessary to fund, on average, ten (10) years worth of expenses and claim payments out of the fund. The resulting product will be considered to be the required cash balance, not including the balance of funds that are dedicated to Flood Insurance losses (The balance of funds that are dedicated to Flood Insurance losses is determined by summing the total contributions into the Fund for such purposes, beginning in 2015, and subtracting any payouts for flood-related losses. A running total will be kept.)

(C) The average annual revenues into the fund, and the average annual expenditures out of the fund will then be determined, based upon the most recent three (3) calendar years for which complete figures are available. These two (2) figures will be netted against one another in order to determine the average annual net revenue/expenditure amount.

(D) The average annual net revenue/expenditure amount will then be divided by the number of months completed year-to-date, with the quotient being multiplied by the remaining number of months in the current year, in order to determine the anticipated revenue/expenditures through the remainder of the year.

(E) The anticipated revenue/expenditures through the remainder of the year will be added to the Fund's fund balance at the end of the most recently-closed month, in order to determine the anticipated year-end fund balance.

- If this anticipated year-end fund balance is less than the previously-determined required fund balance, contributions to the Fund will be budgeted for the following year, in order to bring the fund balance to an amount equal to, or greater than, the required fund balance. Regardless of the amount of excess fund balance present, or anticipated, in the Fund, the fund balance shall not be drawn down to satisfy expenses other than those that are reasonably determined to be consistent with the intended purposes of the Fund.

**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.
- Of these responsibilities, certain 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 as it is the Borough's responsibility to ensure the most efficient use of taxpayer and ratepayer dollars, it is vital, 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.

The Borough will 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.

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."

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 final 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 thirteen (13) months from the date of damage, a certified notice will be sent to the responsible party, informing them of the Borough's intent to assess attorney's fees within thirty (30) days. Should the certified mailing not be accepted within thirty (30) days, a notice will be sent to the responsible party, via USPS, informing them of the Borough's intent to assess attorney's fees within ten (10) days. After the certified notice is accepted, or ten (10) days after issuing the notice via USPS (whichever occurs first) 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), the Borough is unable to file a lien, 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 repairing or replacing 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 final 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 thirteen (13) months from the date of damage, a certified notice will be sent to the responsible party, informing them of the Borough's intent to assess attorney's fees within thirty (30) days. Should the certified mailing not be accepted within thirty (30) days, a notice will be sent to the responsible party, via USPS, informing them of the Borough's intent to assess attorney's fees within ten (10) days. After the certified notice is accepted, or ten (10) days after issuing the notice via USPS (whichever occurs first) 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), the Borough is unable to file a lien, 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.

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 final 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 eight (8) months from the date of damage, a certified notice will be sent to the responsible party, informing them of the Borough's intent to assess attorney's fees within thirty (30) days. Should the certified mailing not be accepted within thirty (30) days, a notice will be sent to the responsible party, via USPS, informing them of the Borough's intent to assess attorney's fees within ten (10) days. After the certified notice is accepted, or ten (10) days after issuing the notice via USPS (whichever occurs first) 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), the Borough is unable to file a lien, 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.

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 final 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 thirteen (13) months from the date of damage, a certified notice will be sent to the responsible party, informing them of the Borough's intent to assess attorney's fees within thirty (30) days. Should the certified mailing not be accepted within thirty (30) days, a notice will be sent to the responsible party, via USPS, informing them of the Borough's intent to assess attorney's fees within ten (10) days. After the certified notice is accepted, or ten (10) days after issuing the notice via USPS (whichever occurs first), 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), the Borough is unable to file a lien, 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.

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 final 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 thirteen (13) months from the date of invoice issuance, a certified

notice will be sent to the responsible party, informing them of the Borough's intent to assess attorney's fees within thirty (30) days. Should the certified mailing not be accepted within thirty (30) days, a notice will be sent to the responsible party, via USPS, informing them of the Borough's intent to assess attorney's fees within ten (10) days. After the certified notice is accepted, or ten (10) days after issuing the notice via USPS (whichever occurs first), 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.

- Should the outstanding amount be less than one hundred and fifty dollars (\$150.00), the Borough is unable to file a lien, 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 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.

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 final 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 thirteen (13) months from the date of invoice issuance, a certified notice will be sent to the responsible party, informing them of the Borough's intent to assess attorney's fees within thirty (30) days. Should the certified mailing not be accepted within thirty (30) days, a notice will be sent to the responsible party, via USPS, informing them of the Borough's intent to assess attorney's fees within ten (10) days. After the certified notice is accepted, or ten (10) days after issuing the notice via USPS (whichever occurs first), 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.
- Should the outstanding amount be less than one hundred and fifty dollars (\$150.00), the Borough is unable to file a lien, 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, 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 final 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 thirteen (13) months from the date of invoice issuance, a certified notice will be sent to the responsible party, informing them of the Borough's intent to assess attorney's fees within thirty (30) days. Should the certified mailing not be accepted within thirty (30) days, a notice will be sent to the responsible party, via USPS, informing them of the Borough's intent to assess attorney's fees within ten (10) days. After the certified notice is accepted, or ten (10) days after issuing the notice via USPS (whichever occurs first), 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.
- Should the outstanding amount be less than one hundred and fifty dollars (\$150.00), the Borough is unable to file a lien, 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. 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.

**BOROUGH OF CHAMBERSBURG
CONFLICT OF INTEREST POLICY**

I. PURPOSE

This Policy shall affirm standards of conduct established to ensure that a public official or public employee avoids potential and actual conflicts of interest, as well as the perception of a conflict of interest. This Policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to governmental, nonprofit or charitable organizations.

II. DEFINITIONS

- A. **The Ethics Act** shall mean the Public Official and Employee Ethics Act, 65 Pa.C.S.A. § 1101 *et seq.*
- B. **The Borough** shall mean the Borough of Chambersburg.
- C. **Business partner** shall mean a person who, along with another person, plays a significant role in owning, managing, or creating a company in which both individuals have a financial interest in the company.
- D. **Confidential information** shall mean information not obtainable from reviewing a public document or from making inquiry to a publicly available source of information.
- E. **Conflict or Conflict of interest** shall mean use by a public official or public employee of the authority of his office or employment or any confidential information received through his holding public office or employment for the private pecuniary benefit of himself, a member of his immediate family or a business with which he or a member of his immediate family is associated. The term does not include an action having a de minimis economic impact or which affects to the same degree a class consisting of the general public or a subclass consisting of an industry, occupation or other group which includes the public official or public employee, a member of his immediate family or a business with which he or a member of his immediate family is associated..
- F. **De minimis economic impact** shall mean an economic consequence which has an insignificant effect.
- G. **Financial interest** shall mean any financial interest in a legal entity engaged in business for profit which comprises more than five percent (5%) of the equity of the business or more than five percent (5%) of the assets of the economic interest in indebtedness.
- H. **Honorarium** shall mean payment made in recognition of published works, appearances, speeches and presentations, and which is not intended as consideration for the value of such services which are nonpublic occupational or professional in nature. The term does not include tokens presented or provided which are of de minimis economic impact.
- I. **Immediate family** shall mean a parent, parent-in-law, spouse, child, spouse of a child, brother, brother-in-law, sister, sister-in-law, or the domestic partner of a parent, child, brother or sister.

III. DELEGATION OF RESPONSIBILITY

Each Borough employee, elected official, and Town Council member shall be responsible to maintain standards of conduct that avoid conflicts of interest. The Borough prohibits members of the Town Council, elected officials, and Borough employees from engaging in conduct that constitutes a conflict of interest as outlined in this Policy.

IV. GUIDELINES

All Town Council members, elected officials, and employees shall be provided with a copy of this Policy and acknowledge in writing that they have been made aware of it. Additional training may be provided to designated individuals.

A. Disclosure of Financial Interests

No Town Council member shall be allowed to take the oath of office or enter or continue upon his/her duties, nor shall he/she receive compensation from public funds, unless he/she has filed a statement of financial interests as required by the Ethics Act.¹

The Borough solicitor and designated Borough employees shall file a statement of financial interests as required by the Ethics Act.²

B. Standards of Conduct

The Borough maintains the following standards of conduct covering conflicts of interest and governing the actions of its employees, elected officials, and Town Council members engaged in the selection, award and administration of contracts.³

No Borough employee, elected official, or Town Council member may participate in the selection, award or administration of a contract supported by a federal award if he/she has a real or apparent conflict of interest as defined above, as well as any other circumstance in which the employee, elected official, Town Council member, any member of his/her immediate family, his/her business partner, or an organization which employs or is about to employ any of them, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.⁴

The Borough shall not enter into any contract with a Town Council member, elected official, or employee, or his/her spouse or child, or any business in which the person or his/her spouse or child is

¹ 65 Pa.C.S.A. § 1104(b)(2).

² 65 Pa.C.S.A. § 1104.

³ 2 CFR § 200.318(c)(1).

⁴ Id.

associated valued at \$500 or more, nor in which the person or spouse or child or business with which associated is a subcontractor unless the Town Council has determined it is in the best interests of the Borough to do so, and the contract has been awarded through an open and public process, including prior public notice and subsequent public disclosure of all proposals considered and contracts awarded. In such a case, the Town Council member, elected official, or Borough employee shall not have any supervisory or overall responsibility for the implementation or administration of the contract.

When advertised formal bidding is not required or used, the Borough shall comply with regulations in the Borough Code.⁵

Any Town Council member, elected official, or Borough employee who in the discharge of his/her official duties would be required to vote on a matter that would result in a conflict of interest shall abstain from voting and, prior to the vote being taken, publicly announce and disclose the nature of his/her interest as a public record.

No Town Council member, elected official, or Borough employee shall accept an honorarium.

Town Council members, elected officials, and Borough employees may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts unless the gift is an unsolicited item of nominal value. Gifts of a nominal value may be accepted in accordance with Borough policy. Gifts of meals as provided by the Borough Solicitor are herein exempt.

C. Improper Influence

No person shall offer or give to a Town Council member, elected official, Borough employee or nominee or candidate for public office, or a member of his/her immediate family or a business with which he/she is associated, anything of monetary value, including a gift, loan, political contribution, reward or promise of future employment based on the offeror's or donor's understanding that the vote, official action or judgment of the Town Council member, elected official, Borough employee or nominee or candidate for the public office would be influenced thereby.

No Town Council member, elected official, Borough employee or nominee or candidate for the public office shall solicit or accept anything of monetary value, including a gift, loan, political contribution, reward or promise of future employment, based on any understanding of that Town Council member, elected official, Borough employee or nominee or candidate for public office that the vote, official action or judgment of the Town Council member, elected official, Borough employee or nominee or candidate for public office would be influenced thereby.

D. Reporting

Any perceived conflict of interest that is detected or suspected by any Borough employee or third party shall be reported to the Borough Manager. If the Borough Manager is the subject of the perceived

⁵ 8 Pa.C.S.A. § 1402(b).

conflict of interest, the Borough employee or third party shall report the incident to the Town Council President.

Any perceived conflict of interest of a Town Council member that is detected or suspected by any Borough employee or third party shall be reported to the Town Council President. If the Town Council President is the subject of the perceived conflict of interest, the Borough employee or third party shall report the incident to the Borough Manager, who shall report the incident to the solicitor.

No reprisals or retaliation shall occur as a result of good faith reports of conflicts of interest.

E. Investigation

Investigations based on reports of perceived violations of this Policy shall comply with state and federal laws and regulations. No person sharing in the potential conflict of interest being investigated shall be involved in conducting the investigation or reviewing its results.

In the event an investigation determines that a violation of this Policy has occurred, the violation shall be reported to the federal awarding agency in accordance with that agency's policies.

F. Disciplinary Actions

If an investigation results in a finding that the complaint is factual and constitutes a violation of this Policy, the Borough shall take prompt, corrective action to ensure that such conduct ceases and will not recur. Borough staff shall document the corrective action taken and, when not prohibited by law, inform the complainant.

Violations of this Policy may result in disciplinary action up to and including discharge, fines and possible imprisonment. Disciplinary actions shall be consistent with Borough policies, procedures, and state and federal laws.

**BOROUGH OF CHAMBERSBURG
PROCUREMENT GUIDELINES FOR FORMAL CONTRACTS
UTILIZING FEDERAL FUNDING**

This Policy provides standards in establishing procedures for the procurement of supplies, equipment, construction, and other services with Federal funds by the Borough of Chambersburg (hereinafter the "Borough"). The following guidelines are in accordance with required procedures set forth in the federal rules and regulation at 2 CFR §§ 200.300 - 200.345.

I. GENERAL PROCUREMENT GUIDELINES AND STANDARDS

The Borough is mindful that its procurement of goods and services, particularly on public works contracts, may from time-to-time necessitate the inclusion of certain contract provisions required where a particular funding source is used. For example, where the cost of a project for the construction, alteration, or repair of a public building or public work exceeds \$2,000 and federal funds supply more than twenty-five percent of the total cost, the Borough must comply with wage rates and record keeping requirements of the Davis-Bacon Act. The requirements triggered through the use of funding sources should be closely reviewed and incorporated into the project documents where warranted.

Accordingly, if the Borough purchases goods or services funded in whole or in part through federal grant monies, federal law requires that the Borough adhere to certain regulatory principles and include certain terms and conditions in the relevant contract. To that end, it shall be the policy of the Borough to comply with federally prescribed standards applicable to procurement involving the use of federal funds.

Accordingly, the Borough should, to the extent practicable, consider the following when procuring goods or services with federal funds:

1. The Borough will use their own procurement procedures which reflect applicable State and Borough laws and regulations, provided that the procedures conform to applicable Federal Law and standards identified below. In the event of any conflict between Borough, state, and federal law, the Borough shall abide by the strictest requirement imposed. For example, if the Borough Code provides for a lower monetary threshold to trigger competitive bidding than federal regulations, the Borough will use the lower threshold.
2. The Borough will maintain contract administration systems which ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.⁶
3. The Borough will maintain written standards of conduct governing the performance of Borough employees engaged in the award and administration of contracts. No employee, officer, or agent of the Borough shall participate in the selection, award or administration of a contract

⁶ 2 C.F.R. § 200.318(b).

supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when a) the employee, officer or agent, b) any member of his or her immediate family, c) his or her partner, or d) an organization which employs, or is about to employ, any of the above, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. Employees, officers, or agents of the Borough will neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. To the extent permitted by the Borough Code and other state or local laws and regulations, these standards of conduct will provide for penalties, sanctions, or other disciplinary actions for violations of these standards by the contractors or their agents. The Borough may, in regulations, provide additional prohibitions relative to real, apparent, or potential conflicts of interest.⁷

4. Proposed procurements must be reviewed to avoid duplicative or unnecessary purchases.⁸ This review should include an analysis of the following considerations:
 - i. whether breaking out or consolidating procurements would be more economical,⁹
 - ii. whether a purchase or lease would be more economical,¹⁰
 - iii. whether procurement of common goods or services with other State or local entities would be more economical, including but not limited to state and local government cooperative purchasing opportunities for the procurement or use of common goods or services provided by law,¹¹
 - iv. whether use of Federal excess or surplus property in lieu of purchasing new equipment is feasible and economical,¹²
 - v. the feasibility of “value engineering” for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.¹³
5. Contracts should only be awarded to responsible contractors possessing the ability to perform the proposed procurement. The Borough shall consider contractor integrity, compliance with

⁷ 2 C.F.R. § 200.318(c).

⁸ 2 C.F.R. § 200.318(d).

⁹ Id.

¹⁰ Id.

¹¹ 2 C.F.R. § 200.318(e).

¹² 2 C.F.R. § 200.318(f).

¹³ 2 C.F.R. § 200.318(g).

public policy, record of past performance, and financial and technical resources in determining whether a contractor is suitable to perform.¹⁴

6. The Borough alone will be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, A) source evaluation, B) protests, C) disputes, and D) claims. These standards do not relieve the Borough of any contractual responsibilities. Federal funding agencies will not substitute their judgment for that of the Borough unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.¹⁵
7. Protest procedures will be maintained by the Borough to handle and resolve disputes relating to their procurements, and shall, in all instances, disclose information regarding the protest to the awarding agency. A protestor must exhaust all administrative remedies with the Borough before pursuing protest with the Federal Agency. Reviews of protests by the Federal Agency will be limited to violations of Federal law or regulations.
8. The Borough may only use “time and materials type” contracts only (1) after a determination that no other contract is suitable, and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk.¹⁶
9. The Borough shall maintain a financial and records management system that allows it to connect any federal funds received to goods or services purchased with those funds. For any such purchases, the Borough should maintain records that sufficiently detail the relevant history of the procurement including, but not limited to: (A) the rationale for the method of procurement; (B) the selection of contract type; (C) the contractor selection or rejection; and (D) the basis for the contract price.¹⁷

II. COMPETITION

1. All procurement transactions utilizing federal funding must provide full and open competition the procurement of goods and services.¹⁸ Some of the situations considered to be restrictive of competition include but are not limited to:
 - i. Placing unreasonable requirements on firms in order for them to qualify to do business,
 - ii. Requiring unnecessary experience and excessive bonding,

¹⁴ 2 C.F.R. § 200.318(h).

¹⁵ 2 C.F.R. § 200.318(k).

¹⁶ 2 C.F.R. § 200.318(j).

¹⁷ 2 C.F.R. § 200.318(i).

¹⁸ The federal standards do not include the exemptions allowed under the Borough Code at 8 Pa.C.S.A. § 1402(d).

- iii. Noncompetitive pricing practices between firms or between affiliated companies,
 - iv. Noncompetitive awards to consultants that are on retainer contracts,
 - v. Organizational conflicts of interest,
 - vi. Specifying only a “brand name” product instead of allowing an equal product to be offered and describing the performance of other relevant requirements of the procurement, and
 - vii. Any arbitrary action in the procurement process.¹⁹
2. The Borough may not consider in-State or local geographical preferences in the evaluation of bids or proposals, except where expressly provided for in applicable Federal law. Nothing in this section preempts State licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided that the preference leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.²⁰
3. The Borough will have written selection procedures for procurement transactions that utilized federal funds. These procedures will ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features, which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured, and when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equal” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand, which may be met by offers, shall be clearly stated. Selection procedures will also identify all requirements which the offers must fulfill and all other factors to be used in evaluating bids or proposals.²¹
4. The Borough will ensure that all pre-qualified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the Borough will not preclude potential bidders from qualifying during the solicitation period.²²
-

¹⁹ 2 C.F.R. § 200.319(a)(1-7).

²⁰ 2 C.F.R. § 200.319(b).

²¹ 2 C.F.R. § 200.319(c).

²² 2 C.F.R. § 200.319(d).

III. METHODS OF PROCUREMENT TO BE FOLLOWED

The Borough is required to abide by Pennsylvania law and the Borough Code regardless of what type of funds are used in making a purchase.

1. Subject to limited exceptions, the Borough Code requires the Borough to engage in competitive bidding for contracts when the amount of the goods or services to be acquired exceeds Twenty Thousand One Hundred (\$20,100.00)²³ dollars. The Borough cannot make purchases on a piecemeal basis (either a series of purchases over time or a number of simultaneous purchases) to avoid the competitive bidding threshold when, in the exercise of reasonable discretion and prudence, those purchases could be made as a single purchase.
2. If the contract price falls between Ten Thousand Nine Hundred (\$10,900.00)²⁴ dollars and Twenty Thousand One Hundred (\$20,100.00)²⁵ dollars, the Borough must obtain written or telephone price quotations from at least three qualified and responsible contractors. If telephone price quotes are obtained, the Borough must retain a record of the quotes, which must include the name of the contractor and the contractor's representative, the subject of the contract, and the price. Records of written or telephone price quotes must be retained for three years. If fewer than three qualified vendors exist in the market area, the Borough must keep a memorandum on file that explains that fewer than three qualified contractors exist in the market area within which it is practical to obtain quotes.
3. Informal price quotes are not required for purchases of Ten Thousand Nine Hundred (\$10,900.00)²⁶ dollars or below, but they are a sound business practice and are recommended.

Notwithstanding the foregoing requirements set out in the Borough Code, the Borough must comply with the strictest method of procurement that may be imposed by federal law or regulation, regardless of which method that may be. There are numerous federal requirements, each requiring different procurement methods, depending on the source of grant funds being used for purchases. As such, prior to making any purchases with federal funds, the Department Head shall contact the Borough Solicitor to determine the appropriate procurement method.

²³ Amount adjusted annually by the Consumer Price Index. See 8 Pa.C.S.A. § 1402(a.2).

²⁴ Amount adjusted annually by the Consumer Price Index. See 8 Pa.C.S.A. § 1402(a.2).

²⁵ Amount adjusted annually by the Consumer Price Index. See 8 Pa.C.S.A. § 1402(a.2).

²⁶ Amount adjusted annually by the Consumer Price Index. See 8 Pa.C.S.A. § 1402(a.2).

IV. CONTRACTING WITH SMALL & MINORITY FIRMS, WOMEN'S BUSINESS ENTERPRISE, AND LABOR SURPLUS AREA FIRMS

When procuring goods or services with federal funds, it shall be the Borough's policy to take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.^{27 28} Affirmative steps shall include:

1. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
2. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
3. Allocating total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;
4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises;
5. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and
6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) above.²⁹

²⁷ 2 C.F.R. § 200.321(a).

²⁸ The Borough should use the services of Federal Agencies like the Small Business Administration during the solicitation process to demonstrate affirmative steps required by the federal regulations.

²⁹ 2 C.F.R. § 200.321(b)(1-6).

V. CONTRACT COST AND PRICE

The Borough must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold³⁰, including contract modifications, including independent estimates before receiving bids or proposals.³¹ A cost analysis must be performed when the offeror is required to submit the elements of his estimated cost, e.g., under professional, consulting, and architectural engineering services contracts. A cost analysis will be necessary when adequate price competition is lacking and for sole source procurements, including contract modifications or change orders, unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.

1. Price and Cost Analysis is required for all proposals submitted by offerors for evaluation and negotiation. The Borough should make independent estimates before receiving bids or proposals.³² Contents of the cost proposal should be in consonance with the contractor's accounting system which must be operationally capable of segregating costs by contract. Offerors should certify that individual elements of cost are true, correct and verifiable from the contractor's accounting system. The Borough shall compare graphically each contractor's cost proposal using spreadsheets.
2. Costs or prices based on estimated costs for contracts under grants will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices are consistent with Federal cost principles (2 C.F.R. § 200.403, *et seq.*). Grantees may reference their own cost principles that comply with the applicable Federal cost principles.³³
3. The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.³⁴

VI. CONTRACT ADMINISTRATION

The Borough shall maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders, including:

1. Delegations of administrative responsibility to designated personnel who are selected for their technical and administrative capability to administer the contract effectively.

³⁰ The Simplified Acquisition Threshold is set by the Federal Acquisition Regulation. The Federal Acquisition Regulation currently sets the Simplified Acquisition Threshold at \$250,000, though it is periodically adjusted for inflation in accordance with 41 U.S.C. § 1908. See 2 C.F.R. § 200.88.

³¹ 2 C.F.R. § 200.323.

³² 2 C.F.R. § 200.323(b).

³³ 2 C.F.R. § 200.323(c).

³⁴ 2 C.F.R. § 200.323(d).

2. Inspection and acceptance of all contractor deliverables.
3. Demand for and review of progress reports to determine whether contract delivery milestones are being met or appropriate corrective action.
4. Invoice processing.
5. Subcontracting review and consent procedures.
6. Contract close-out procedures and administration.

The Borough must make available, upon request of the awarding agency or pass-through entity, technical specifications on proposed procurements and pre-award review procurement documents, such as requests for proposals or invitations for bids, independent cost estimates, etc.

VII. BONDING REQUIREMENTS

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold³⁵, the awarding agency may accept the Borough's bonding policy and requirements provided the awarding agency has made a determination that the awarding agency's interest is adequately protected.³⁶ If such a determination has not been made, the minimum requirements shall be as follows:

1. A Bid Security from each bidder in the amount of ten (10%) percent of the bidder's maximum bid price. The "Bid Security" must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.
2. A Performance Bond on the part of the contractor for One Hundred percent (100%) of the contract price. A Performance Bond is one executed in connection with a contract to assure performance as required by law of all persons supplying labor and materials in the execution of the work provided for the contract.

³⁵ Pennsylvania's Public Works Contractors' Bond Law of 1967, 8 P.S. §§ 191-202 (the "Bond Law") governs bonds on public works projects in the Commonwealth of Pennsylvania. The Bond Law provides that for all public contracts exceeding Five Thousand (\$5,000.00) dollars for the construction, reconstruction, alteration or repair of any public building, other public work or improvement including highway work, the prime contractor must furnish to the contracting body a performance bond and a payment bond. In the event of any conflict between State and federal law, the Borough shall abide by the strictest requirement imposed.

³⁶ 2 C.F.R. § 200.325.

3. A Payment Bond on the part of the contractor for One Hundred percent (100%) of the contract price. A Payment Bond is executed in connection with a contract to assure payment as required by law of work provided for the contract.

VIII. CONTRACT PROVISIONS

Federal regulations require that contracts awarded by grantees contain statutorily mandated clauses many of which may otherwise be required under Pennsylvania state law. The Borough's standard form agreements when procuring goods or services with federal funds shall incorporate such language, including the following:³⁷

1. Contracts for more than the simplified acquisition threshold currently set at Two Hundred Fifty Thousand (\$250,000.00) dollars, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. § 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
2. All contracts in excess of Ten Thousand (\$10,000.00) dollars must address termination for cause and for convenience by the Borough including the manner by which it will be effected and the basis for settlement.
3. Equal Employment Opportunity—Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”
4. Davis-Bacon Act, as amended (40 U.S.C. §§ 3141-3148)—When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by the Borough must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. §§ 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The Borough must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage

³⁷ 2 C.F.R. § 200.326.

- determination. The Borough must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. § 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The Borough must report all suspected or reported violations to the Federal awarding agency.
5. **Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 3701-3708)**—Where applicable, all contracts awarded by the Borough in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. §§ 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. § 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. § 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
 6. **Rights to Inventions Made Under a Contract or Agreement**—If the Federal award meets the definition of “funding agreement” under 37 CFR § 401.2(a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.
 7. **Clean Air Act (42 U.S.C. §§ 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. §§ 1251-1387), as amended**—Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. §§ 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. §§ 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
 8. **Debarment and Suspension (Executive Orders 12549 and 12689)**—A contract award (see 2 CFR § 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.
 9. **Byrd Anti-Lobbying Amendment (31 U.S.C. § 1352)**—Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in

connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. § 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

10. Procurement of recovered materials (2 CFR § 200.322)—The Borough and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds Ten Thousand (\$10,000.00) dollars or the value of the quantity acquired during the preceding fiscal year exceeded Ten Thousand (\$10,000.00) dollars; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

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. Administrative functions are often under the control of the Borough Manager or his designee; rather than Council.

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.

Appropriation - The sum of money authorized by Town Council to be spent for an expenditure by cost center. In Chambersburg, the budget, as adopted, is synonymous with authorized appropriations.

Assessment - The value placed on an item of real or 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 30, 2018, is \$205,697,440.

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.

Bank Financing – A device by which a federally licensed bank lends money to the Borough. For example, a line of credit or mortgage. Bank loans bear interest. They are common ways to finance capital improvement projects.

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.

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.

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, over \$10,000, 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 and adopts such a plan contemporaneous with the budget.

Certified Documents - A formal, written declaration by the Borough Secretary, or her designee, that certain documents are true or valid. Often used for minutes, resolutions, and ordinances.

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 maps, and statements indicating the relationship of the municipality and its proposed developments have 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 including but not limited to construction.

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. Chambersburg utilities own, maintain, and require the establishment of many easements.

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. In such cases, the private proper is always paid compensation for the acquisition of their property.

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 permitted by local policy for operational expenses.

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, what strategic direction should the municipality undertake, 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, etc.). 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.

2019 Functions and Departments (Sorted by Department)

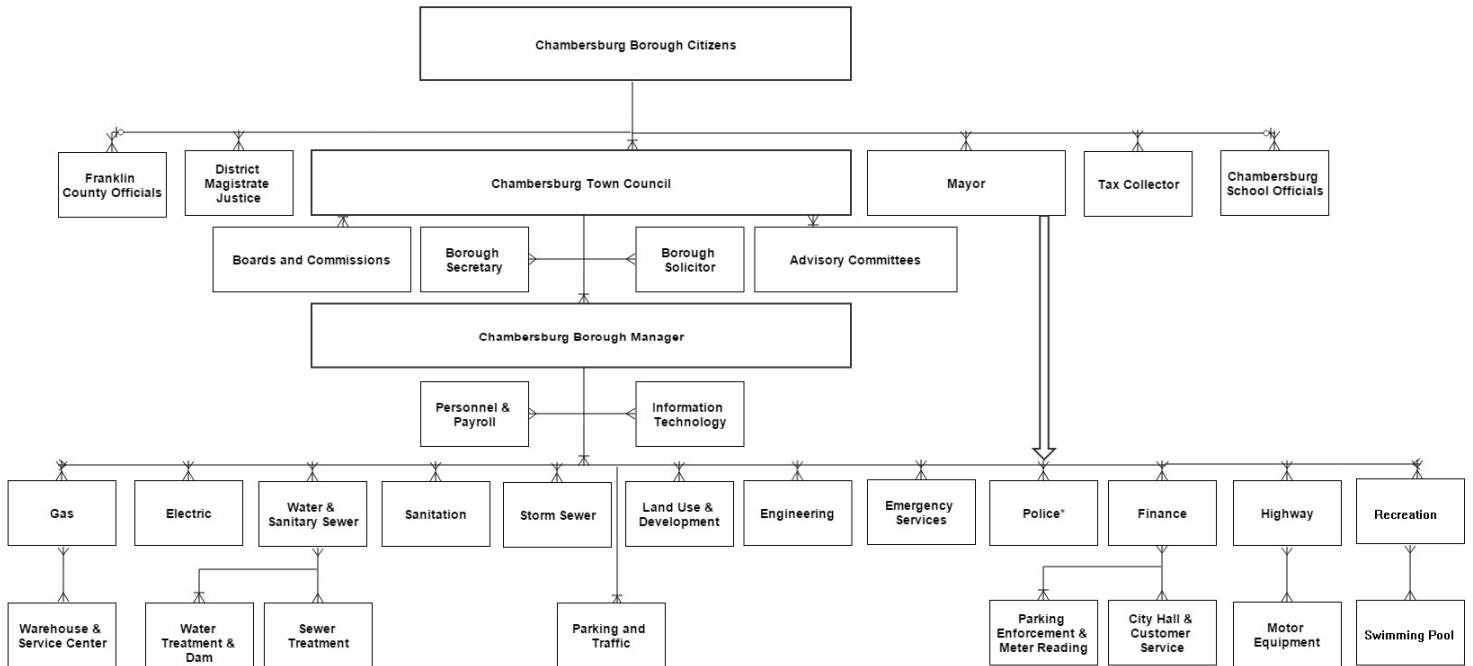
Department	Cost Center	Department Head
ADMIN SERVICES	UTILITY ADDITION OPERATIONS	Finance Director
ADMIN SERVICES	PERSONNEL PAYROLL	Borough Manager
ADMIN SERVICES	INFO TECHNOLOGY	Borough Manager
ADMIN SERVICES	CUSTOMER SERVICE/FINANCE	Finance Director
ADMIN SERVICES	CLERICAL POOL	Borough Manager
ADMIN SERVICES	GENERAL ADMIN & SUPPLIES	Finance Director
ADMIN SERVICES	ADMIN CAP PROJECTS	Finance Director
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	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 - GENERAL EQUIPMENT	Gas Superintendent

Department	Cost Center	Department Head
GENERAL	GENERAL GOVERNMENTAL & COUNCIL	Borough Manager
GENERAL	HIGHWAY	Assistant Borough Manager
GENERAL	FIRE & EMS	ES Chief
GENERAL	POLICE	Police Chief
GENERAL	RECREATION	Recreation Superintendent
GENERAL	LAND USE & COMMUNITY DEVELOPMENT	Assistant to the Borough Manager
GENERAL	CIVIC & COMMUNITY AFFAIRS	Borough Manager
SWIMMING POOL	FACILITY OPERATING EXPENSES	Recreation Superintendent
SWIMMING POOL	GENERAL & ADMINISTRATIVE	Recreation Superintendent
SWIMMING POOL	CAPITAL CONSTRUCTION	Recreation Superintendent
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
FIRE TAX	REAL ESTATE TAX FOR FIRE EQUIPMENT & WAGES	Finance Director
AMBULANCE TAX	REAL ESTATE TAX FOR AMBULANCE WAGES	Finance Director
RECREATION TAX	REAL ESTATE TAX FOR THE RECREATION BOND ONLY	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	OPERATING EXPENSES	Finance Director
SELF INSURANCE	HEALTH & SAFETY PROGRAM	Borough Manager
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	Borough Manager

In 2019, there are anticipated to be no organizational changes of the Borough of Chambersburg.

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 was in one form from 1966 to 2014; and, contained many provisions that were archaic or in conflict with other statutes. Some might say it still does. When the Pennsylvania State Association of Boroughs (PSAB) established the Borough Code Revision Committee as an ad hoc committee in 2003, it set about to modernize the State Law. The committee formally requested the ongoing participation, technical advice, and expertise of the Local Government Commission staff in their 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).

When the committee completed 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 incorporated 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.

Title 8 of the Consolidated Statutes of the Commonwealth of Pennsylvania is herein reapproved as the official Borough Code of the Borough of Chambersburg, Pennsylvania.

Chambersburg Non-Bargaining Employees Pay Plan

The “Chambersburg Pay Plan” is a complex set of tables and rules, which define each non-bargaining job at the Borough by a pay-scale with a corresponding grade. The Plan covers every job, up to and including, the Borough Manager. The tables were set by Council action. Employees in these jobs step through the pay scales based upon longevity (length of employment with the Borough), regardless of performance or otherwise, and they move logically through the tables; in a process established by Town Council.

Since the “Chambersburg Pay Plan” was adopted by Town Council on December 4, 1991, there has never been a “raise” for any employee.

There are separate tables for separate groups of employees, but in summary, every employee’s job is in a table. Non-bargaining employees are in the NB or NBE tables. NB stands for “non-bargaining” and NBE stands for “non-bargaining exempt.” Exempt employees are employees, per the Federal Fair Labor Standards Act (FLSA), who are exempt from overtime.

Chambersburg is unique among local governments to have such a system, a standardized pay plan for all employees, including non-bargaining employees, for such a long time.

As a result, there are no negotiations for wages, there are no pay raises, no merit raises, etc., and evaluations, which are required, do not have any impact on compensation. Further, neither Council nor public debate or action is required with regard to wages or the discussion of wages; so politics and public perceptions of compensation play no role in the compensation system.

Every employee is in their job grade based upon their job duties and not the individual employee. Every job has a grade assigned and every grade is separated into steps. Steps are longevity increases based upon service time. There are some exceptions to the rules of the plan including: when first hired, while a new supervisory employee is usually placed in Step 1 or Step 2, sometimes they can request (and may be granted) to start their service at a higher starting step. In doing so, the Borough thereby advances the new supervisory employee additional service credit (as if they have worked here longer) although their grade for their job remains unaffected.

This is an option only for new hires and only for supervisory employees. Steps are not akin to years. Some steps move in 2 years and others in 3 years. The goal of the Pay Plan was to have an employee advance from Step 1 to Step 10 in about twenty-years. The tables have remained the same since 1992, when the Pay Plan went into effect.

When Town Council offers cost of living adjustments (the COLA in 2019 will be 1.95%), the entire table moves up by the cost of living adjustment. Council has been very generous with cost of living adjustments to the tables.

Therefore, in the budget, there is no specific reference to compensation other than the COLA. This is because the balance of the Pay Plan is not specifically authorized or adjusted on an annual basis.

11/5/2018



General Fund Budget

As Proposed for 2019 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

General Fund Budget

As Proposed for 2019

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.

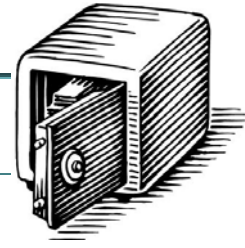
Emergency Services – The Emergency Services Department combines the Fire Department, the Fire Code Department, and the Ambulance Department. It is under the Supervision of the Emergency Services Chief, and the Administration of the Borough Manager.

Recreation Department – Management and supervision of community resources such as the parks, playgrounds, Cumberland Valley Rail Trail, and the Eugene C. Clarke Jr. Community Center. Please note that in 2017, the Aquatic Center was removed from the General Fund. It will henceforth operate in its own business-like fund, which is reflected in a different chapter of the Budget. However, the new Swimming Pool Fund, as with the entire Recreation Department, are under the Supervision of the Recreation Superintendent, and the Administration of the Borough Manager.

Land Use & Community Development – The Land Use & Community Development Department, affectionately known as “Lu Com Dev”, combines Planning, Zoning, Property Maintenance, Economic Development, and Code Enforcement. Engineering and Storm Sewer are closely related, but are not in the General Fund. “Lu Com Dev” 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 handles street maintenance, signs, some landscaping, cleanup, moving, hauling, mounting, snow/ice/rain/wind storm response, fountains, 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, fees (land use, recreation, ambulance, etc.) or transfers from other funds. The General Fund is the fund which engenders the most complex analysis of revenues and expenditures. 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. Finally, we should not use savings or debt to balance the General Fund either; as that shows bad financial planning. Those are poor practices exhibited in Harrisburg and Washington.



Revenues

Some General Fund Revenue is “earmarked” for specific General Fund departments; other revenue is put into the proverbial safe for all General Fund departments. We call that non-designated revenue.

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. In 2017, a law was introduced in the General Assembly to end this practice in principle (although it talks of transfers and not PILOTs) from Electric Departments. That change would be catastrophic for the Borough of Chambersburg’s General Fund finances. Therefore we have actively fought to oppose it.

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.

This practice is very unusual among municipalities. In Chambersburg, in order to follow our use of cost based accounting, back office operations (clerical, information technology, personnel, accounting, etc.) are not in our General Fund.

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 2014, Town Council decided to **begin the levy of a separate fire tax.** This decision was unavoidable given the Town Council’s failure to successfully prevail during so-called neutral arbitration with the International Association of Fire Fighters Local #1813. Beginning in the 2018 Budget, the Borough now includes **a police tax, a fire tax, and an ambulance tax.** However, State Law, requires that 2.5 mil of the 3.0 mil fire tax, be given to the Motor Equipment Fund for apparatus, rather than kept by the General Fund for ES Department operations.

To be clear, the real estate tax is split: first, a general levy, which is used exclusively for the Police Department; second, a fire levy, which must be shared with about 80% going exclusively to provide fire and EMS equipment and vehicles; and third, for an ambulance levy, which along with the 20% of the fire levy is used for the Emergency Services Department operations. Police and Fire will be the only use of real estate taxes in the General Fund budget. **No real estate tax will pay for any operations of the Borough of Chambersburg other than police, fire and ambulance.**

While this 2019 Budget reflects the decision made by Town Council to invest in the recreation infrastructure of our community, the establishment of the Recreation Bond Tax in 2018 is key to my explanation that it does not support the operations of the Recreation Department. All the proceeds from that tax are used to make the debt payments annually for the 2016 Recreation Bond, which is debt, not held by the General Fund, as the General Fund holds no debt. The Recreation Bond Tax does not impact the General Fund, but the Recreation Department operations are in the General Fund. As a result, it remains true that in Chambersburg, our citizens pay no dedicated Recreation Tax, no dedicated Highway Tax, and no taxes at all to support any of the Borough’s operations, employees, utilities, or utility support departments other than police and fire/ambulance.

The 2019 Budget recommends no change in the Police, Fire, or Ambulance Tax for the upcoming year. These are the real estate taxes that impact the General Fund:

<u>Type of Real Estate Taxes</u>	<u>2019</u>	<u>Destination</u>
Police Tax – Real estate tax levy (24 mil for Police operations)	\$4,991,750	General Fund
Fire Tax – Real estate tax levy (0.5 mil for Fire/EMS operations)	\$103,500	General Fund
Ambulance Tax – Real estate tax levy (0.5 mil for EMS operations)	\$99,000	General Fund
<i>Subtotal</i>	\$202,500	
Fire Tax – Real estate tax levy (2.5 mil for Fire/EMS apparatus per State law)	\$505,600	Motor Equipment Fund
Recreation Bond Tax – Real estate tax levy (3 mil for 2016 Rec Bond)	\$594,200	Recreation Bond

Only the Police Tax and about 1 mil (\$202,500) of the Fire Tax and Ambulance Tax end up in the General Fund and can be used for operations.

Almost all employees of the Borough and most of the equipment of the Borough is owned and operated by our utility departments (Electric, Gas, Water, Sanitary Sewer, Storm 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.

Who works in the General Fund?

It includes all the police officers, the Police Chief, the Police Lieutenant, and the Community Services Officer, but not the Police Department office manager or secretary.

It includes all the firefighters, and the two Fire Chiefs, but not the Fire Department office manager.

It includes the three parks and recreation maintenance employees, the parks and recreation maintenance supervisor, the Recreation Superintendent (except when she works on Aquatic Center issues), half of the Aquatic Center and Sports League Coordinator (for about half the time when he works on sports leagues) and half of the Recreation Programs and Office Assistant (for about half the time when she works on Recreation Department programming).

The Recreation Department office manager does not work for the General Fund. Half the time when the Recreation Programs and Office Assistant works on administration, she does not work for the General Fund. Finally, the other half of the Aquatic Center and Sports League Coordinator, and all the part time seasonal Aquatic Center employees (but not the ones who help with parks maintenance) work for the Swimming Pool Fund.

In 2019, the Aquatic Center and City Hall Maintenance Technician will continue working for the Administrative Services Fund, and neither the General Fund nor the Swimming Pool Fund.

It includes the two Code Enforcement Officers, the Economic Development Specialist, and about three-fifths of the Assistant to the Borough Manager. It does not include any of the clerical staff.

It includes all the highway workers when they are not working on Sewer, Water, Storm Sewer, or Sanitation projects; and finally, it includes about one-third of the Assistant Borough Manager, who is also the Public Works Director.

In the end, most of the employees and most expenses in the General Fund are related to public safety.

Further, since most of the revenue is generated by taxes, adding personnel to the General Fund, is taken much more deliberately, than perhaps other funds like utilities.

Please find enclosed some **frequently asked questions** about the Borough's finances:

1. Why does the Borough of Chambersburg keep raising taxes?

The Borough of Chambersburg did not raise real estate taxes between 2007 and 2013; then there was an increase in 2014, a second increase in 2016, and a third in 2018. Chambersburg has not raised the real estate tax rate in most years, in recent history. Taxes were more often raised by others such as Franklin County or the Chambersburg Area School District; and, that sometimes leads to confusion. In 2014, 2016, and 2018, the Borough raised the real estate tax rate, but only to fund police and fire services; and in 2018 to begin paying off the 2016 Recreation Bond. Beginning a decade ago, and through 2019, there is a constant theme in our finances: real estate tax increases were rare and only dedicated to funding police and fire services.

No real estate tax will pay for any operations of the Borough of Chambersburg other than police, fire and ambulance.

2. Why do I pay so much in taxes?

In 2019, 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 employees of the Borough and most of the equipment of the Borough, is owned and operated by our utility departments (Electric, Gas, Water, Sanitary Sewer, Storm Sewer and Sanitation Departments) and our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance and personnel). Your taxes do not support any utility operations, workers, equipment, or the support departments. Further, as the budget document reveals, the Borough's utility rates are very reasonable. Therefore no, this is absolutely not where your tax money goes.

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?

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 the Chambersburg Emergency Services Department. This includes ambulance operations. All the real estate taxes collected within the Borough are used exclusively for the Police Department and to support the operations of the Chambersburg Emergency Services Department; none of this revenue is used to support any other department or operation. As of 2019, we will still only use real estate taxes to support Police, Fire, Ambulance and the debt services associated with the pool and park 2016 Recreation Bond. No real estate taxes are used for highways, streets, code enforcement, parks, or any other employees such as the Borough Manager, or any other operation or utility of the Borough other than public safety. This is true in the 2019 Budget as well.

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 ½ of 1% tax on wages (not investments or retirement benefits) earned by those who live inside the Borough; and the Deed Transfer Tax, which is a ½ of 1% tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues.

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, most towns receive very little grant money, although we fight for a fair share. As usual, in 2019, the Borough is lucky to receive some Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels). That and whatever money is left over from the previous fiscal year is used to keep up with all highway maintenance on Borough streets. Street repair is extremely expensive and Highway Aid is very small.

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 lower 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 through a letter writing campaign each spring.

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 donation. 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 most of 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 paid Fire Department?

No, it is not practical or legal at this point. Further, Council agreed to add additional paid firefighters in 2017. The truth is we would be skeptical to rely exclusively on the shrinking ranks of volunteers alone. Further, we are worried 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 2019 Budget, we 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. So far, there's been no public support for this 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 goodwill.

16. If the Borough has a police tax and a fire/ambulance 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 operations and the Recreation Department operations. 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. The new Chambersburg Aquatic Center is also run like a utility and in 2018 it covered all its own operating expenses. 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. Finally, the Land Use & 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, Philadelphia Avenue, and many others. Of course, if the Borough utility departments cut a State owned street, then PennDOT makes the utility fix the street. However, when others cut the street, PennDOT and the Borough both watch to make sure contractors' cuts get repaired. The Borough owns most of the side streets and many of the alleys. When the Borough plans to pave a street, the Borough utilities start fixing pipes under those particular streets about two years before. With so many old streets, there are a lot of pipes being fixed by the Borough, and by contractors, at any one time. On most streets, and in most situations, whomever makes the cut arranges for the installation of a temporary patch in advance of either a permanent patch or an upcoming street paving. That temporary patch might, therefore, be there for a year or two in the case of street paving. That might be what you think is a badly paved street, but it is just a street undergoing a fix.

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 alleys specifically 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.

Every year we try to spend between \$1 million and \$2 million on paving side streets. Believe it or not, that is not much money and does not take care of many of our over 59 miles of public streets.

18. Why won't you pave my street?

We pave streets in the Borough every year. We spend about a year or two fixing pipes and then we top it off with a new layer of pavement. Also, developers build streets 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 or alleys**. In 2019, we are suggesting, for the first time, that Town Council form a committee and make the committee study what to do, long-term, with alleys.

19. Why does it take so many employees to work on construction or 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, or by the hour. We pay contractors by the project, and therefore they are incentivized to do as much work as fast as possible to squeeze out a project; that usually means they bring many employees.

20. Why will township residents pay more for using the Chambersburg Aquatic Center 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 our programs 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.

In 2018, when the Borough's new Aquatic Center opened, Town Council decided to raise rates for non-Borough residents, but Borough residents saw no increase in order to use the new facility. In 2019, it is proposed that rates go up a small bit for both township and borough families.

Also, your taxes are not going to support the operation of the new Aquatic Center. It is estimated that the facility will cost over \$430,000 per year to run. Borough real estate taxes go to pay off the 2016 Recreation Bond. Property owners pay no taxes towards the operation of the Aquatic Center or any Recreation Department program. Fees cover the program costs, not taxes.

21. Why do fees go up every year?

The cost of just about everything goes up every year. However, all fees are adopted by Town Council in a public meeting and the Borough is prohibited from making a profit on any fee. The fee must be related to the cost of the service being provided. Covering actual costs are the best we can do under the law.

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 unions have negotiated labor agreements with Town Council or (in the case of the uniform employees of the police and fire service) could have 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 lay off 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. Since the Council raised the Police Tax, the Fire Tax, and started an Ambulance Tax just in 2018, how can you afford projects like a new addition on City Hall or buying police cars?

Your taxes do not pay for things like the upkeep or expansion of most property owned by the Borough. Your taxes go only to support the Police Department and to provide fire and EMS equipment and vehicles for the Emergency Services Department. It is important to know that projects like our recently completed Utility Departments' Addition to City Hall were not paid with real estate taxes at all. For any project that involves our utility departments (Electric, Gas, Water, Sanitary Sewer, Storm Sewer and Sanitation Departments) or our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance and personnel), the utility customers are paying most of the cost. Yet we have very low utility rates. Now there is one exception. When Council decided to build the new Aquatic Center and do a variety of other playground and parks improvements, those projects and those facilities were paid for by a bond; and that bond is being paid off by the Recreation Bond Tax. This is the first and only tax that was used to build a facility.

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. However, 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 many 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, Sanitary Sewer, Storm Sewer and Sanitation Departments) or our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance and personnel); so, their sale would not help the General Fund, or pay for police or fire expenses.

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. For example, 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 such as police expenses, as Chambersburg had suggested.

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 completed by our utility departments (Electric, Gas, Water, Sanitary Sewer, Storm Sewer and Sanitation Departments) or our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance and personnel); 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 utility departments (Electric, Gas, Water, Sanitary Sewer, Storm Sewer and Sanitation Departments) or our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance and personnel); 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.

The Value of the PILOT Payments	2019	Property Tax Equivalent
Electric Department Payment in Lieu of Gross Receipts Tax	\$1,350,000	6.54 mils
Gas Department Payment in Lieu of Gross Receipts Tax	\$570,000	2.76 mils
<i>Subtotal</i>	\$1,920,000	9.30 mils
Percent of General Fund Budget Supported by PILOT Payments (2019)	12.67%	
How much more would the avg. single family house pay without PILOT	\$158.86	More per year

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 taxes *Police Tax to the General Fund
Fire Tax as both a rebate from Motor Equipment Fund and
With the Ambulance Tax some to the General Fund*

Deed Transfer Tax *Set at maximum since 1987*

Earned Income Tax *Set at maximum since 1965*

Payments in Lieu of Gross Receipts Tax from the Electric Department & Gas Department

Police Fines & Fees

EMS Fees & Charges

Recreation Fees & Charges

Land Use & Development Fees & Charges

Comcast Cable TV Franchise Fee

Pennsylvania State Aid for Pension Costs

No Tax Increase in 2019

Although this budget reflects the decision made by Town Council to invest in the recreation infrastructure of our community, **it includes no tax increases whatsoever**. It does maintain the previously decided Recreation Bond Tax, a second year of a tax earmarked specifically to retire the debt from the 2016 Recreation Bond; and no other use. It includes the Fire Tax and the Ambulance Tax, same as in 2018, used to help balance the expenses of the Chambersburg Emergency Services Department, which provides fire and EMS services. It maintains the Police Tax, same as in 2018.

Chambersburg real estate taxes remain earmarked only to police, fire and ambulance operations. No other department or employee is funded through real estate taxes. In fact, since the Recreation Bond Tax is specifically earmarked for paying off the 2016 Recreation Bond, one can reliably say: **no real estate tax will pay for any operations of the Borough of Chambersburg other than police, fire and ambulance**. No other department, operation or employee; not parks or streets or the Borough Manager, are paid for using real estate taxes. The only use of these taxes are police, fire, ambulance and to pay off the 2016 Recreation Bond.

For the 2018 Budget, Town Council raised the Police Tax from 23 mil to 24 mil. **In this 2019 Budget, Council is not being asked to raise it at all**. By keeping the rate at 24 mil, Council is committing to a steady, but manageable, rate of growth in the Police Tax rate. Overall, since 2007, the Police Tax rate has risen from 20 mil to 24 mil. When averaged out over the thirteen years, that is a growth rate of a little over 1.6% per year. While no one wants to see taxes go up, this overall growth rate seems reasonable for such an important tax, which pays for such an important service.

Police Department Budget	2018	2019
Estimated cost of operations	\$5,295,920	\$5,163,250
Reimbursement from CASD for School Crossing Guards (estimated)	-\$53,000	-\$52,000
Estimated Yield from Fines and Fees	-\$176,500	-\$159,000
State Grant for Police Pension Costs	-\$312,002	-\$318,538
Subtotal	\$4,754,418	\$4,633,712
Tax Rate	24 mil	24 mil
Estimated yield of Police Tax (including tax liens & donations)	\$4,539,000*	\$4,637,000*
<i>Estimated Expenses over Revenue</i>	-\$215,418	\$3,288

\$3,288 is the estimated budget surplus in the Police Department
 * - Current year estimated collections only

While we programmed a deficit in the Police Department in 2018 of -\$215,418, with the 2018 increase in the Police Tax, we now will see the gap closed in 2019 to +\$3,288. For the first time in decades, the Police Tax will generate enough revenue to pay for approximately 100% of the Police Department (when including other police related revenues). As was pointed out in the 2018 Budget, it was impossible to avoid last year's 1 mil Police Tax rate increase.

While \$3,288 is not much, it's good to have a little extra money in the Police Budget. Please keep in mind that we are operating the Police Department with very little margin for error. Unforeseen costs such as a major detective caseload, a major public safety event, additional unforeseen overtime, additional training, or adding more employees in advance of other future retirements, can easily throw the Police Department budget into a more unstable place.

In 2019, it is the Borough Manager's recommendation that the Borough not change the Police Tax rate, currently at 24 mil.

Police Tax Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mil	17	20	20	20	20	20	20	20	21	21	23	23	24	24

In 2019, it is the Borough Manager’s recommendation that the Borough not change the Fire Tax rate, currently at 3 mil; nor change the Ambulance Tax rate, currently at 0.5 mil.

Both of these rates are now set at the State maximum. State Law does not envision that they can ever increase. While I hope that it is not necessary to someday increase these tax rates, I cannot imagine that the cost of the ES Department will not someday rise. If this happens in the future, Town Council will be forced to make a very difficult decision.

Fire Tax Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire	0	0	0	0	0	0	0	0	2.5	2.5	2.5	2.5	3.0	3.0
Ambulance	0	0	0	0	0	0	0	0	0	0	0	0	0.5	0.5
Total	0	0	0	0	0	0	0	0	2.5	2.5	2.5	2.5	3.5	3.5

Recall, the Fire Tax does not come close to covering the cost of the department.

Emergency Services Department Budget		2018	2019
Estimated cost of operations		\$4,612,540	\$4,781,705
Local Services Tax Yield (set at State Maximum)		-\$832,500	-\$835,000
Fire Code Inspections		-\$65,000	-\$65,000
Ambulance Fees		-\$1,755,865	-1,262,000
State Grant for Fire Pension Costs		-\$201,883	-\$234,219
	Subtotal	\$1,757,792	\$2,385,486
Tax Rate		3.5 mil	3.5 mil
Estimated yield of Fire/Ambulance Tax (excluding tax liens & donations)		\$685,000	\$713,660
Less required transfer to the Motor Equipment Fund (State Law)		-\$488,900	-\$504,860
	<i>Net Fire Tax Revenue for Operations</i>	\$196,100	\$208,800
	Emergency Services Department Deficit	-\$1,561,192	-\$2,176,686

While we programmed a deficit in the Emergency Services Department in 2018 of -\$1,561,192, even with the 2018 increase in the Fire/EMS tax, we now will see that deficit grow in 2019 to -\$2,176,686. We know that the ES Department does not generate enough revenue to cover its cost. We know that the Fire/EMS tax does not generate enough revenue to close the gap. We have always used undesignated General Fund money to close the ES Department operating deficit.

So what is the alternative? There is not one that currently presents itself. We are blessed that our General Fund has enough undesignated miscellaneous revenue to close this gap. However, long term, we need to explore ways to increase funding for Fire and EMS. Right now, a tax increase is not permitted and not recommended. Perhaps if the ambulance billing system in place was finally fixed.

Every year, due to slight changes in the value of the real estate in the Borough, the mil rate equals different dollar payment amounts, even if the mil rate is unchanged.

Average Single Family House Inside The Borough	2018		2019	
	Per Year	Per Day	Per Year	Per Day
Police Tax (to the General Fund)	\$406.14	\$1.11	\$409.88	\$1.12
Fire Tax (Mostly to the Motor Equipment Fund)	\$50.77	\$0.14	\$51.23	\$0.14
Ambulance Tax (to the General Fund)	\$8.46	\$0.02	\$8.54	\$0.02
Recreation Bond Tax (to pay off that debt only)	\$50.77	\$0.14	\$51.23	\$0.14
<i>Total (per year)</i>	\$516.14	\$1.41	\$520.88	\$1.42

2019 will be the second year of the Recreation Bond Tax. It was approved by Council in 2016. It was structured to be delayed to begin until 2018. This tax is earmarked only to pay off the 2016 Recreation Bond, but no operations of the Borough. It has nothing to do, therefore, with the General Fund.

When asked, some citizens wildly inflate the dollar value of the real estate taxes that they pay per year. Recently, a citizen said to me that the Recreation Bond Tax equated to \$50 per month. That's not likely. The median single family home pays a total (of all types of Borough real estate taxes) of \$520.88 per year.



Single Family House

\$520.88 per year*



Schools

No tax



Non-profits

No tax



Government

No tax



Commercial/Industrial

More

No government buildings, schools, charities or township property owners pay any Police, Fire, or Recreation Bond Tax on their property – average commercial or industrial 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. Please understand the importance of the SALT (State and Local Tax) deduction, and when your Congressman talks of its elimination from Federal tax policy, understand the impact.

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 ½ of 1% tax on wages (not investments or retirement benefits) earned by those who live inside the Borough; and the Deed Transfer Tax, which is a ½ of 1% tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues.

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 and require no additional action at this time.

General Fund Revenue Source	Rate	
Police Tax	24 mil	All used by the General Fund
Fire Tax (For Fire/EMS operations)	0.5 mil	Plus another 2.5 for Fire Apparatus in Motor Equipment Fund
Ambulance Tax (For EMS operations)	0.5 mil	All used by the General Fund
Total	25 mil	25 mil of the 30.5 mil used for the General Fund
Deed Transfer Tax	½ of 1%	No change allowed
Earned Income Tax	½ of 1%	No change allowed
Local Services Tax	\$52 per year per worker	No change allowed
Mercantile/Privilege Tax	0	No change allowed

Does not include the Recreation Bond Tax or the balance of the Fire Tax (For Fire/EMS apparatus per State law),

2019 General Fund Revenues (Excerpt)	2014 ACTUAL	2015 ACTUAL	2016 ACTUAL	2017 ACTUAL	2018 BUDGET	2019 PROPOSED BUDGET
POLICE TAX (rose to 24 mil in 2018)	\$4,233,887	\$4,137,872	\$4,714,503	\$4,632,500	\$4,706,641	\$4,991,750
AMBULANCE TAX (0.5 MIL)	-	-	-	-	\$95,100	\$98,960
FIRE TAX (0.5 MIL)	-	-	-	-	\$101,000	\$104,300
LOCAL SERVICES TAX ON WORKERS	\$789,710	\$803,153	\$825,063	\$820,032	\$832,500	\$835,000
DEED TRANSFER TAX ON REAL ESTATE SALES	\$283,627	\$607,440	\$860,004	\$452,331	\$450,000	\$500,000
WAGE & EARNED INCOME TAX ON RESIDENTS	\$1,836,344	\$1,930,546	\$2,043,473	\$1,986,887	\$2,000,000	\$2,055,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX - ELECTRIC	\$1,060,580	\$1,100,000	\$1,100,000	\$1,250,000	\$1,350,000	\$1,350,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX - GAS	\$400,000	\$410,000	\$415,000	\$514,000	\$555,000	\$570,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX -WATER	-	-	-	-	-	-
POLICE FINES & FEES	\$173,245	\$174,840	\$162,140	\$173,500	\$159,579	\$159,000
AMBULANCE FEES & CHARGES	\$1,166,040	\$1,142,512	\$1,193,438	\$1,291,000	\$1,710,865	\$1,219,000
SAFER GRANT	\$622,143	-	-	-	-	-
MOTOR EQUIPMENT FUND REBATE (INCLUDES 2.5 MIL OF FIRE TAX)	\$530,000	\$530,000	\$520,000	\$537,400	\$542,900	\$559,350

The 2019 Budget calls for an increase in the Payments in Lieu of Gross Receipts Taxes from the Gas Department, but not the Electric Department. This is not a preferred funding method.

2019 General Fund Revenues – Proposed	2016 ACTUAL	2017 ACTUAL	2018 BUDGET	2019 PROPOSED BUDGET
POLICE TAX (rose to 24 mil in 2018)	\$4,714,503	\$4,706,641	\$4,931,000	\$4,991,750
FIRE (0.5 mil) & AMBULANCE (0.5 mil) TAX	-	-	\$196,100	\$203,300
LOCAL SERVICES TAX ON WORKERS	\$825,063	\$820,032	\$832,500	\$835,000
DEED TRANSFER TAX ON REAL ESTATE SALES	\$860,004	\$452,331	\$450,000	\$500,000
WAGE & EARNED INCOME TAX ON RESIDENTS	\$2,043,473	\$1,986,887	\$2,000,000	\$2,055,000
FEDERAL RECEIPTS	\$162,183	-	-	-
STATE PENSION GRANT	\$898,157	\$897,513	\$911,460	\$1,053,045
OTHER INTER-GOVERNMENTAL GRANTS	\$19,330	\$19,446	\$18,000	\$41,000
INVOICED WORK	\$154,449	\$155,303	\$135,000	\$135,000
MISC STATE SALES TAX	\$2,369	-	-	-
TAXABLE RECREATION CHARGES	\$39,497	-	-	-
INTEREST INCOME	\$23,182	\$29,237	\$35,400	\$33,080
STREET EXCAVATION PERMITS	\$25,260	\$28,512	\$21,000	\$23,000
CURB & SIDEWALK PERMITS	\$515	\$1,491	\$1,500	\$1,000
SNOW/ICE REMOVAL FINES	\$3,658	\$2,791	\$5,000	\$5,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX - ELECTRIC	\$1,100,000	\$1,250,000	\$1,350,000	\$1,350,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX - GAS	\$415,000	\$514,000	\$555,000	\$570,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX - WATER	-	-	-	-
UNREALIZED GAINS	-	\$72,643	-	\$150,000
POLICE FINES & FEES	\$157,456	\$152,529	\$170,000	\$155,000
FALSE POLICE & FIRE CALLS	\$8,925	\$7,050	\$9,000	\$7,500
OTHER POLICE DEPARTMENT FEES	\$4,684	\$3,612	\$6,500	\$4,000
PROPERTY MAINTENANCE CODE VIOLATION FINES & FEES	\$5,692	\$2,637	\$5,100	\$5,050
RECREATION DEPARTMENT RECEIPTS	\$358,029	\$203,343	\$225,000	\$175,000
RECREATION VENDING, CONCESSION & CONSIGNMENT	\$19,538	\$13,599	\$16,000	\$14,000
PROPERTY MAINTENANCE INSPECTION FEES	\$126,750	\$133,955	\$128,750	\$128,700
LAND USE AND DEVELOPMENT PERMIT FEES	\$2,650	\$3,650	\$3,000	\$4,500
FIRE CODE PERMITS & FEES	\$77,477	\$74,635	\$65,000	\$65,000
ZONING PERMITS & FEES	\$3,750	\$4,250	\$4,000	\$4,500
CONTRIBUTIONS FOR AMBULANCE SERVICE	\$40,940	\$43,095	\$45,000	\$43,000
AMBULANCE SERVICE CHARGES	\$1,069,918	\$1,065,707	\$1,598,465	\$1,109,000
AMBULANCE CLUB MEMBERSHIP FEES	\$123,520	\$112,560	\$112,400	\$110,000
SCHOOL CROSSING GUARD GRANT	\$38,550	\$47,401	\$53,000	\$52,000
COMCAST TELEVISION FRANCHISE FEE	\$319,123	\$344,741	\$320,000	\$325,000
REFUNDS PRIOR YEAR PAYMENTS	\$48,313	\$27,452	\$25,000	\$30,000
REAL ESTATE PROPERTY RENTALS	\$18,768	\$18,967	\$19,000	\$19,000
CONTRIBUTIONS FROM PRIVATE SOURCES	\$64,805	\$4,473	\$7,000	\$7,000
MISCELLANEOUS	\$25,154	\$118,558	\$30,000	\$30,000
SALE OF SCRAP	-	\$565	\$400	\$200
TRANSFERS FROM OTHER FUNDS	-	-	-	-
TRANSFERS FROM HIGHWAY AID (LIQUID FUELS GRANT)	-	-	-	-
TRANSFERS FROM ENGINEERING DEPARTMENT	\$100,525	\$106,000	\$123,025	\$362,900
MOTOR EQUIPMENT FUND REBATE (2.5 MIL OF FIRE TAX)	\$520,000	\$537,400	\$542,900	\$559,350
2019 TOTAL ESTIMATED GENERAL FUND REVENUE	14,421,211	13,963,005	14,950,500	15,157,375
Percent Change			7.1%	1.4%

We do not envision the need to adjust any taxes for the General Fund.
 We are anticipating revenue growth of 1.4% in General Fund revenue.

General Fund Revenue

<u>Police Tax Revenue (70002, 70003, 70008, 70011)</u>	2019	\$ 4,991,750.00	24 mil
	Budget Estimate 2018	\$ 4,931,000.00	24 mil
	2017	\$ 4,632,500.00	23 mil
	2016	\$ 4,714,503.30	23 mil
	2015	\$ 4,137,871.94	21 mil
	2014	\$ 4,233,886.98	21 mil
	2013	\$ 3,986,144.13	20 mil
<u>Deed Transfer Tax Revenue (70009)</u>	2019	\$ 500,000.00	
	Budget Estimate 2018	\$ 450,000.00	
	2017	\$ 550,000.00	
	2016	\$ 860,004.15	
	2015	\$ 230,000.00	
	2014	\$ 283,627.43	
	2013	\$ 248,949.95	
<u>Earned Income Tax Revenue (70010)</u>	2019	\$ 2,055,000.00	
	Budget Estimate 2018	\$ 2,000,000.00	
	2017	\$ 2,100,000.00	
	2016	\$ 2,043,473.14	
	2015	\$ 1,750,000.00	
	2014	\$ 1,836,343.95	
	2013	\$ 1,789,578.50	
<u>LST (or EMST) Tax Revenue (70005)</u>	2019	\$ 835,000.00	
	Budget Estimate 2018	\$ 832,500.00	
	2017	\$ 832,500.00	
	2016	\$ 825,062.53	
	2015	\$ 725,000.00	
	2014	\$ 789,709.81	
	2013	\$ 732,085.80	
<u>Police Fines Revenue (70031, 70034)</u>	2019	\$ 159,000.00	
	Budget Estimate 2018	\$ 176,500.00	
	2017	\$ 173,500.00	
	2016	\$ 162,140.11	
	2015	\$ 154,000.00	
	2014	\$ 173,245.33	
	2013	\$ 176,261.66	
<u>Ambulance Billing Revenue (70046, 70047)</u>	2019	\$ 1,219,000.00	
	Budget Estimate 2018	\$ 1,710,865.00	
	2017	\$ 1,291,000.00	
	2016	\$ 1,193,437.80	
	2015	\$ 1,175,000.00	
	2014	\$ 1,166,039.85	
	2013	\$ 1,041,177.13	



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 Ron Camacho

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
<u>Police Operations</u>	\$4,912,917	\$5,295,920	\$5,163,250
<u>Earmarked Revenue</u>			
Police Tax	\$4,706,641	\$4,931,000	\$4,991,750
Police Fines & Other	\$ 156,142	\$ 176,500	\$ 159,000
<i>Subtotal</i>	<i>\$4,862,782</i>	<i>\$5,107,500</i>	<i>\$5,150,750</i>
Excess (Deficit)	(\$50,135) Deficit	(\$188,420) Deficit	(\$12,500) Deficit*

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
<u>Police Operations</u>			
<u>Non Personnel Costs</u>	\$1,191,689	\$1,036,725	\$1,125,150
<u>Personnel Costs</u>	\$3,721,228	\$4,259,195	\$4,038,100

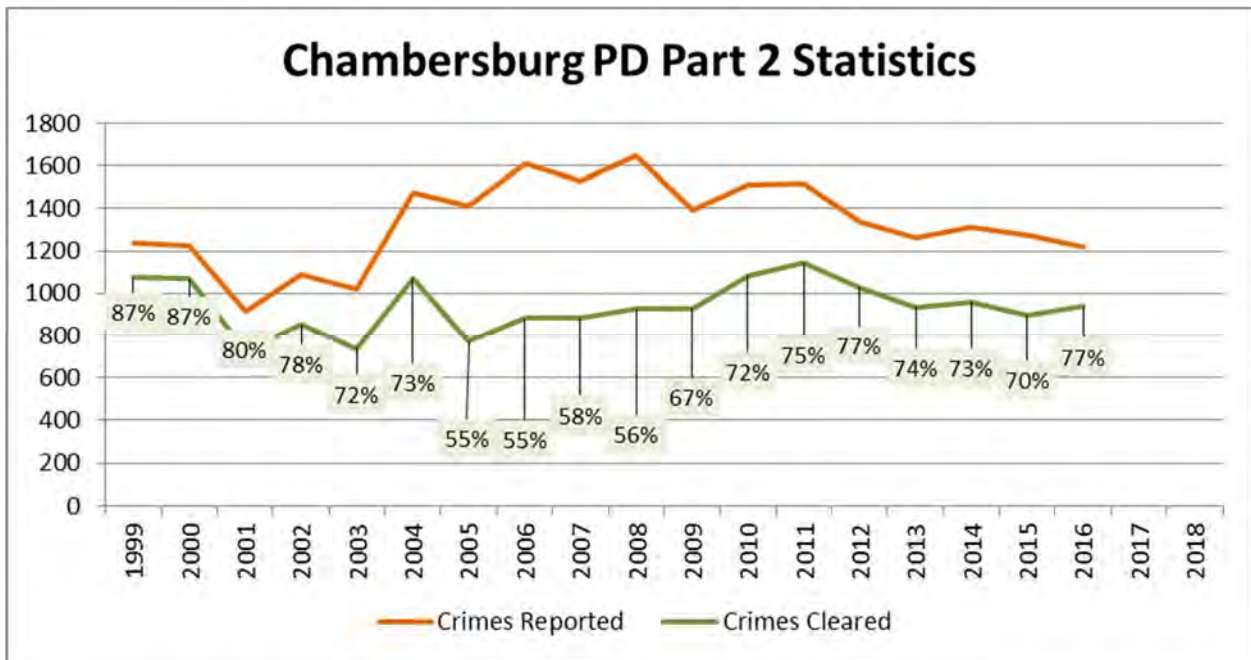
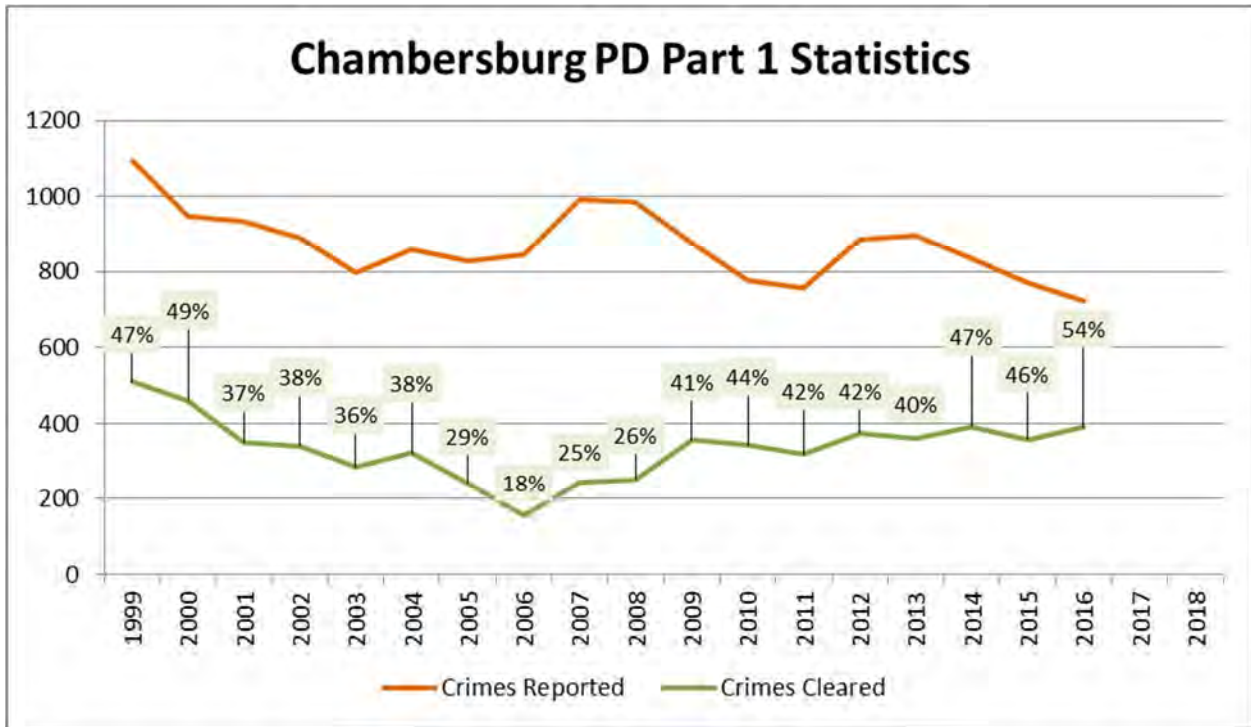
***Each year, the Police Department budget is balanced by a) tax liens, b) donations, and c) shifting pension costs from the utilities. For the first time in decades, the Police Tax equals the Police Department operating budget.**

Chief Camacho has successfully reorganized the department including its senior staffing, and is providing a much welcome new energy and direction to the department operations. Lieutenant Morrissette, who acts as the chief's right hand man, and is the commander of the patrol division.

Each year, Town Council has been aggressive at hiring extra police officers in advance of future retirements. These actions have to be taken carefully without available funding to pay for extra police officers. Therefore, this budget includes payroll sufficient for only thirty-four (34) police officers.

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

The most important development in 2018, is a request to use 2019 as an opportunity to find funding to undertake City Hall renovations, Phase 2, and do a total renovation of the 1971 Police Station. This project, will require around \$5 million to accomplish and is important to the future of the police.



Major items for 2019:

The Chambersburg Police Department uses an integrated technology program to investigate and solve crimes. Images from the downtown and in car cameras are shared daily on the CRIMEWATCH social media platform. The tips received from CRIMEWATCH are quickly acted upon. When a major crime occurs downtown, a detective, or officer, is assigned to monitor the downtown cameras in real time. Information gathered from cameras is passed on to responding officers and detectives. If a suspect's vehicle is identified, the license plate is entered into the LPR (License Plate Reader) system. Now, multiple cameras from many jurisdictions will be alerted if a LPR camera takes a photo of the suspect's license plate. The alert is acted upon by officers in that jurisdiction, usually in the form of a traffic stop.

Having both the technology and the personnel to understand and exploit it, is imperative to the success of the program. Chambersburg is widely known for our use of technology.

As a result of Council's commitment to keep department staffing levels authorized for thirty-four (34) uniform officers, Chief Camacho created a part-time traffic unit. The Chambersburg Police Department's part-time Traffic Unit was created to enhance public safety through fair and reasonable enforcement of Pennsylvania's motor vehicle laws. The unit's officers, one for each shift, will concentrate on traffic enforcement, while on their shifts. This should alleviate the approximately four (4) accidents the department responds to on average each day, and the daily complaints of speeding and traffic congestion throughout the Borough. There are four officers assigned to the unit (one officer per patrol squad), plus the sergeant in charge of the unit.

The Chambersburg Police Department works with the volunteers of the Borough's Parking, Traffic & Street Light Committee, to get direction on traffic enforcement needs throughout the community.

With the recent appointment of seven new supervisors, the biggest leadership change in the department's history, it's a priority to accomplish a smooth transition, as their skills continue to develop, and to ensure the department's uninterrupted day to day operations. We take seriously professional development, training, and performance evaluations, as supervisors adjust to their new duties; and, leadership is responsible to make sure they are acquainting themselves with their new roles. An aggressive mentoring and training program will be used to ensure their success. In addition, all of the department's leaders will be involved in developing a long range strategic plan. The long range strategic plan will forecast where the department will be one to five years from implementation. The plan is a great way to effect change and increase standards in a gradual manner, with a goal of improving the operational efficiency of the department. The rollout of the plan, before the Town Council, is projected for early 2019 (February or March); and is included in the 2019 Budget.

Having young leadership can be an advantage when developing a new strategic vision for the department.

Community policing has become the main philosophy of the Chambersburg Police Department. In 2018, officers from the department attended over a hundred events. Two of the biggest events in the past year were: the second Chambersburg Police Departments Citizens Police Academy, and the multiple safety and security assessments and seminars give to the churches, businesses, and schools in the greater Chambersburg area. The Citizens Police Academy had thirteen (13) students, that either live or work in the Borough, who were given an inside look into Police Department operations. This program accomplished its intended goal of educating the students on how the Chambersburg Police Department serves the Borough. Further, it bridges the gap between civilians and law enforcement. The attendees enjoyed the academy; and, the evaluation of the program once again scored high marks. The security and safety assessments were also well received and this program has grown from positive comments spread by past participants.

Staffing

Below is the Police Complement Activity from January 2014 to the Present:

Retirements	New Hire
Kauffman	Smith
Peterson	Sgrignoli
Bietsch	Baker
Kelso	Jackson
MacDonald	Betz
Mummert	Wilson
Helsel	Hinds
Strickland	Iversen
Cody	McGinnis
Leisher	Shockey
Clawson	Hensey
Frisby	Morris
Jones	Signore
Taylor**	Wade
	<New Hire January 2019>

The current complement of the Police Department is 32 Officers including a new hire (Chief makes 33).

**Officer Taylor is expected to retire in early 2019

Currently the Department is down one (1) position from the authorized 34 (including the Chief).

In the budget, staff recommends placing sufficient resources in wage and benefit line items to assume worst case scenarios. For example, we program sufficient funds to pay retiring officers for a full year just in case they change their mind. Also, we program full wages and benefits for Officers on military leave just in case they unexpectedly return from active duty.

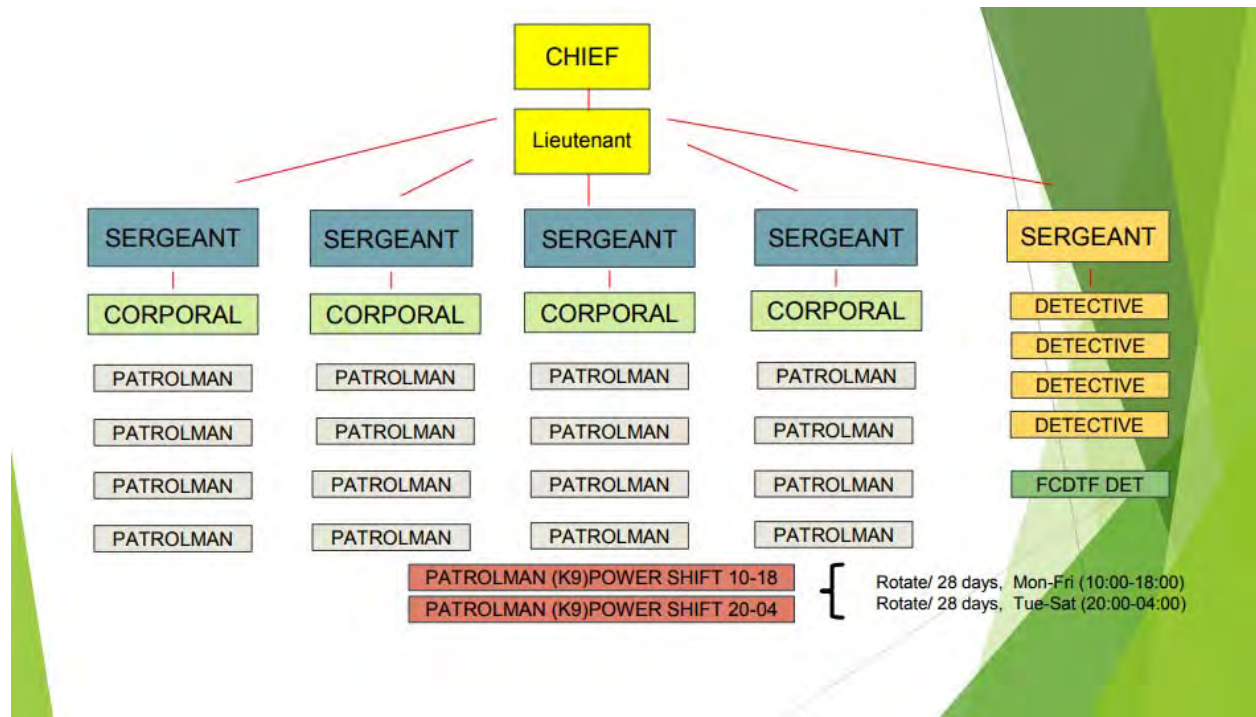
In the 2019 Budget, the Chief is proposing that the roster add one additional patrol officer who would begin with the Police Academy class in January 2019.

The 2019 manpower budget (not actual, but what we put aside in the budget) is for 36 employees:
23 Police Officers
4 Corporals
5 Sergeants
1 Lieutenant
1 Non-uniformed community resource officer
1 Chief
1 New Hire

The 2019 Budget satisfies the Police Chief's request to alter the staffing of the Police Department without adding additional personnel costs to the budget.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
														Budget
Chief	1	1	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	2	2
Admin	0	0	0	0	0	0	0	0	0	1	1	1	1	1
Officers	30	33	33	33	33	33	31	33	32	34	32	33	33	33

Therefore, for all of 2018, the budget includes sufficient revenue allocation for 33 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.



- Chambersburg Police Department handles approximately 1500 calls for service per month
- 1477 calls a month in 2018
- 61 calls for service a day- 5 calls for each officer, per shift, if 6 officers are working
- 6 calls a day if 4 officers are working (Minimum Manpower)
- The national average for time on scene handling a call for service is 48 minutes
- On days that 4 officers are working half the shift time is spent on scene handling calls
- The 48 minutes does not include extended investigations or arrest (for example, a DUI takes two hours, a simple misdemeanor or felony can take four hours)
- The department is spending its time responding to calls, completing the required paperwork, and patrolling when they can. This leaves little time for proactive policing.

Training

- Crime Scene Tech Program
- Crisis Intervention Training (95% of the Department Trained)
- Advanced Shooting Courses (Rifle & Handgun)
- Supervisor Development
- Defensive Tactics
- Cultural Diversity Training

Why is training necessary?

- Training lowers departmental liability by giving the officer the correct and most up to date practices used to handle both routine and high stress police incidents
- Training raises morale by adding “tools” to the officers “toolbox” which gives him/her the confidence to handle anything that comes their way.
- A well trained officer can give high quality police service when responding to incidents.
- Quality Service = Satisfied Customer

Community Policing

- Involvement is the key; in order to enhance community relations.
- The rise of special events puts a demand on the CPD. There were 100 of these events in 2018, which averages to more than one a week.
- This number will continue to grow due to the Chief’s emphasis on community engagement in 2018.
- The Community has noticed the departments increased involvement.

Need for Community Policing





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 Dustin L. Ulrich

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
ES Dept. Operations	\$3,676,269	\$4,612,540	\$4,781,705
Earmarked Revenue			
Fire Tax Transfer	\$ 487,400	\$ 492,900	\$ 509,350
Local Services Tax	\$ 820,032	\$ 832,500	\$ 835,000
Fire Code Inspections	\$ 74,635	\$ 65,000	\$ 65,000
Ambulance Fees	\$1,178,267	\$1,710,865	\$1,219,000
Subtotal	\$2,560,334	\$3,101,265	\$2,628,350
Excess (Deficit)	(\$1,115,935) Deficit	(\$1,511,275) Deficit	(\$2,153,355) Deficit

Each year, the Emergency Services Department budget is balanced by a) tax liens, b) donations, c) shifting pension costs from the utilities, and d) miscellaneous revenue in the General Fund, which could be used for parks, streets, and economic development.

<u>ES Dept. Operations</u>	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
<u>Non Personnel Costs</u>	\$1,011,297	\$1,759,935	\$1,388,680
<u>Personnel Costs</u>	\$2,664,973	\$2,852,605	\$3,393,025

The long term funding 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 closed by undesignated General Fund 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 budget 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.

	2018 Budget	2019 Budget
Fire Code Permits & Fees	\$65,000	\$65,000
Contributions For Ambulance Service	\$45,000	\$43,000
Ambulance Service Receipts	\$1,598,465	\$1,109,000
Ambulance Club Membership Fees	\$112,400	\$110,000
<i>Total</i>	\$1,820,865	\$1,327,000

The Borough’s expectation for Ambulance Service Receipts proved to be unrealistic in 2018. We are modulating our expectations in 2019. That being said, we still believe, with the 2018 Budget increase in the Fire/EMS tax, and these revenues, that the ES Department budget can be operated with only a slight deficit in 2019.

If we are wrong, we have few other choices. Other undesignated revenue in the General Fund will ensure we successfully make it through 2019 and, it is possible, everything in the world of Emergency Medical Services may change for everyone in Pennsylvania in the meantime.

Each year the Emergency Services Department responds to thousands of medical and fire related incidents with highly trained and professional career and volunteer personnel. The Fire Department is a regional provider of Basic Life Support (BLS) ambulance service inside the Borough and in parts of the surrounding townships. Billing for ambulance services brings significant income back into the department. In addition to fire and emergency medical responses, the Emergency Services Department acts as the Borough’s Fire Code safety inspection service. These fire safety inspections focus on maintenance of fire protection systems, as well as housekeeping items that in return results in fewer fires or loss of life and provides some income for the Fire Department.

In 2017, Greene Township elected to remove itself from the intermunicipal fire agreement. In 2018, Greene Township continues to be withdrawn from the agreement. The main impact with not having an agreement is that Greene Township residents are responsible for the \$50 out-of-borough fee we charge for those ambulance calls rather than the township government, which used to cover that expense on behalf of its residents.

The Second Ambulance is Very Busy and It Could Become Busier

The primary ambulance housed at Headquarters’ Fire Station is one of the busiest single units in the region. Each year this unit consistently responds to almost 4,000 emergency medical responses providing basic life support services to those in need. When this primary ambulance is on another incident, a mutual-aid company has to provide BLS care in the ES Department’s first due EMS area. The need has been recognized to provide the highest quality service as well as the quickest response time for those in need.

In 2018, the ES Department started to hire and implement part-time personnel with the main goal to staff the second ambulance which is stationed at the McKinley Street firehouse. The first part-time employee

was hired on April 9, 2018, and once through the mandatory training, they started to provide staffing on the second ambulance. Currently, the department has fourteen part-time employees which allows the second ambulance to be in service approximately twelve shifts per month. The goal in 2019 is to continue growing the part-time staffing numbers and provide the essential function of having two ambulances in service 24/7.

Part-time employees will also be employed to reduce the overtime created with the approximately 650 "Paid Time Off" slots when full-time employees are on vacation, personal or guaranteed time off. With each open position filled with a part-time employee, the savings calculate to \$256.68 on average for each shift covered. The lower hourly rate will have a positive impact on the reduction of overtime, which also affects the pension system and the Borough's long term financial obligation.

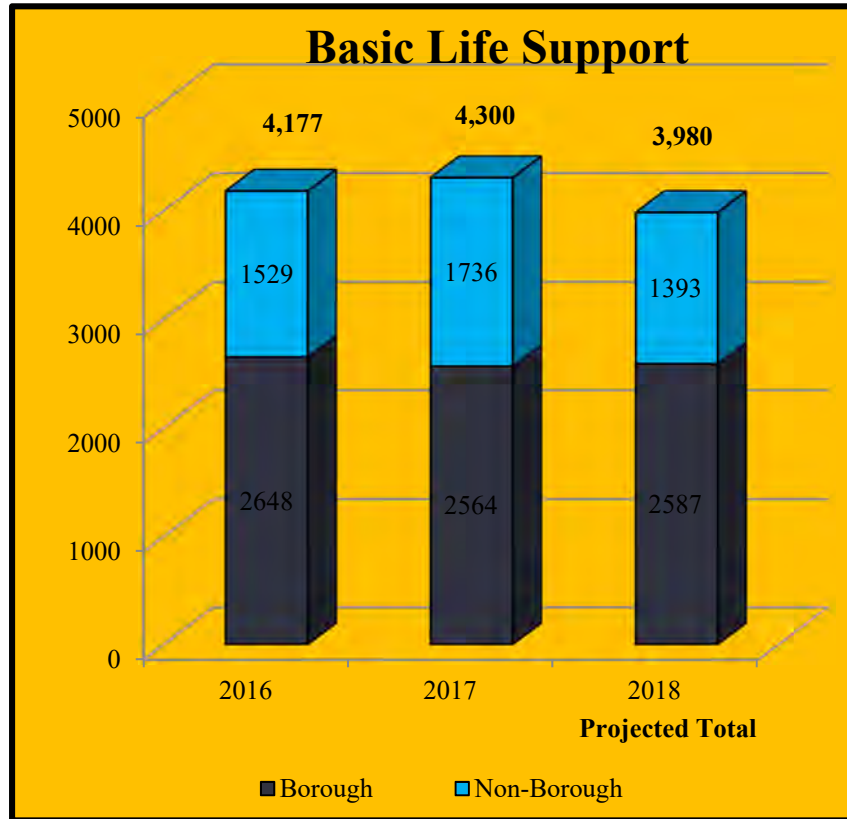
Basic Life Support incidents are on the rise with a triennial average of 4,152 responses. In 2018, the projected total for BLS responses is 3,980. This number is slightly down as the second ambulance was not in service for the first half of the year. Although it is hard to put an exact figure on what the second ambulance call volume could be, it is estimated that the ambulance could produce at least 1,500 to 2,000 additional BLS calls per year now being covered by other ambulance companies.

In 2018, House Bill HB699 passed, allowing the Medicaid reimbursement to increase from \$120 per call to \$180. There has not been an increase in Medicaid reimbursement since 2004. Unfortunately, this minimal reimbursement only covers a fraction of the true transport cost.

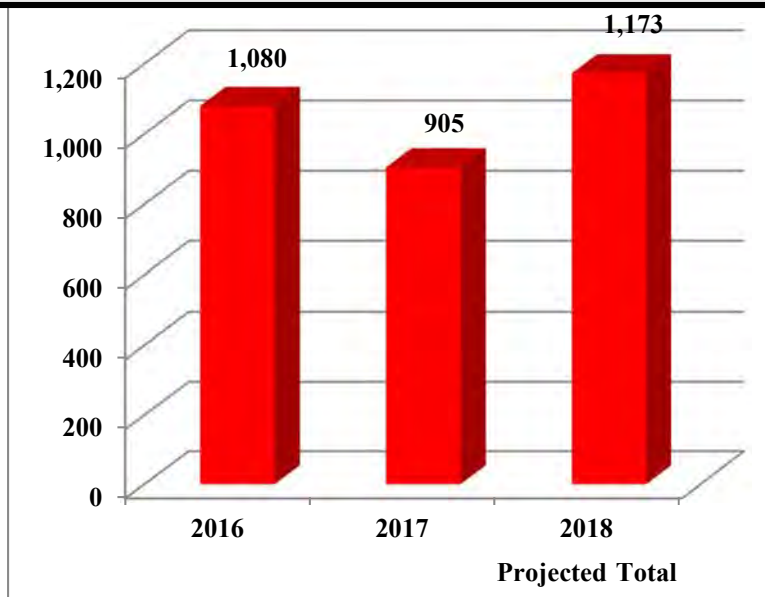
Each year, our ambulance responds to a substantial amount of calls to one of seven nursing homes in and around the Borough. Our BLS unit responds regardless of dispatch or complaint type. Since the new implementation of ICD-10 codes in 2015, an incident must be categorized to meet one of these codes for billing. To meet billing criteria a call 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 for nursing home patients. We enjoy a positive relationship with these area facilities, but we must work together to prevent this financial crisis or else we will need an alternate source of revenue to support their operations.

Finally, the Emergency Services Department is constantly monitoring the sustainability of Advanced Life Support services that provide specific and critical life-saving mutual-aid in the department's first due EMS area. These ALS services are currently not primarily provided by the Borough of Chambersburg such as the BLS services are, but if the need arises where ALS providers are unable to provide this aid the ES Department will be prepared to move forward with options to fulfill this gap. It is essential that ALS services are delivered hand-in-hand with BLS care when needed.





Fire Incidents



Work With Townships to Provide Commercial Fire Code Inspection Services

The Emergency Services Department prides itself on having a well-established fire codes and prevention program within the Borough of Chambersburg. In 2019, the goal is to continue to reach out to surrounding municipalities to educate and communicate the possibility of providing fire inspection services in their township. Currently, no surrounding municipalities that border the Borough have fire code enforcement.

In 2019, Hamilton, Guilford, and Greene Townships should review the advantages, and 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 Pennsylvania Municipal Code Alliance (PMCA) replaced CCIS.

With an established fire code ordinance and inspection program, the benefits could be tri-fold for the commercial occupancies within their jurisdictions. The advantages are that it could lower their insurance premiums, drastically reduce the property loss value, as well as provide a safer establishment for both the owners as well as the customers who occupy the business. Additionally, a business that has reduced fire risks plays directly into the safety of first responders within their community as they are less likely to respond to a large fire at the facility. It is one of the biggest pieces of the puzzle in a Community Risk Reduction (CRR) program.

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. If an agreement was reached, it would take approximately six to eight months to implement.



State Grants

The OSFC granted \$15,000 to CFD for the purchase of turnout gear coats, pants, hoods, gloves, helmets and boots.

The State Fire Commissioner’s Office (OSFC) granted \$11,727.52 to the Cumberland Valley Fire Co. No. 5 for the purchase of a turnout gear coats, pants, hoods, gloves, helmets and boots.

The State Fire Commissioner’s Office (OSFC) granted \$11,543.23 to the Junior Hose & Truck Co. No. 2 for renovations to the McKinley Street fire station.

The OSFC granted \$11,543.23 to Goodwill Fire Co. No. 3 for rescue equipment, to include rescue ram, struts, and cribbing, vital to rescues involving vehicles, machinery, as well as rapid intervention usage.

2019 Goals

- Expand fire prevention program to more community organizations
- Continue to build part-time employee numbers
- Review options with declining volunteer numbers within the state
- Conduct assessment of operations to improve service delivery
- Preplan high hazard occupancies (Phase 2)
- Increase hands-on operational training

2019 Projects

- Purchase fire extinguisher training props for community outreach training
- Continue with upgrades to provide adequate living facilities for additional staffing at HQ and McKinley Street

Staffing

We anticipate staffing to remain unchanged, other than we are carrying one extra firefighter in advance of future upcoming retirements.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 Budget
Chief	2	2	2	2	2	2	2	2	1	2	2	2	2	2	2
Clerical	1	1	1	1	1	1	1	1	2	2	2	2	1	1	1
Officers	18	21	21	22	21	21	21	21	21	21	21	21	21	24	25

Effective January 1, 2019, the Borough will employ 25 full time officers, including 4 captains, plus 2 fire chiefs, 1 volunteer fire chief, and as many part time firefighters as necessary.

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?

Many municipalities across the United States have moved to the regionalization concept with their local fire departments. Over the past twenty-years the number of active volunteer firefighters has dropped from 300,000 members to an estimated number of under 40,000 within Pennsylvania. These numbers are affecting every department including those within Franklin County.

Perhaps, all the municipalities should contract with the Chambersburg ES Department to provide fire suppression services?

In the near future local municipalities, members of the Council of Governments, the Franklin County Fire Chief's Association, and fire departments within the county will be involved in a study which will focus on current staffing and possible options for departments, in order to move forward to provide excellent and dependable emergency services for their communities.

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.

It is hard to look at public safety, which involves life and death situations, in terms of money. The Borough is allocating \$4,781,705 in 2019 for fire prevention, fire suppression, fire code enforcement, and basic life support ambulance service. This is a level of commitment, on a per capita basis, unseen in other regional municipalities; and likely what is necessary going forward.



811 Progress Road - 625 East Catherine St

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: Julie Redding

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
<u>Recreation Operations</u>	\$1,406,525	\$1,481,715	\$1,389,275
<u>Earmarked Revenue</u>			
Recreation Tax	\$ -	\$ -	\$ -
Recreation Fees	\$ 216,942	\$ 241,000	\$ 189,500
<i>Subtotal</i>	<i>\$ 216,942</i>	<i>\$ 241,000</i>	<i>\$ 189,500</i>
Excess (Deficit)	(\$1,189,583) Deficit	(\$1,240,715) Deficit	(\$1,199,775) Deficit

Each year, the Recreation Department budget is balanced by miscellaneous revenue in the General Fund, which is why it is important to set the Police Tax and Fire Tax to pay for those operations.

There is **no** Recreation Tax in Chambersburg. The Recreation Bond Tax does not help finance operations.

The Recreation Department has done an excellent job of creating programs and expanding revenues annually. With that said, there is no dedicated source of recurring tax revenues used towards recreation in Chambersburg, other than undesignated revenues and recreation receipts.

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

Recreation Department Staff

- Julie Redding, Recreation Superintendent
- Jody Mayer, Office Manager
- Samantha Hewitt, Program/Office Assistant
- Guy Furfaro, Aquatic Center and Sports League Coordinator
- Larry Truett, Aquatic Center and Borough Hall Maintenance Technician
- Rodney Clark, Recreation Center and Park Maintenance Supervisor

Full Time Maintenance Personnel

- Cortney Peyton
- Jeff Umberger
- Chris Stewart

Part Time & Seasonal Personnel

- 7 part-time, seasonal maintenance workers
- 10 part-time security guards
- 100+ part time, seasonal Aquatic Center and program personnel

What the Rec Department does:

Maintain 16 parks within the Borough, 8 of which provide playgrounds, totaling approximately 100 acres.

Provide over 175 programs and leagues annually for pre-school kids through senior citizens.

Operate with a full-time staff of 9 and a part-time/seasonal staff of over 150 people.

Operate and maintain the Chambersburg Aquatic Center which brought nearly 70,000 visitors in its first year!

Operating Challenges:

Within the past 12 months, the Recreation Department has experienced significant personnel changes and transitions, which has improved certain aspects of operations, yet has also imposed challenges in others.

We transitioned from a staff that included an Assistant Superintendent to only a Superintendent, which created a shift in many of these responsibilities to other current, full-time office, and program employees, as well as required the support of additional, part-time office, and program personnel to accomplish all these essential duties.

We hired a full-time Maintenance Supervisor, which brought significant organization and improvement to this facet of our Department. Acclimating Rodney proved to be a short learning curve as he adapted quickly, and provided leadership and direction that has been well-received by the crew.

We hired a full-time Aquatic Center and Sports League Coordinator to provide direction, guidance, and supervision to these functions of the Department. Guy is still learning his role in each of these areas and continuing to gain a working understanding of his responsibilities within the Department.

We hired a full-time Aquatic Center and City Hall Maintenance Technician, who joined us near the final phases of Aquatic Center construction. Larry adapted very quickly, accepted his known and unknown responsibilities, and kept things operating smoothly through all mechanical and maintenance facets the facility required this summer.

Samantha, our full-time Program and Office Assistant, began maternity leave October 4, 2018, which will require additional, part-time office and program support during her absence.

The proposed 2019 Budget includes the following personnel changes in an effort to maintain all program development and administrative responsibilities, which have now shifted to other staff resulting from the loss of the Assistant Superintendent's role:

We have expanded the responsibilities of the Program and Office Assistant, recognizing the complexity of her new and required duties. Classification is a determination made by the Borough's independent human resources consultant. The Program and Office Assistant is paid 50% from our General Fund Budget and 50% from the Clerical Pool in the Administrative Services Department.

Additionally, the proposed 2019 Budget expands the role of the seasonal part-time Recreation Program Assistant employee into a regular part-time year round employee. This employee will now work under 40 hours per week, but year round, which results in a change in compensation.

These changes will provide necessary adjustments to the program and office support functions of the Department, allow staff to respond to customers more efficiently, as well as enhance and develop our program menu at a price tag well under the current 2018 Recreation wages and benefits budget.

In the end, the proposed 2019 Budget demonstrates a reduction overall.

General Recreation Financial Overview

General Recreation Areas	Operating & Maintenance Expenses	
Recreation Center -----	2018 Budget \$187,500	As of 8/31 \$97,000
Memorial Park -----	2018 Budget \$135,000	As of 8/31 \$89,000
Other Park Areas Including the Rail Trail ----	2018 Budget \$178,000	As of 8/31 \$125,000
Total Expenses for These Areas -----	2018 Budget: \$500,500 (those expenses for just these facilities)	As of 8/31 \$311,000

The Recreation Department generates revenues to offset operating expenses by offering programs and leagues, and renting rooms at the Rec Center, pavilions and various sport fields.

General Recreation Receipts as of August 31, 2018: \$121,000

It is typical and anticipated that recreation operations in most communities do not break-even, unlike utilities.

Annual Goal/Challenge

Continue to offer more quality programs that engage the citizens of our community while working with limited resources to accomplish this mission.

- Programs Generating the MOST Participation / Revenue: Sport Leagues & Programs
- Programs Generating the LEAST Participation / Revenue: Arts / Specialty Classes

Revenue Generating Ideas/Goals for 2019

- Improve marketing of Recreation Center facilities and all outdoor spaces to generate more rental income through the use of multiple social media platforms.
- Continue to offer creative and diverse programs, and continue to enhance successful programs to expand participation.
- Collaborate with other local/similar agencies to provide healthy events for area residents as partnering increases participation and therefore revenue.
- Install air conditioning in Gym 2 to encourage rental and more program opportunities during the summer months.
- Increase program and rental fees that have not been raised for several years.
- Improve condition of baseball and softball infields to increase rental opportunities.

Recommended General Maintenance Repair/Improvements Utilizing the Operating Budget for 2019

- Improve condition of baseball and softball infields to provide more rental opportunities.
- Improve condition of soccer fields' over-use areas.
- Continue to replace all faded and rusted signage in parks.
- Repair remaining crumbling concrete wall sections at Henninger Field Park.

Capital Expense Recommendations for 2019 Utilizing the Recreation Bond Funds

- Repair / Replace Sections of the Rec Center Roof: \$85 - \$115,000
- Nicholson Square Phase 2: \$225,000
- Replace Tennis Courts at Memorial Park: \$186,000
- Repair Tennis Courts at Buchanan Elementary: \$32,000
- Restore Two Tennis Courts at Henninger Park: \$100,000
- Install Air Conditioning in Gym 2: \$125,000
- Install new windows on the front of the Rec Center: \$12,000

Total Project Estimation: \$765,000

There is approximately \$880,000 remaining in the Recreation Bond after the completion of the Aquatic Center, which will be detailed later in this budget.

Nicholson Square Park Improvements Project Phase 2

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 2018. The project included: 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 was estimated at \$466,242.

The Borough identified sufficient funds to provide for the first phase of the project through an award of a DCNR grant of \$150,000 for this project. In addition, the Nicholson Square Homeowners Association provided \$50,000 towards Phase One. Phase one began in early 2018, and the contractor has completed this work earlier this fall.

The Recreation Department has identified some project details for Phase Two. Phase two will include the walking trail, additional landscaping, and the installation of a multi-purpose athletic field. In 2018, the Borough did not receive a second grant from DEP, but the Borough is reapplying for this grant. Further, the proposed Capital Improvement Plan identifies funding from the balance of the 2016 Recreation Bond, the source of funding for the Chambersburg Aquatic Center and the 2018 playground replacements Borough-wide, as the source of funding to complete Phase Two without the grant. Phase Two of the project is anticipated to cost \$225,000.



A Year in Review

The past twelve months have proven to become a year of ‘History in the Making’ for Chambersburg Recreation, because NEVER, in the history of the Department, have the Borough residents received such positive and significant change and growth in ONE year! These quality of life enhancements to our recreation infrastructure will provide opportunities for recreation and enjoyment for the next several decades.

Playground Renovation Project: \$389,000

- Installed 7 NEW Playgrounds in 6 Parks

Nicholson Square Park Phase One: Total of \$389,600, but only used approx. \$52,000 from the Bond

- Installed two separate play areas: Tot (ages 2-5) and Youth (ages 5-12) Playgrounds
- Installed a Pavilion
- Created a paved walking path to the playground
- Installed two ADA parking spaces

Replaced the passive recreation pedestrian bridge over the Falling Spring near the Founders Statue at the Chambers Fort Park on King Street: \$75,000

Total Recreation Capital Project Expense Utilizing Recreation Bond Funds: \$516,000

Two Greatest Significant Changes in 2018:
Installation of Eight New Playgrounds
Construction of the Chambersburg Aquatic Center

It may not sound like much when summarized in two bullet points, but the youth of today will, one day, take their own children to experience what the Borough committed to providing this year; and, that has already created positive memories, opportunities for physical activity, and improved their quality of life for our entire community; for generations to come – and that impact cannot be quantified!

Healthy Community

We continue working with the Healthy Franklin County Built Environment and Physical Activity Task Force. We are also working with Summit Health Community Gardens program. We have collaborated up with the school district to provide sites for their Nutritional Meals Program. Each day over the summer months the school district food service department came to various parks and provided children with nutritional meals, free of charge. We supported the Coyle Free Library and their program Get Outdoors with Coyle. Library staff came to various park areas and provided children’s activities, as well as read to them.



Land Use & Community Development Department



Affectionately known as LU-COM-DEV

The Chambersburg Land Use & Community Development Department includes the comprehensive land use functions, land development plan review, as well as enforcement of building, health, and property maintenance codes. The Land Use & Community Development Department helps to plan and review land use that is consistent with the Borough's form and character. They 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

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
<u>Operations</u>	\$606,962	\$657,365	\$809,285*

* - Includes additional expenditures for the update of the Comprehensive Plan, sidewalk & curb engineering, and engineering expenses for the planning of street paving in 2019

The Chambersburg Land Use & Community Development Department includes four offices: Planning Office, Zoning Office, Community and Economic Development Office, and the Code Enforcement Office, which handles building, health, and property maintenance codes. Please note that issues related to the health code or the Board of Health have been delegated to the Assistant Borough Manager, who specifically administers those matters.

The Department staff supports the Health Board, the Planning and Zoning Commission, the Curb and Sidewalk Policy 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 & Community Development focuses on any topic related to land use issues, grants, strategic planning, or economic development.

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 Policy 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 & Community Development Department staff works with everyone to ensure 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 budget: 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.

The Codes Office's goals and challenges for 2019 include:

- Start using new software system and web-based portal for customer access;
- Paint and renovate second floor area of Borough Hall to accommodate employees when they return from Kerrstown Square;
- Seek Town Council approval to amend the Rental Property Code to provide for the issuance of an annual license and to adjust program fees accordingly with goal to begin issuing annual licenses for the Residential Rental Unit Inspection Program in 2020;
- Work with PMCA to better explain their fees on the Master Fee Schedule that is adopted by Town Council;
- Work with Solicitors Office to prepare Franklin County repository bid form to purchase 65 South Franklin Street and, if purchased, coordinate maintenance and sale;
- Conduct code enforcement training for Chambersburg Fire Department;
- Work with Assistant Solicitor to prepare Ordinance to require registration of properties in mortgage default and amendments to Property Maintenance Code to better regulate motor vehicles and abatement of violations on private property.



Before and After Photos of Condemned house at 135/137 E Garfield Street

Remediation Agreements

In 2018, the Borough entered into Remediation Agreements with the new owners of five (5) dilapidated properties that went to Franklin County Sheriff's sale. The Agreements set a schedule of work to be completed in order to get them compliant with the Property Maintenance Code, in exchange for relief from outstanding Borough utility fees, which had accrued prior to their purchase of the property. Two of the five properties gained code compliance, with the remaining three properties on schedule to complete the necessary work to become compliant.



Using remediation agreements, and waiving outstanding utility fee balances from previous owners to encourage code compliant upgrades of dilapidated properties



Tall Grass and Brush Enforcement

In 2019, the Borough will continue this very successful inspection protocol using a part time enforcement officer.

Brush, Grass & Weeds Code

Year	Violation Notices
2016	795
2017	750
7/31/18	301



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 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 (4,631 rental units billed in 2018)

Year	Systematic Inspections	Follow-up Inspections	Total Rental Unit Inspections
2016	1,050	536	1,586
2017	986	479	1,465
7/31/18	652	213	865

Property Maintenance Code

Year	Rental Unit Violation Notices	Non-Rental Unit Violation Notices	Total Violation Notices
2016	253	109	362
2017	159	57	216
7/31/18	115	36	151

In 2019, the Codes Office will work closely with the Director of Finance to ensure forthcoming software implementation accommodates the needs of code enforcement functions. In 2020, the Codes Office plans to seek from Town Council approval to amend the Rental Property Code to provide for the issuance of an annual license and to adjust program fees accordingly; with 2021 being the anticipated year to begin issuing annual licenses for the Residential Rental Unit Inspection Program.

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 2019 include:

- Prepare Request for Proposal to provide Planning Consultant Services to conduct update to the Comprehensive Plan that was adopted in 2008;
- Work with Pedestrian & Bicycle Advisory Committee and Engineering Office to develop Complete Streets Policy;
- Evaluate criteria to seek Platinum Sustainable Pennsylvania Community Certification;
- Draft amendments to the Subdivision and Land Development Code, Zoning Code and other codes as referred by Town Council
- Provide to BOPIC \$16,000 to assist the Elm Street Program with the hiring of a part-time administrative assistant for program implementation assistance;

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 2019 include:

- Continue to pay expand the role and projects of the Economic Development Specialist;
- Continue to pay Urban Design Ventures from CDBG Program Income;
- Serve as intermediary for small business operators to navigate Land Use Permit Application and PMCA permit application processes;
- Finish Elm Street Neighborhood Plan update and work with BOPIC, DCI and PA Downtown Center to seek re-designation for Elm Street Program and Main Street Program;
- Continue Downtown Maintenance oversight including street trees and tree pits and the waterwheel as well as discuss with Town Council plan to better manage and finance annual street tree light installation and maintenance program;
- Work with Engineering Office and Storm Sewer Utility to prepare plan to repair Mill Alley stormwater drainage and resurface Pioneer Trail;
- Consult with the Electric Department to determine whether more funding should be allocated to revolving grant/loan program for churches and non-profit organizations to finance energy efficiency improvements;
- Host another public information session on the Fair Housing Act of 1968;
- To re-start the Housing Rehabilitation Program prepare application for CDBG or HOME as administered by HUD or DCED.

Downtown Maintenance (Community and Economic Development)

The Community and Economic Development Office manages a budget of \$50,000 for Downtown Maintenance, which is used to pay for watering flower baskets throughout the downtown, pruning trees, bushes, hedges around Memorial Square and in walkways and parking lots, sidewalk repairs, maintenance of Chambers Fort Park, including the waterwheel, snow removal and salt on walkways, and at intersections from King Street to Washington Street, tree removal and maintenance of tree pits in the downtown, and brick pavers in walkways.





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.”

In 2017, McKissick Associates, of Harrisburg, broke ground on a mixed use redevelopment. The company, owned by Vern McKissick, has already begun demolition at the site and separation of the two parts of the historic building in the original 1919 wooden school and the more modern auditorium addition. The Rose Rent Lofts should be completed by 2019.

We have worked to partner with this project.

In addition, in 2017, the Borough provided an Anchor Building Loan to the Franklin County Visitors Bureau. The FCVB has purchased the old Santander Bank on Memorial Square and plans on renovating it into new FCVB offices as well as an exhibit space for community tourists and visitors.

This grant has helped facilitate this important project, which is expected to open in late 2018.

Downtown Lights

In 2018, Guy Shaul, Community and Economic Development Specialist, worked with the Downtown Business Council (DBC) and volunteers, Will Pananes and Paul Cullinane, to develop a plan to better address the annual volunteer effort to maintain lights in the trees along Main St. For many years, DBC, most notably Will Pananes, utilized volunteers, both individuals and local business representatives, to maintain the lights; except, the lights on trees and the Christmas Tree on Memorial Square that are maintained by the Borough Electric Department. It is a huge task requiring lots of people and equipment; and, some injury liability for volunteers that climb ladders to put lights in the taller trees. Those participating in the process in order to establish a better program, want to retain the volunteer component, but provide professional assistance for the trees that cannot be strung with lights by standing on the ground or by using short ladders.

In October 2018, Town Council approved a new plan to address the Downtown Lights Program, including:

A. Provide \$6,000 in 2018 from the Borough Electric Department to hire Bartlett Tree Experts to install new lights on taller street trees along S. Main St. between Lincoln Way East and E. Washington St. under the direction of Will, Guy and DBC. \$6,000 is in addition to \$5,000 already provided to DBC in 2018 for lights and downtown events. Lights to be installed by Bartlett Tree Experts and volunteers will be purchased and provided by DBC. Guy will coordinate with Bartlett Tree Experts to trim trees, and remove existing lights before new lights are installed. Lights on shorter street trees along S. Main St. between Lincoln Way East and E. Washington St. will be installed under the direction of Will, Guy and DBC.

B. Provide \$3,000 per year in 2020 and beyond from the Borough Electric Department, subject to budget appropriation, to hire a contractor to install new lights on taller street trees along S. Main St. on a rotating block-by-block basis between E. King St. and E. Washington St. under the direction of Will, Guy and DBC. Please note, \$3,000 would not be necessary in 2019 since lights along N. Main St. between E. King St. and Lincoln Way East were replaced in 2017. \$3,000 provided in 2020 and beyond would be in addition to \$5,000 already provided to DBC for lights and downtown events, for a total of \$8,000 per year. Lights to be installed by a contractor and volunteers will be purchased and provided by DBC. Guy would coordinate with contractor to trim trees, and remove existing lights, before new lights are installed. Lights on shorter street trees along S. Main St. will be installed on a rotating block-by-block basis between E. King St. and E. Washington St. under the direction of Will, Guy and DBC.

C. The Borough Electric Department will continue to install lights on all trees and Christmas tree on the square under the direction of Will, Guy and DBC with lights to be purchased and provided by DBC.




Source: Greater Chambersburg Chamber of Commerce

Downtown Chambersburg, Inc. (DCI)

DCI's mission is to drive economic development through business recruitment and retention, as well as the administration of programs that positively affect the look, feel and perception of Main Street thereby attracting investment. Through the 2019 budget Town Council will continue to financially support DCI to administer the downtown partnership marketing program at a rate of \$20,000 per year 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.



2019 Priorities

<i>Organization Development Priority #1</i>	Create committees, stake holders, & volunteers to help carry out the priorities, strategies, and goals of DCI and the Main Street Approach	<i>Promotions / Marketing Priority #1</i>	Create a video that promotes our downtown.
<i>Design Priority #1</i>	Continue to advocate for bicycle and pedestrian improvements and partner with stakeholders on bicycle and pedestrian projects.	<i>Safe, Clean, & Green Priority #1</i>	Work with our stakeholders to identify opportunities to add lighting in downtown and fund raise and/or compete for grant funding for lighting.
<i>Design Priority #2</i>	Identify buildings and building owners willing to partner with our organization to submit a competitive façade grant application to the Department of Community and Economic Development.	<i>Safe, Clean, & Green Priority #2</i>	Work with our stakeholders to improve safety.
<i>Economic Vitality Priority #1</i>	Actively attract restaurants and businesses to our downtown.		
<i>Economic Vitality Priority #2</i>	Advocate for the creation of restaurant space, identify buildings that have restaurants or could hold a restaurant, and work with partners to create funding opportunities for the creation of restaurant space.		
<i>Economic Vitality Priority #3</i>	Find ways to circulate the new county courthouse payroll to retail/restaurants within our downtown		



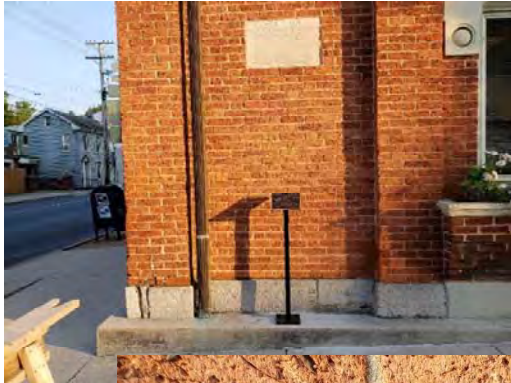
Total Contributions for 2019

\$20,000 = Marketing the Downtown

In addition, the Borough schedules \$17,900 to cover the waiving of fees associated with Downtown events. We estimate an expense of \$10,000 for our participation in Downtown Festivals, the Highway Department spends about \$35,000 in maintenance of the Memorial Square Fountain and the Glen Street Fountain, and the Borough budgets \$32,000 per year for the maintenance of all the Downtown Street Trees and other neighborhood tree activities by the Shade Tree Commission.

Market House Plaque Mounted Adjacent to Borough Hall along East Queen Street

In 1874, a marble block was installed on the exterior wall of Borough Hall facing East Queen Street. The block, which is approximately seven feet above the surface of the sidewalk, contains text that is severely faded. A bronze plaque depicting the text on the block was installed on the concrete curb immediately adjacent to Borough Hall.



Highway Department



The Highway Department performs a variety of maintenance tasks for the Borough of Chambersburg. While most jobs involve road maintenance, a significant portion of the workload is dedicated towards helping the Borough perform a wide variety of non-highway related maintenance activities. Frequent assistance is rendered to the Codes Departments, Stormwater Department, and the Gas, Water and Sewer, and Electric Departments in accomplishing their daily tasks.

Department Head: David Finch, Assistant Borough Manager/Director of Public Works

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
<u>Operations</u>	\$1,087,784	\$1,184,635	\$1,128,560

Specifically, the Department performs a wide variety of street maintenance activities, such as pothole repair, patching whole sections of streets, making sure that signs and street markings are kept up to date, and anything else related to keeping the streets of the Borough safe. The Highway Department has also been responsible for street sweeping, although this function will be transferred to the Sanitation Department in 2019. Besides maintaining streets, the Highway Department has provided significant support to other Borough Departments. Some examples include (for the Property Maintenance Department) mowing lawns and picking up debris from properties in violation of local law; assisting the Fire Department with fuel spills after accidents; selecting and setting up the Borough Christmas Tree; cleaning bird excrement off of sidewalks; chasing bees out of parking lots; removing illegal signs from telephone poles, assisting with the management of hazardous fuel spills; maintenance of the Memorial Square and Glen Street Fountain; and helping the electric department set telephone poles in concrete bases. While many of these jobs have nothing to do with highways, it is still a responsibility for this Department.

As has been noted in past years, these are not interruptions to the daily routine, but are the definition of it.



Highway Personnel Help with a Storm Water Project

David Finch (Assistant Borough Manager/Public Works Director), Elwood Sord (Assistant Public Works Director/Roadmaster) and Dennis Fleagle (Public Works Supervisor/Assistant Roadmaster) run this department.

Major items for 2019:

- The Department will continue to assist Mr. Stottlemeyer in the remediation of storm water related problems throughout the Borough.
- A systematic crack-sealing program to better preserve existing streets will be instituted



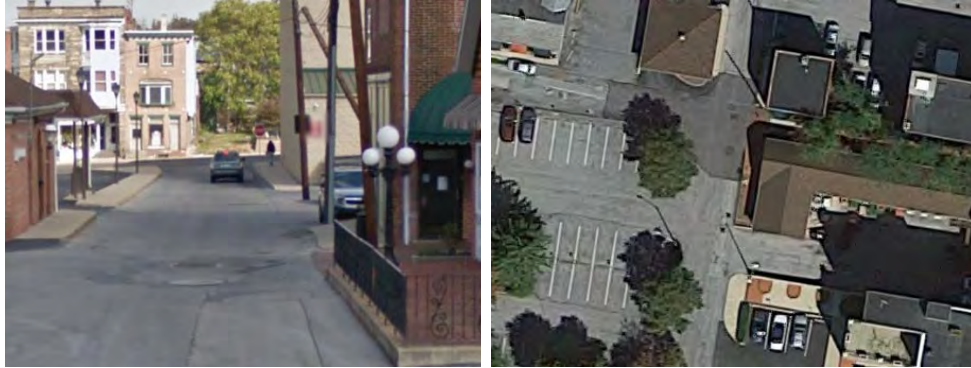
Maintenance of the Memorial Square Fountain

Let it snow!

The Borough's snow removal expenses are perhaps one of the most unpredictable General Fund expenses to effectively budget for, as they are directly related to winter weather, which can and does vary greatly in its frequency and severity from year to year. As a result, related expenses can also vary greatly from year to year. For instance, in 2016, the Borough experienced substantial snowfall events, resulting in an abnormally high removal expense, amounting to \$428,868, while in 2017, related expenses were only \$85,889. In 2018, \$157,000 was budgeted, while as of September 30, 2018, expenses amounted to \$120,050. As such, in 2019, the Highway Department snow removal budget will be set at \$128,500, which is generally in line with historical annual costs.

Non-Utility Ditch Patching:

In addition, the Highway Department has increased their pothole patching budget from \$143,000 in 2017 to \$220,000 in 2019. This is the only money set aside to do any work on Borough alleys.



A major patch, such as this one on Black Avenue, cost the Borough \$17,964 to fix

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

Further, there are not enough funds provided by our Highway Aid grant money (a grant provided by PennDOT on the sale of Liquid Fuels) to provide sufficient resources to fix and pave any of the alleys throughout 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/returned to the adjacent property owners (although in many cases must remain open for traffic) or can be upgraded under the State Law.

This would be a radical departure from our previous methods of funding alley improvements. There is no alternative to address alleys. This proposal will need to be thoroughly debated soon as alleys are becoming too neglected.

This year, the Borough Manager is proposing a study to find a new way to fund alley paving with the formation of a new committee. Once the Curb and Sidewalk Master Plan is published (estimated to be before the end of 2019), the Engineering Department should transition, from the study of curbs and sidewalk, to the study of alleys. Further, staff is recommending a comprehensive funding scheme be developed to address the serious condition of back alleys. Chambersburg owns many (although not all) of the many back alleys. It appears we own more back alleys than most similarly sized communities.

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.), which 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

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
<u>General Operations</u>	\$1,518,398	\$1,494,480	\$1,727,375

Includes insurance, tax collection, printing, dues, legal costs, training, and advertisement of ordinances

<u>Civic & Downtown Operations</u>	\$123,661	\$173,845	\$157,925
--	-----------	-----------	-----------

Includes emergency management, Shade Tree Commission, and civic events

<u>Transfer to Capital Reserve, etc.</u>	\$1,048,000	\$50,000	\$-
--	-------------	----------	-----

Includes transfers for street projects (if available) and other capital projects in future years

Each December, beginning in 2014, the Borough uses this Cost Center to transfer miscellaneous revenue to the following year's General Capital Reserve to insure there will be a street paving program. We never budget for the transfer, but we hope that it is around \$1 million. If the General Fund has a tough year, there will be no transfer and fewer streets paved the following year.

This Cost Center includes compensation for elected officials (including the Tax Collector). This Cost Center includes the contribution from the General Fund to the Administrative Services Fund to pay for Information Technology, Personnel, Finance, and Customer Service related to General Fund (rather than utility funds) operations. This Cost Center includes insurance, safety expenses, printing, advertisement and the costs associated with the Wage Tax Bureau. This Cost Center includes money for the Solicitor's general activities (rather than utility funds). This Cost Center includes expenses for civic purposes, downtown festivals, maintenance of walkways/benches/trees, operation & maintenance of fountains, maintenance of landscaped areas around town, Shade Tree Commission expenses, and Emergency Management.

Major items for 2019:

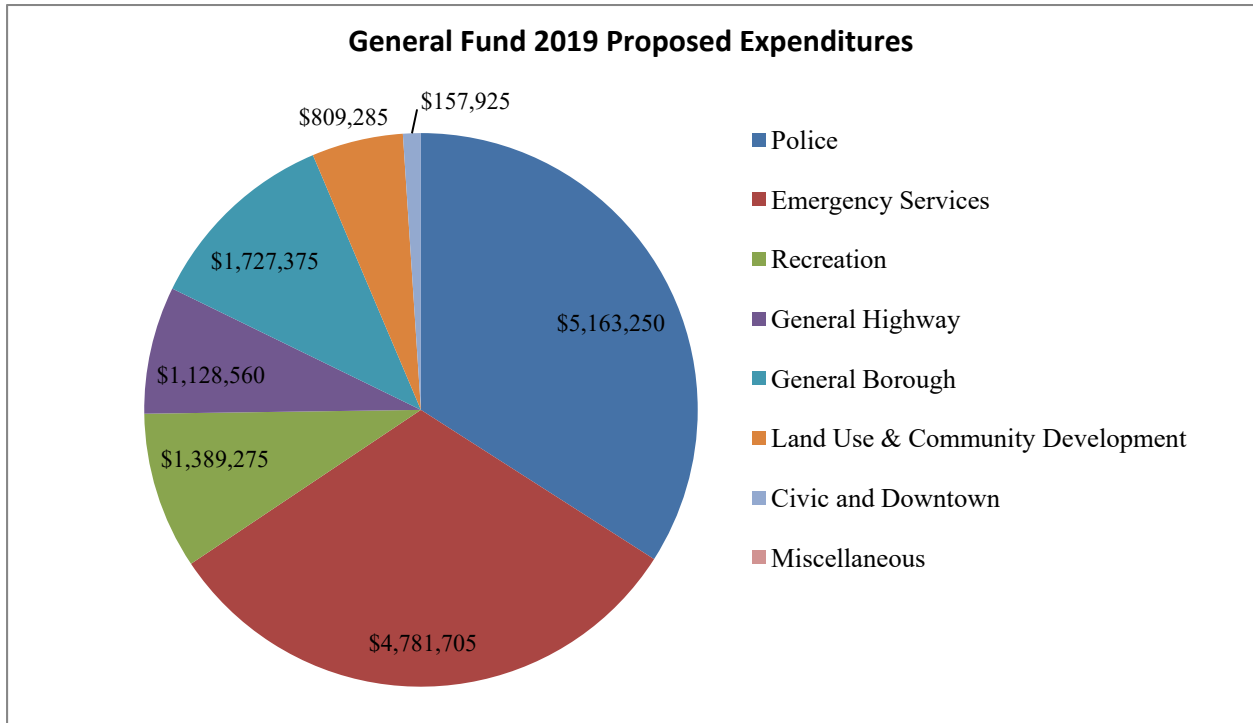
- Elected officials compensation remains fixed with no increase (per State law)
- Borough Solicitor compensation will rise 2% in 2019. In addition, the Solicitor has made a request to not increase the January lump sum payment he receives for his administrative back office operations.
- This budget includes keeping assistance for the Shade Tree Commission steady at \$32,000 to support the three major works of the Commission (tree grants, downtown tree improvements, and tree pit material testing)
- Support of the Ice Fest Ice Slide installation will continue at a cost not to exceed \$5,000

- 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 2017; 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



Downtown Chambersburg Packed for the Duck Derby





2019 Budget		
Police	\$ 5,163,250	34.1%
Emergency Services	\$ 4,781,705	31.5%
Recreation	\$ 1,389,275	9.2%
General Highway	\$ 1,128,560	7.4%
General Borough	\$ 1,727,375	11.4%
Land Use & Community Development	\$ 809,285	5.3%
Civic and Downtown	\$ 157,925	1.0%
<i>Total Expenditures</i>	\$ 15,157,375	
<i>Total Revenue</i>	\$ 15,157,375	

- In 2019, the Borough's GENERAL FUND BUDGET will be \$15,157,375. In 2018, the Borough's GENERAL FUND BUDGET was \$14,950,500. This represents a 1.4% increase, and is likely a realistic gauge of actual growth in the Borough's spending plan, given the employment of the Police and Emergency Services Department.
- The 2019 General Fund Budget is balanced.
- Of the total expenditures planned in the General Fund, 65.6% are for Police and Emergency Services.
- Of the total expenditures in Police and Emergency Services, 74% are for personnel costs (wages and benefits).
- Unlike almost every other town, Chambersburg does not keep back office operations in the General Fund. This way, they can be billed to the utility funds in proportion to their use of these operations.

11/5/2018



Electric Department Budget

As Proposed for 2019 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Electric Department Budget

As Proposed for 2019

The Electric Department serves over 11,400 electric customers in South Central Pennsylvania covering a service territory of about 6.5 square miles in the Borough of Chambersburg. Chambersburg's electric customers, unlike many regions in the country, are still composed of a diverse, healthy and traditional mix of residential, commercial, institutional, and industrial facilities. The Borough must, therefore, plan years ahead to have the energy and peak power available to meet the higher forecasted electric loads, 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 in our area. The Cumberland Valley Railroad Company constructed a portable electric light plant located on a railcar in 1883. In 1884, this device lit arc lamps around Memorial Square for the Centennial Celebration and lit the grounds for a baseball game which was played one night on North Third Street at the corner of King Street, the first organized night baseball game anywhere in history.

On November 29, 1889, the Borough placed a contract for installing the Borough's own 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 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 along the Falling Spring in 1893. The high voltage distribution system naturally grew over the years from the power plant off Light Avenue. This system became the central driving force for commerce as local industries embraced electrically driven machines. Rates were \$0.12 per kilowatt hour 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 Borough generation facilities.



Credit: Mike Marotte, III.

Dissatisfied persons within the Borough sought to restrain the Borough from producing electricity in its very early years. Fortunately, the courts dismissed a legal challenge around 1904. The now named “Park of the Valiant” on 2nd Street near the Headquarters Fire Station was built in the 1938-1939 time period as a “floral park” and to commemorate the success in keeping local control of what turned out to be one of the Borough’s greatest financial assets.



Park of the Valiant Fountain

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 for customer load growth. 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 became West Penn Power Company) to augment the Borough’s generation. After the war-related restrictions were lifted, Chambersburg began to invest in needed generating equipment into the 1940’s/60’s with the addition of boilers and steam turbines; and later two dual-fueled diesel/gas engines respectively.

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 Electric 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 is now being used to support the infrastructure of government organizations, our computer networks, and someday soon our telephone systems. In 2019, the Borough network will be expanded to include all the new Franklin County office facilities including the new Judicial Center on Memorial Square.

Clearly, as we approach 2019, existing technologies, utilizing various fuels, for traditional electricity generation, as well as new generation and renewable energy technologies, and the changing wholesale power marketplace, are adding complexity to Chambersburg's business decision-making. With all of these competing business forces and the demands for management's attention, the Electric Department is planning for mandatory and necessary periodic maintenance, a complex capital improvements plan, strategic equipment additions, customer growth and satisfaction requirements, and developing staff and systems.

From the early 1900s through the late Twentieth Century, the U.S. focused on interconnecting, building millions of miles of transmission, and numerous and big generators to serve big and expanding service territories. Now interconnected, these systems, called regional transmission organizations, are governed by independent system operators. In some ways, the focus of the future of the industry is swing from big electric utilities back towards local generation, also known as "distributed generation". Today municipal electric utilities, such as Chambersburg, enjoy the best of both worlds, the benefit of the national grid as well as local generation and transmission projects.

We have spent much of 2018 running our Wartsila (Finland) constructed power plant at Orchard Park, including our four V-eighteen cylinder, 8,086 horsepower engines that generate about 5.8 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 Chambersburg is now able to purchase and sell electricity directly onto 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/Progressive Waste), 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" to deliver the power to Chambersburg, which was then completed on time and under budget.

In late 2012 (testing), early 2013 (commercial), a PPL Renewable Energy 6.4-megawatt methane-to-electricity power generation system opened at the Blue Ridge Landfill. The landfill provides 3.2 million cubic feet of methane gas from the 268-acre facility to power four Caterpillar engine generators. The generators 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 typical emissions of raw or flared (burned-wasted) methane.

Chambersburg, to this day, has acquired 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. Since the power is delivered behind the Borough's electric meter, the Borough's capacity or demand charges are less, thereby lowering the net cost of the renewable power purchases to more nearly \$56/MWh in 2017. In addition, if it remains economical, there is the potential for the owner to extend the term and sell more power to the Borough, further reducing our capacity payments to the PJM. The electric energy produced from this landmark renewable energy/capacity facility again this past year represents an estimated 16% slice of the Borough's overall electricity needs.

As you may recall, the Borough's long standing single power supply agreement with DTE Energy (the former Detroit Edison) expired on December 31, 2012 and the Electric Department has since been entering into multiple new lower cost wholesale power supply agreements, a practice which started in 2013. The cost of wholesale energy generally remains very 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.

As it is with the various developing electric markets themselves, the Borough has found that it is best served by many and differing sources of power supplies, a "portfolio" of both power purchase agreements (PPA's) and iron in the ground or real electricity generation plants. The trademark of Chambersburg is that it has managed generation assets, interconnections, and power purchasing agreements for over 125 years. There were basically coal fired-steam power plants in Chambersburg up until the 1970's, now there are many possibilities to carefully consider.

Reciprocating natural gas/diesel (dual fueled) engines were introduced in the 1960's to supplement the growing power supply needs of Chambersburg at a cost of approximately \$5 million.



Falling Spring Generation Station - Unit #7 (1999) in Foreground, #6 (1968), and #5 (1968)

The previous Electric Superintendent, our team of engineering and management consultants, and Town Council has had the foresight to add more engines through today, at a cost of approximately \$20 Million. The decision to add more generation assets came at a time when power costs were still relatively inexpensive. Who would have thought that the decisions made by Council back then would ultimately become the solution to lowering and stabilizing retail rates during the period from 2010 through today?



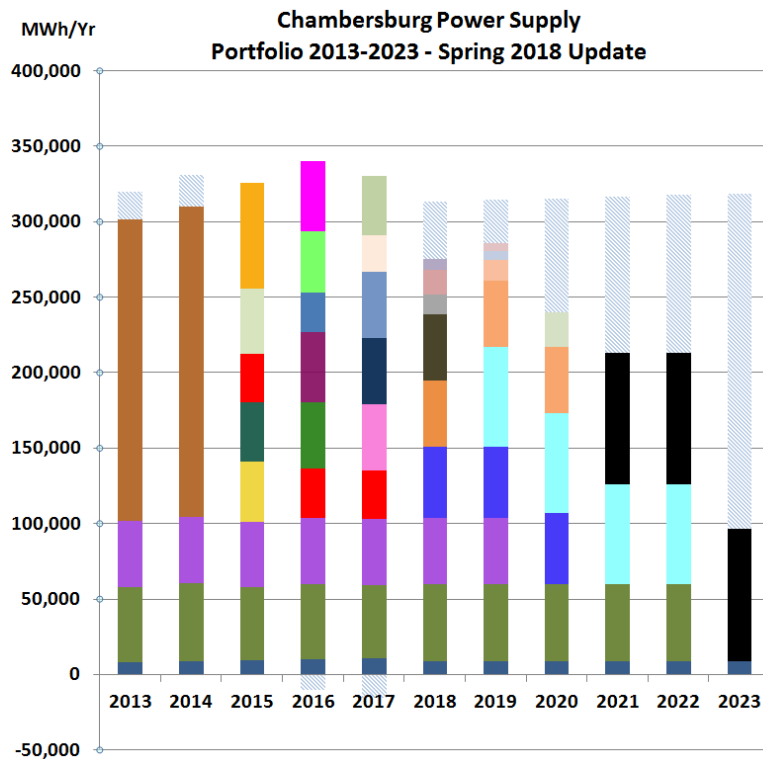
Orchard Park Generation Station - Unit #8 in Foreground, #9, #10, and #11 (2003)

The present Borough-owned sets of engines, Falling Spring Generating Station (7 MW), Orchard Park (23 MW), totaling 30 MW are operated as network resources for the Pennsylvania Jersey Maryland Interconnection (PJM). These investments have made sense to the Borough historically as they have offset the Borough's "load" capacity payments to PJM in excess of the debt service on the assets. Once more, PJM pays for the energy generated from the units. To continue receiving these benefits, Chambersburg must maintain the units such that they are available to run on only several minutes notice to help resolve transmission system constraints and generation shortages. One can think of these generation assets as helping the power flow around Chambersburg to East Coast markets, instead of having to serve the consumer loads in Chambersburg. The Borough's generation extends value to the existing power transmission systems, both internal and external to Chambersburg. Electricity "congestion" (it's called during peak usage times) on the transmission systems' overhead wires is similar to that of automobile congestion on a limited set of highways causing overall increased costs (traffic jam/toll-way) to those receiving the power (costs to your automobile's final destination). It is more complicated than this, but picture the Borough's self-generation benefits as PJM merely passing on the congestion reduction cost-savings back to the owners of the systems that helped to reduce the overall costs. Borough-owned generation assets from this congestion reducing phenomenon have historically been net overall positive contributors to the controlling the cost of electricity for everyone in the Borough.

Even though wholesale electricity prices are lower right now, it would be wise for Chambersburg to consider options to prepare for when fuels and electricity prices rise. The Department will likely recommend expanding and diversifying the portfolio in 2019, considering the traditional as well as new offerings of affordable, renewable, sustainable generation technologies, for example, photovoltaic community solar.

Portfolio of Energy Products

The overall objective of the physical portfolio transactions is to mostly cover in advance; the total expected energy requirements at contract prices, each year, and to significantly reduce market price volatility on the Borough’s electric ratepayers. Across the tops of the updated stacked bar graph below shows the Borough’s historic total annual need for energy in MWh’s (1,000 kWh’s).



Within each stacked bar by year, it also shows how the Borough has filled, or will in the future fill the various “blocks” of power. The lowest “blue” colored block and next up “green” colored block are the New York Power Authority Hydropower agreement and the landfill gas-to-power blocks respectively. The landfill gas-power is renewable and sustainable power coming from the landfill plant owned by Energy Power Partners LLC to Chambersburg on the Borough-owned Express Generator Feeder (“EGF”) or the “Extension Cord” as it was fondly named in 2013.

To limit “emotional buying” the Borough decided in 2012 to go out to the power markets up to twice per year looking for the lowest bidders on the predetermined energy block sizes and terms needed to strategically fill the future looking portfolio block model. This approach effectively cost-averages the

multiple year power supply costs, thereby keeping electric rates as low and stable as possible over a long term.

Chambersburg Power Supply Portfolio 2013-2023:

Term	Supplier	Execution Date	Size [MW]	Type	Delivery Location	Price
2013 - 2022	PP&L	Summer 2011	6.1	7x24	APS Zone	\$63.00
2013 - 2019	Exelon	9/22/2011	5.0	7x24	APS Zone	\$59.60
2018 - 2020	Exelon	6/10/2014	5.4	7x24	West Hub	\$46.12
2018	Noble Gas	11/13/2014	5.0	7x24	APS Zone	\$39.80
2018 - 2020	BP	6/10/2014	5.4	7x24 Basis Hedge	West Hub to APS Zone	(\$0.75)
2018	PSEG	3/24/2015	5.0	7x24	APS Zone	\$38.35
2019 - 2022	BP	3/24/2015	7.5	7x24	APS Zone	\$39.54
2018	EDF	12/16/2015	1.5	7x24	West Hub	\$32.60
2019 - 2020	Noble	12/16/2015	5.0	7x24	West Hub	\$32.34
2021 - 2023	Noble	12/16/2015	10.0	7x24	West Hub	\$32.74
2018	BP	6/29/2016	4.0	5x16	APS Zone	\$39.34
Summer 2018	NextEra	5/15/2017	7.0	5x16	APS Zone	\$39.75
2019	BP	7/24/2018	3.4	5x16	APS Zone	\$37.30
Winter 2019	BP	7/24/2018	6.2	5x16	APS Zone	\$44.58
Summer 2019	BP	7/24/2018	4.9	5x16	APS Zone	\$37.02
2020	Exelon	7/24/2018	4.0	7x16	West Hub	\$34.02

View of Trending Electric Rates

Municipal electric utilities are the “original” power producers and are still viewed as vertically integrated electric utilities. This just means that municipal electric’s still manage (or legally have the opportunity to manage) their own generation, transmission, substations, distribution facilities, meters, and services. This model has age-old cost saving advantages over that of the newer investor-owned utility model.

Municipal electric utilities, such as Chambersburg, can operate within the bounds of the best of both wholesale and retail electric utility worlds, gathering the benefits from the wholesale market and passing those directly back to the owners of the system, its ratepayers, the residents. In Chambersburg, this model of bringing the financial benefits directly back to its owners has been proven time after time, for over 125 years, to be a successful model for providing electricity to its residents. This is in stark contrast to the investor owned utility world where there are now shareowners and middle-interests taking profits from the flow of electricity, ultimately with those added costs being passed on to its customers.

#WeShop4U is a marketing “hashtag” developed to make this point that in Chambersburg, the Electric Department navigates the complexity of the electricity marketplace, so you do not need to do it. Customers of the surrounding investor owned utilities, need to shop and manage their own electric costs. Every year we read media stories about customers being taken advantage of by unscrupulous electricity providers with variable rates that boom, double-billing, or telephone solicitation. This can never happen to Chambersburg Electric Department customers. This is the advantage of your town shopping for your needs.



Park of the Valiant – Entrance Upgrade

The Future of the Pennsylvania Municipal Electric Association & Chambersburg Leadership

In September 2018, officials from approximately 25 of our 35 municipalities that make up Pennsylvania Municipal Electric Association (PMEA) (including Jeffrey Stonehill, Ron Pezon, Jeff Heverley, Council Members Coffman, Dolaway, and Herbert and Mayor Bietsch) gathered at the 2018 PMEPA Annual Conference to discuss the Strategic Planning Committee’ recommendations that would significantly change PMEPA beginning in 2019. By a unanimous vote, those in attendance recommended that the plan be adopted and sent to the municipal members.

Chambersburg is the largest and most important member of PMEPA. Jeffrey Stonehill and Ron Pezon both serve on the current Board of Directors and Jeffrey is on the Strategic Planning Committee.

The biggest structural changes proposed to PMEPA are:

- The creation of a new 7 member Board of Directors who will meet monthly;
- The creation of a new full-time Executive Director position;
- More active assistance offered to all of our 35 municipal members; and
- A change in the dues structure whereby municipal members pay \$5 per electric meter per year to be a member (Chambersburg has about 8,000 meters).

Chambersburg has always been a leader in the world of public power. We worked to help draft the proposed by-laws changes for PMEPA and a proposed resolution for each municipality to use to remain a member of PMEPA. It is proposed, that as a part of the budget season, Chambersburg approve this plan, as well as the impact on the Electric Department budget, for such a large increase in our financial support of PMEPA.

We anticipate Chambersburg will adopt a Resolution of Support with the 2019 Budget in December 2018.

It is the hope that all municipalities who wish to join will pass the resolution by December 31, 2018.

The Chambersburg delegation to PMEPA absolutely supported the changes to the organization.

PMEPA is an association, recognized under section 501(c)(6) of the Internal Revenue Code, consisting of the thirty-five municipalities—all Boroughs—in Pennsylvania who are in the public power business. A diverse and unique group of small and large municipalities who each buy power at a wholesale rate from an outside generator/distributor and then provide power at a retail rate to the residential, commercial, and industrial customers in our municipalities. PMEPA consists of Municipal Regular members (identified

in our by-laws as regular members) and Associate Regular members, which are also businesses that assist and provide services to municipal power companies.

The goal of the new PMEA will be: To support, to inform, to help, and to provide services to the thirty-five public power boroughs in Pennsylvania.

Chambersburg will definitely be the largest contributor to this effort. According to the Borough Manager, this is a wise investment of our time and our resources. The Electric Department is very important to the Chambersburg Borough organization. And one town, one of the small towns that make up PMEA, either through ignorance, mismanagement, controversy, or incompetence, can easily make it impossible to continue our public power enterprise.

The 2019 Budget includes sufficient funds to see our financial contribution rise to about \$40,000/year.



Borough Electric Department About 1900

First Energy Relationship

Expected to continue in 2019, the electric department and the power procurement team is negotiating with First Energy, West Penn Power, and PJM to update its interconnection agreements. A major accomplishment for 2019, after the PJM interconnection/supply studies, will be to reach a new contractual understanding about the various supply and generation interconnections. This accomplishment could very well open doors to some of the Borough's best energy supply ideas yet.

Electric Department



The Chambersburg Electric Department, while building 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 customers, and employees while operating in a professional and courteous manner within a structure of local accountability and local control.

Department Head: Ronald Pezon, PE, CEM, CSDP, CDSM

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
Revenue	\$27,027,867	\$30,079,131	\$30,002,953
Expenses	\$29,624,835	\$30,079,131	\$30,002,953
Excess (Deficit)	(\$2,596,968) Deficit	- Balanced -	- Balanced -

The deficit in 2017 was a product of a capital transfer for future projects of \$1.265 million.

The department has been successful over the past 5-years in controlling the costs of operations and power supply. These savings come directly back to the customers who use the system and can regularly give input at the public Town Council meetings.

Chambersburg, along with the other 34 municipally-owned and operated electric utility systems in Pennsylvania, and over 2,000 public power systems throughout the U.S., have never changed our passion to manage our systems in harmony with the specific local needs of industries, businesses, and residents; these are our customers and our owners. #WeShop4U, for all your electricity needs.

From small towns to large cities, community-owned, not-for-profit public power utilities power homes and businesses in 2,000 communities across the U.S. They safely provide reliable, low-cost electricity to more than 49 million Americans, while giving back to the communities they serve.

Simply put, public power is community power. That means the decisions about how the electric utility is run are made by people who live and work in the community, not corporations. Public power utilities are rooted in and committed to the communities they serve, and invest revenues directly back into the community.

Public power supports local commerce, employs 93,000 people in hometown jobs, and invests more than \$2 billion annually directly back into the community.

Most public power utilities have fewer than 4,000 customers, and collectively, these utilities serve 1 in 7 electricity customers across the U.S.

Chambersburg is the largest public power system in Pennsylvania, the only one to operate multiple power plants, and a leader for the support of these systems across the U.S.

Finances: Residential Rates

Year	Total Electric Bill (1,000 kWh)	\$/month Effect
2012	\$114.73	Base year
----- Implementation of Portfolio Electric Purchasing Plan -----		
May 2013	\$109.48	Drop 4.6% (\$5.25)
Nov 2013	\$104.23	Drop 9.2% (\$10.50)
Nov 2014	\$100.90	Drop 12.1% (\$13.83)
----- Base Rate Ordinance Updated (November 2014) -----		
2016-2019	\$100.908	No change, no increase

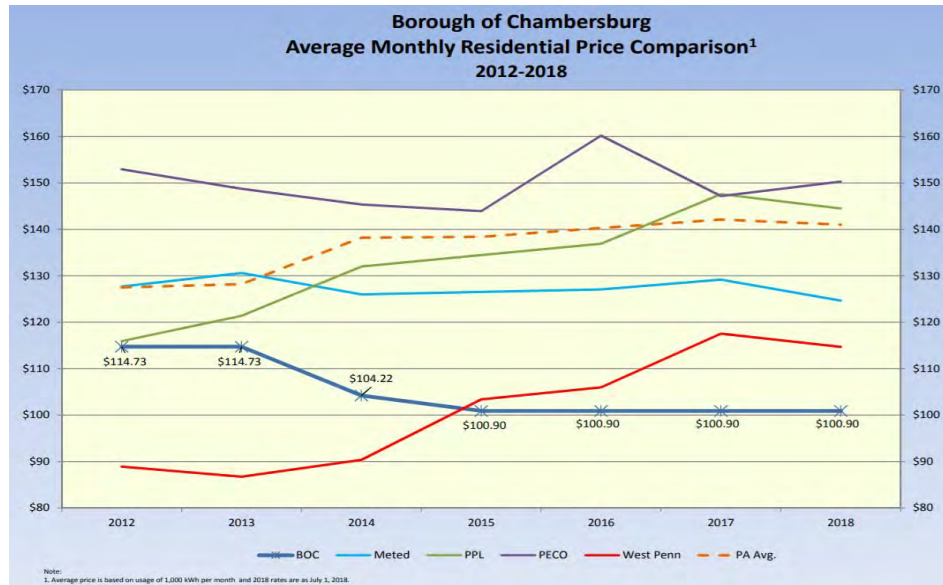
Our long-standing success story in Chambersburg means that the monthly electric bill for a residential customer, using 1,000 kWh per month, dropped from an average monthly electric bill of \$124.00 in 2010 to \$100.90 in 2014. Further, **the 2019 Budget recommends no increase in electric rates for residential, business, or industrial customers**; and, therefore rates are expected to remain at the current level throughout the upcoming year. Over the four years that followed the all-time peak in 2010, electric rates for the average residential customer using 1,000 kWh dropped on average about \$23.10/month. The following graph shows the cost build-up of the 2006-2010 time periods, also though, the cost reducing successes that were accomplished in the beginning years and as a result of the portfolio.

Average Residential Customer Monthly Cost for Using 1,000 kWh/Mo.



Electric rates have been stable since 2014 when Town Council approved changes recommended by the Borough Manager to our rate Ordinance. Stability in electric rates can be attributed to multi-year successful management of the portfolio of energy products, integrated resource, and asset management plans. The portfolio may be expanded in the coming years to possibly incorporate new concepts including, more low cost landfill gas generation, community solar, or other renewable, sustainable forms of energy.

How do Chambersburg’s residential rates compare to its neighbors, the State Average, and Nation?



It was determined that Chambersburg’s average residential electric cost per month (for 1,000 kWh) compares most favorably to its neighbors and Pennsylvania. Chambersburg’s all-in monthly residential electric bill is estimated to be presently about 12% below our neighboring investor owned utility, West Penn Power, and Chambersburg is estimated at about 28% below the State’s “all-in” or “provider of last resort” average cost per month for a customer using 1,000 kWh per month.

Using the Nebraska Public Power District (NPPD) 2016 research findings, it was determined that Chambersburg was 10% below the Pennsylvania State average (2016) and only 1.68 cents per kWh more expensive than the lowest statewide average residential electric cost in the U.S., which was Louisiana (2016). In 2016, according to this study, Chambersburg would have been measured as the #20th ranked State if our rates were statewide rates.

More good news is that the rates are maintained while we have improved and maintained one of the most reliable electric delivery systems in the U.S. What follows is summary of how Chambersburg compares to small and large Pennsylvania regulated (Public Utility Commission or PUC) utilities. One standard measure of reliability is called SAIDI, or System Average Interruption Duration Index. SAIDI simply is a count of the total minutes of customer outages that there were in a year divided by the total number of customers. For Chambersburg, on average, every customer in the Borough was out of power for only 12 minutes in 2016. Comparing that to the surrounding investor owned utility, West Penn Power, every customer in the West Penn Power service territory in 2016 was out of power for an average of 163 minutes (PAPUC-Annual Electric Service Reliability Report, August 10, 2017).

- **Borough Average 2016 SAIDI:** **12 Minutes**
- **Small EDC (PUC), 2016 SAIDI:** **43 Minutes**
(Citizens, Pike UGI, Wellsboro)
- **Large Investor Owned Utilities 2016 SAIDI:** **124 Minutes**
(Duquesne, PECO, PPL, Met Ed, Pennelec, Penn Power, **West Penn Power = 163 Min.**)

2019 Budget – Future View

Chambersburg believes that no utility can stand-still upon the success of its performance metrics. Therefore, staff is recommending that the Borough budget for implementation of new and innovative (yet known as successful) generation, transmission, substation, distribution, and other system upgrades. These investments make sense over the long term and are consistent with the American Public Power Association’s Reliable Public Power Provider (RP3) Certification Program, which we proudly support.

In 2019, staff will consider specific cost effective options for replacing, re-powering, or re-configuring the outputs of our two 50-year old engines/generators at the Falling Spring Generation Station. In conjunction with a possible addition to our generation portfolio of more “straight gas-fired” or “dual-fuel” generation at the same facility site, which we will plan for there or at another site, like Orchard Park. The generation output improvements being considered in 2019 may be designed to reduce Borough “load” purchases, with natural gas fuel purchased at a more fixed, non-interruptible natural gas rate, which could further reduce peak energy purchases, PJM peak capacity charges, and reduce the expected increasing First Energy and PJM transmission system charges coming in the future.

In 2019, Chambersburg will consider significant investment and upgrades into our electric system.

Other Traditional and Renewable Power Supply Concepts under Investigation:

- Renegotiate price or blend/extend Landfill Gas (LFG) Plant Agreement (6 MW)
- Landfill Gas Plant Owner’s study of adding engines (+3 MW) and/or solar to facility
- New Gas/Oil generation at FSGS or OPGS; and emergency Black Start power supply
- Renew agreements and upgrade Borough’s three (3) Points of Transmission Interconnection
- Develop, on our own or with a partner, a “Community Solar” project

The Borough presently enjoys approximately 17% renewable energy supply in the current “portfolio”, including the LFG plant contributing about 16%, with the New York Power Authority hydroelectric, and local roof mounted solar adding the remaining nearly 1%. If the owner of the LFG plant were to find an economical way to add two engines and supply more output, the renewable total annual energy used in Chambersburg could rise to an estimated 22%. Each new increment of renewable energy production, such as a Community Solar project, could provide approximately up to 12% more Renewable Energy to the portfolio. Chambersburg already far exceeds the State mandate for renewable energy sources even though we are exempt from the State’s requirements.



Energy Efficiency

In addition to our efforts to undertake integrated resource planning and infrastructure improvements, Chambersburg is also proposing energy efficiency projects in 2019, using various other commercially available technologies:

- LED Street Lighting Conversions with New Light Emitting Diode (LED) Street Lighting
- Pedestrian Walk Signal and Remaining Traffic Signal LED Conversions
- Controllable Traffic Signals and Street Lighting for Energy Efficiency
- Solar/LED Street Signs
- A Community Solar Project intended to offset demand for rooftop solar installs

These energy efficiency projects help reduce Borough facility and infrastructure energy consumption and costs; thereby, further contributing to the stable and competitive electric rate structures.

Sometimes in public power, we hear folks say they are looking for a “silver bullet” of low cost and plentiful energy supplies to meet all needs. As managers of utility systems, Chambersburg should take the policy position that “the silver bullet may be in fact a multitude of energy resources, from a wide variety of energy types, and whatever electricity sources that are in the long term interest of its residents and the Borough system”. Remaining open to many projects, many technologies, and not removing anything from the mix, the Borough can maintain the status quo low rates and “hedged” against future uncertainty.

Major Accomplishments

With all of the challenges of day to day operations, Chambersburg Electric has logged much success so far this year. 2018 Year to Date (July):

- Meters set or changed: 156
 - Services Replaced: 98
 - New/Temp Services: 35
 - Street Light Re-lamp: 244
 - Non Pay After Hour Turn On: 183
 - Transformers Install/Replaced: 16
 - Poles Installed: 24
 - UG Cable Installed (feet): 11004
 - OH Cable installed (feet): 14767
- The Electric Department has the following forward-looking goals to keep up with the growing demands of the Borough customers and electric systems.

Finances:

- Successfully manage the proposed \$30 million budget while keeping the Power Supply Adjustment (PSA) at zero (\$0/kWh) at least until December 2019
- With the PSA set to zero in 2018-19, management is expecting to continue to slightly under collect power supply costs though 2019 but while maintaining stable/healthy operating and capital reserves levels due to sufficiently collecting revenues through the base rates
- Absorb costs from financial events/fluctuations, the PSA is available for Revenue to Cost adjustments if necessary until the next base rate maintenance. Operating and capital reserves

show up as financial stabilizers during potential times of emergencies and severe storm/equipment damage

- Reinforcements, specific circuit rebuild/worst performing circuit reliability improvements, and upgrade of electric distribution facilities

Operations:

- Power Supply Portfolio – study, initiate, and integrate if economical a new local community solar project
- Continue efforts to revise FE/WPP interconnection and territory agreements
- Study the merits of new generation resources and Power Purchase Agreements (PPA)
- Operate and maintain Borough-owned generation, transmission, substation, and distribution facilities with integrity and in accordance with generally accepted and best electric utility practices

General Utility:

- Help implement the first 1/2 segment of the \$4 Million Borough-wide traffic signal improvement project
- Expand Utilities Warehouse or build on the same property a new larger Distribution Operations Center
- Watch for movement in Legislation that would yield an unfavorable ruling against the Borough electric systems, the Borough's existing or possible new generation sources
- Study, evaluate, and balance the installation of dependable more traditional sources of power with those of renewable energy projects that have the potential to bring real economic values to the Borough and its customers
- Provide strategic energy/demand management and sustainable sources/uses education for the various applicable customer classes
- Improve the energy efficiency/sustainability of Borough-owned facilities through the Borough's Energy Committee
- Research and development using meter reading devices and integrate new billing software with other departments
- Focus on furthering sustainable economic development, industrial job retention, and creation
- Grow to become a world-class model of a thriving community for industry, commerce, institutions, residential living, and in ways that its people and community feel matters the most

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	No change
2016	\$100.90	No change
2017	\$100.90	No change
2018	\$100.90	No change
2019	\$100.90	No adjustment forecast

*Typical results for a residential customer using an average 1,000 kWh/month. Actual monthly bill will vary from the amount shown depending on the monthly electric energy usage. If the monthly usage is lower than 1,000 kWh/month, the "cost per kWh" used will be slightly higher. If the monthly usage is higher than the 1,000 kWh/month, the cost per kWh will be slightly lower than the amount shown.

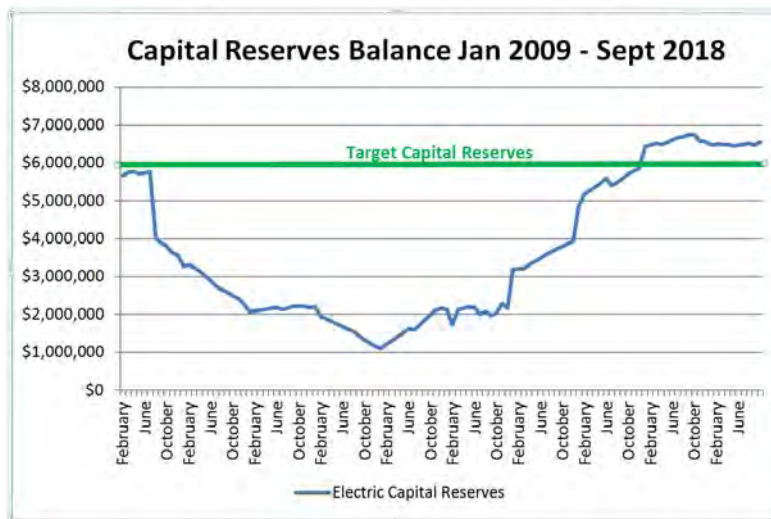
** Rate "maintenance" occurred which reset the historic (high) fluctuating PSA back to zero, PSA=\$0/kWh. The PSA is a mechanism for the Borough to collect or refund mostly electric power supply costs between the times when the Borough updates its base rates and by Ordinance to ensure close revenue collections to the costs for each customer class.

Capital Investment into System and Estimated Operating Cash Balance:

“Tools” referenced below are the sum of Borough-Owned generation asset revenue values, net benefits of the previously purchased portfolio products ('18-'19), and other Borough-participating capacity and energy market revenue/cost influences.

Based on the observed/expected trends in cash, a zero (\$0) recurring monthly operating cash transfer to the capital reserve fund is recommended and dialed into the 2019 budget year in light of the growing market and fuel-cost volatilities to help preserve operating cash for the rest of 2018, and also through the coming year.

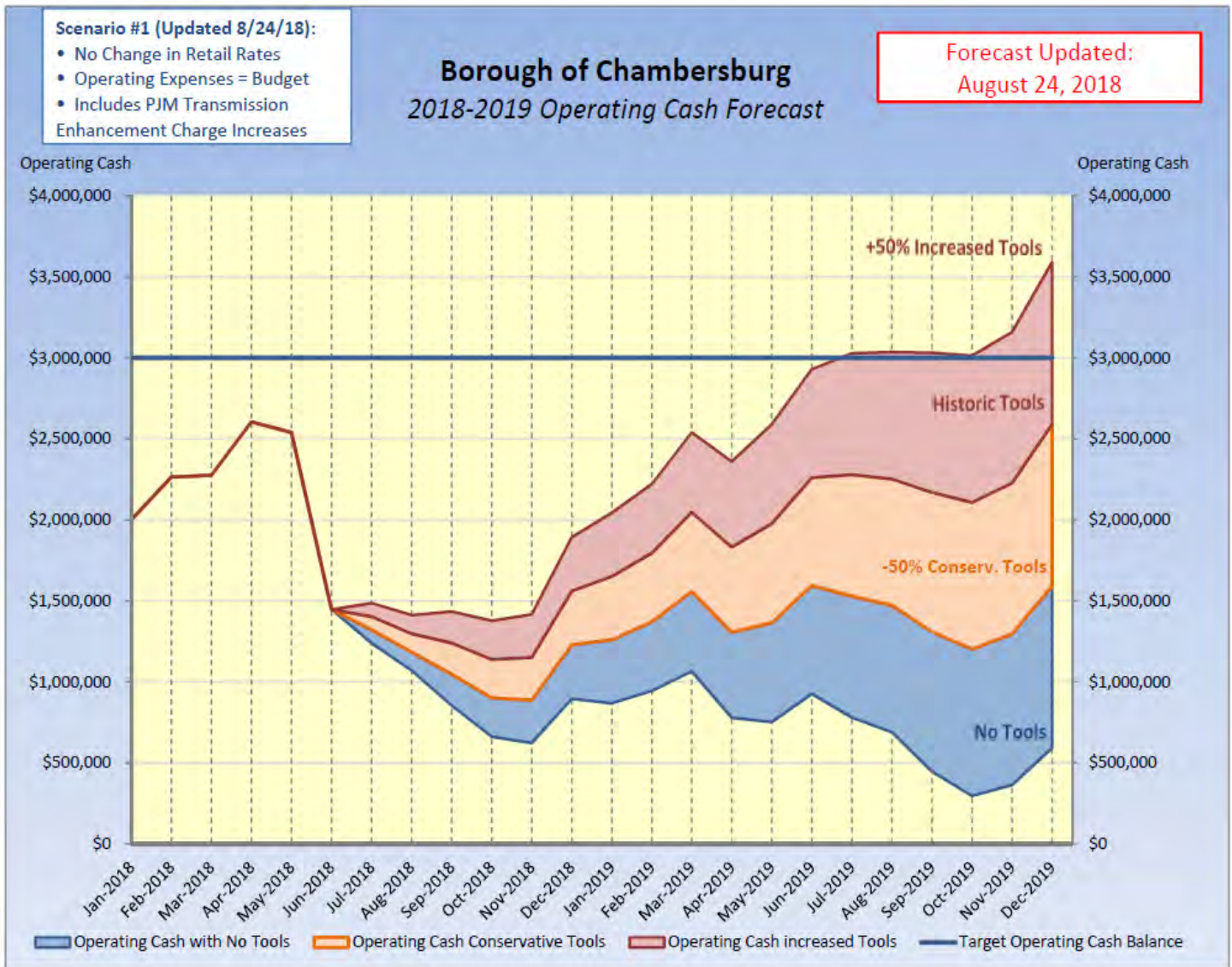
Capital Reserves have recovered well and have stabilized to around \$6 Million in the 2016-18 time periods. To maintain the adequate operating reserves through 2019 as mentioned, the expected non-financed capital reserve spending alone (approximately \$650,000) will cover the aging infrastructure and basic capital improvement costs and will intentionally deplete somewhat the balance to below the target through 2019.



The Borough Manager has proposed that the Electric Department seek a \$10 Million bond in the 2019 budget year to install, over the next three years, facilities and generation resources that will, over the next 20-years or more save the Borough hundreds of thousands of dollars in operating costs per year. The external debt funding would be procured, if approved in 2019, for a variety of new cost-reducing assets, and in lieu of additional capital reserve fund spending. A proposed list of projects must be approved by Council prior to any debt issuance.

Council’s goal that was set after the economic hard times (Financial “Hurricane Years” as shown 2009-2013 as it was coined) was to restore operating and capital reserves to high enough values which were to help the Borough maintain stability through the relatively good times and to prepare again for possible future financial turbulence. There is no magic formula, the reserve levels are set to balance cash reserves, along with applicable insurance policy coverage for recovery from whatever emergency might form. Electric market revenues derived from Borough-owned generation assets, or hedging “tools”, were chiefly used to rebuild the reserve balances. It is expected that with a zero transfer “in” for future capital projects, the 2019 balance is estimated to be insufficient to maintain the previous target of \$6 Million. So, someday, a rate adjustment for capital is needed.

Source	2019	Estimated Cost
Debt	Generation/Control Upgrades (Fairbanks Morse Unit #7)	\$240,000
Debt	Upgrade Commerce Street Substation Transformers	\$1,500,000
Debt	Community Solar Power Generation/Transmission/Interconnections	\$1,000,000
Debt	Behind the Meter Gas Fired or dual Fuel Configured Generation	\$6,255,000
Debt	New Distribution Operations Center-To House Vehicles and Wire	\$1,000,000
Total:	<i>Estimated approximate</i>	\$10,639,800
Cost of debt issuance estimated at \$200,000		



Emergency Operations Responsiveness:

The Borough is developing a comprehensive emergency operations plan which includes backing up major functional assets and certain other portions of critical utility infrastructures. The Electric Department built a new foundation for the old City Hall back-up generator over at the Recreation Center to serve that facility and the public in the event of an emergency. There were new back-up generators installed at the City Hall addition which also covers the original City Hall.



Back-up Generator at Recreation Center

It is expected that there will be more emergency operations and responsiveness activities next year. The Electric Department, using the described proposed budget, looks forward to another productive year in 2019.

Reliable Public Power Provider Program from the APPA (RP3)

Chambersburg is proud to earn and maintain, year after year, the RP3 designation from the American Public Power Association (APPA) and work toward overall continuous improvement goals 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. In addition to its 4th RP3 award in 2017, Chambersburg was awarded a “Certificate of Excellence” in the APPA’s eReliability Tracker program, also a very high standing now among the nearly 400 public power entities who offered data.

RP3 Designation: Chambersburg is one of 219 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. Chambersburg is one of only two out of the 35 municipal electric utilities in Pennsylvania to have acquired the RP3 award status.



Orchard Park Generating Station (OPGS)

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 HV Melting, Foundry/Fabrication	14	Ozburn-Hessey Logistics
2	Ventura Foods LLC	15	Weis Market - Wayne Ave
3	Chambersburg Hospital – Main & North Coldbrook	16	Giant Market – Wayne Ave
4	Borough of Chambersburg WWTP 1 and 2	17	BJ's Wholesale Club
5	Chambersburg Cold Storage	18	BOC Orchard Park Gen-Station
6	Chambersburg Health Services – Norland	19	Target
7	Knouse Foods	20	Chambersburg Area Middle School-South
8	Wilson College	21	HTI Recycling (Edge Rubber)
9	Menno Haven <i>total</i> (PennHall, Manor, Renn, Nurs, Scotland)	22	Century Link
10	Catch-up Logistics	23	Borough Street Lighting
11	Chambersburg Area Senior High	24	HCR/Manor Care
12	Giant Market – Norland	25	YMCA
13	B-Wise Manufacturing	26	The Butcher Shoppe

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 2019 Chambersburg PILOT Tax Return form.

	<u>2017 Actual</u>	<u>2018 Actual</u>	<u>2019 Budget</u>
PILOT	\$1,250,000	\$1,350,000	\$1,350,000

**Borough of Chambersburg Finance Department
Electric Gross Receipts Tax
For Tax Year: 2019**

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	362,000	362,000
20015	Revenues - Merchandise & Jobbing	50,000	
	Revenues - Nonutility Operations		
	Nonoperating Rental Income		
20019/20024	Interest & Dividend Income	83,720	
20016/20017	Miscellaneous Nonoperating Income	520,000	
	Gain/Loss on Disposition of Property		
20011	Residential/Commercial/Industrial Sales	28,762,633	28,762,633
	Public Street & Highway Lighting		0
	Other Sales to Public Authorities		0
	Sales to Railroads & Railways		0
20012	Sales for Resale		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	30,500	30,500
	Interdepartmental Rents		
20013	Other Electric Revenues	43,100	
	Revenues from Transmission of Electricity of Others		0
	Regional Transmission Service Revenues		0
20014/20025/20026	Miscellaneous Revenues	150,500	150,500
20027	All Other Sources		0
	Totals of each column	\$30,002,953	\$29,306,133
	Tax at the rate of 59 mills Gross Receipts Tax		\$1,729,062
	Town Council Adopted Multiplier		78.077%
	Payment in Lieu of Gross Receipts Tax		\$1,350,000

11/5/2018

Gas Department Budget

As Proposed for 2019 by Jeffrey Stonehill, Borough Manager

The Borough of Chambersburg

Gas Department Budget

As Proposed for 2019

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 Pennsylvania Legislative action, the Philadelphia Gas Works has come under PUC jurisdiction. 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 2017, the Borough delivered 1,144,225 Dekatherms (DTH) of gas to our customers; this was a 4% decrease from 2016, primarily due to lower sales to the Borough Power Plants.



In 2018, the Borough replaced over $\frac{3}{4}$ miles of old gas mains and services as the Department worked aggressively to replace lines before future paving; this includes replacements on Lincoln Way West., E. Liberty St. and S. Fifth St. In 2019, we anticipate again replacing about $\frac{3}{4}$ miles of old gas mains; specifically on W. King St., S. Coldbook Ave., and E. Queen St.

The highly successful Gas Conversion Financing Program has almost 500 homes participating with a total value of \$2.1 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.

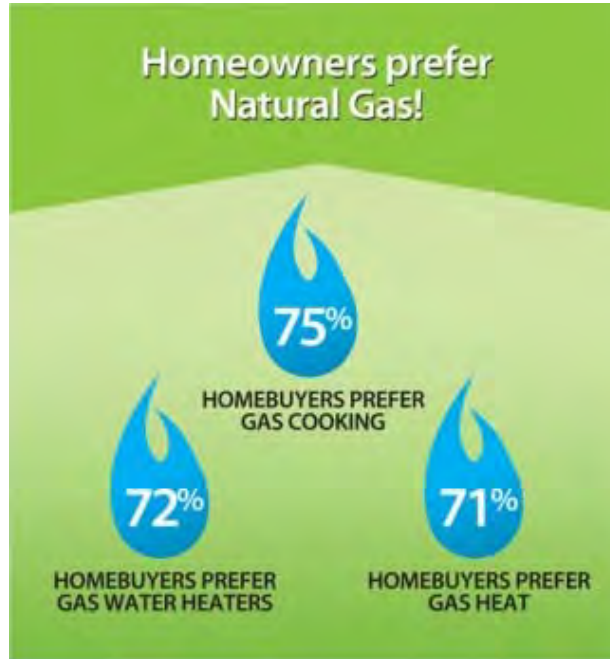
In large part due to the success of the loan program, the Borough received our third Marketing Excellence Award from the Municipal Gas Authority of Georgia for outstanding customer growth.



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



Because of the tremendous success participating in the Main Street Energy Efficiency Financing Program, the Borough has now expanded the program to include Commercial properties, specifically benefitting smaller commercial entities. The Gas Department has made available up to \$200,000 per year for the program.

With Borough natural gas costing customers about $\frac{1}{4}$ the price of oil or electric, significant energy savings are achieved by converting to gas. Unfortunately, small businesses often struggle to afford the up-front costs associated with converting less efficient non-gas appliances to more efficient natural gas units. The Commercial program will aid those customers in affording the conversion to more efficient and environmentally friendly gas units.

Our expansion of the Energy Efficiency Financing Program to small businesses in the Borough is unique among members of the Municipal Gas Authority of Georgia (the Gas Authority). Staff understands that upfront costs can be burdensome and this is an avenue to relieve some of the upfront costs and manage payment of appliances that will ultimately save small businesses money on their monthly utility bills. Three loans have already been utilized by this program, totaling \$30,000.

Structure & Requirements of Loan for Commercial Properties

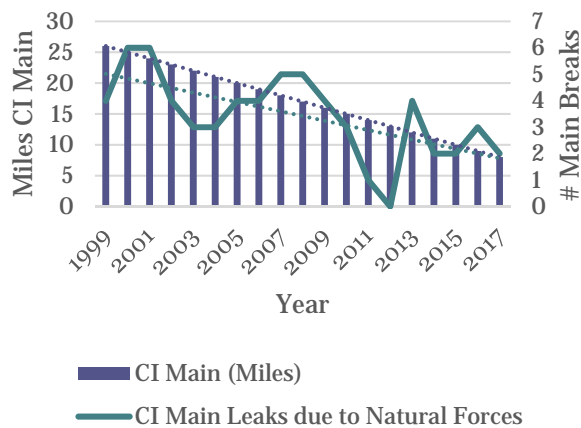
- Maximum loan amount - \$10,000
- Loans are available for natural gas furnaces, boilers, water heaters and cooking appliances for commercial properties to replace non-gas units
- Maximum loan term – 60 months
- Loans will carry a 0% interest rate
- Each loan will carry a \$5.00 per month administrative fee
- Loan repayments will be added to customer's monthly utility bill



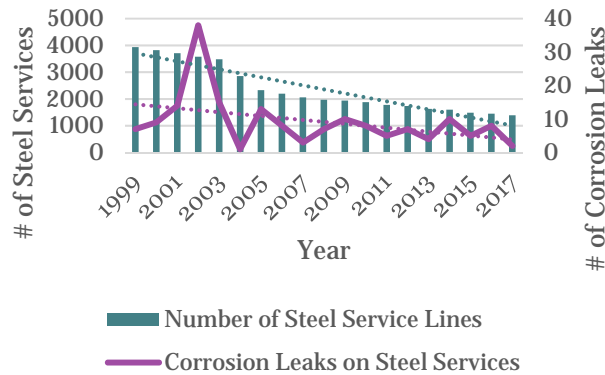
In addition, the Borough continues to replace old gas mains and services:

- Replaced 17 miles out of 24 miles of Cast Iron (CI) main since 2000, a much faster pace than most gas utilities
- Prioritizing replacements ahead of re-paving and based on risk assessments
- Spending about \$600,000 per year on old pipe replacement – recommend similar level in 2019
- Gas leaks continue to trend lower and less serious compared to previous years

Chambersburg Cast Iron Main Breaks Trend



Chambersburg Steel Service Corrosion Leaks



APGA System Operational Achievement Recognition (SOAR) Award

The System Operational Achievement Recognition (SOAR) award was developed by the American Public Gas Association (APGA) to recognize outstanding public gas systems in the US, with excellence measured in four areas; System Integrity, System Improvement, Employee Safety and Workforce Development.

In 2017, Chambersburg was awarded SOAR at the Gold level – the highest possible level. There are approximately 1,000 Public Gas Systems in the US. Only 26 systems have earned SOAR Awards, with just four at the Gold level. The SOAR award is analogous to American Public Power Association (APPA) RP3 award (RP3's three levels are Diamond, Platinum and Gold), which has also been awarded to Chambersburg.



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 Chambersburg for over 30 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 2018 APGA Safety Award. This is the fifth straight year Chambersburg has been presented this award.

This year, the Gas Department worked with the new Borough safety inspector and safety educator during three routine inspections, to protect the Borough from potential liability, but also to ensure the culture of safety continues. We are happy to say that no safety violations were found during any of the safety inspections this year – the same result as past years!

Finally, the Chambersburg Gas Department is proud to assist the Chambersburg Fire Department with the purchasing of Carbon Monoxide (CO) detectors for customers' protection from this dangerous odorless gas that can be a byproduct of malfunctioning heating systems. We have been sponsoring this program for the past five years, and have purchased over 1,000 CO detectors for Borough homes. We intend to continue these purchases indefinitely.



Five Straight Years Winning the APGA Safety Award



Call 8-1-1 Before You Dig



American Public Gas Association & Industry Leadership

APGA has over 700 members in 36 states and is the primary not-for-profit trade organization that represents America's publicly owned natural gas local distribution companies. 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 2018, Council Member Allen Coffman, John Leary, and Jon Mason met with the offices of Sen. Toomey and Rep. Shuster, to lobby for important national gas issues on behalf of Chambersburg and the APGA.

Council Member 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, is a leader on the APGA Operations and Safety Committee and represents public gas at the national level on the prestigious Plastic Pipeline Data Collection Committee. He is also the Chairman of the APGA Editorial Committee.

Superintendent, John Leary is the Second Vice Chairman of the APGA Board of Directors, and a member of the Board of Directors for the APGA Research Foundation. He is also active on the Regulatory, Legislative, Gas Supply and Membership committees.

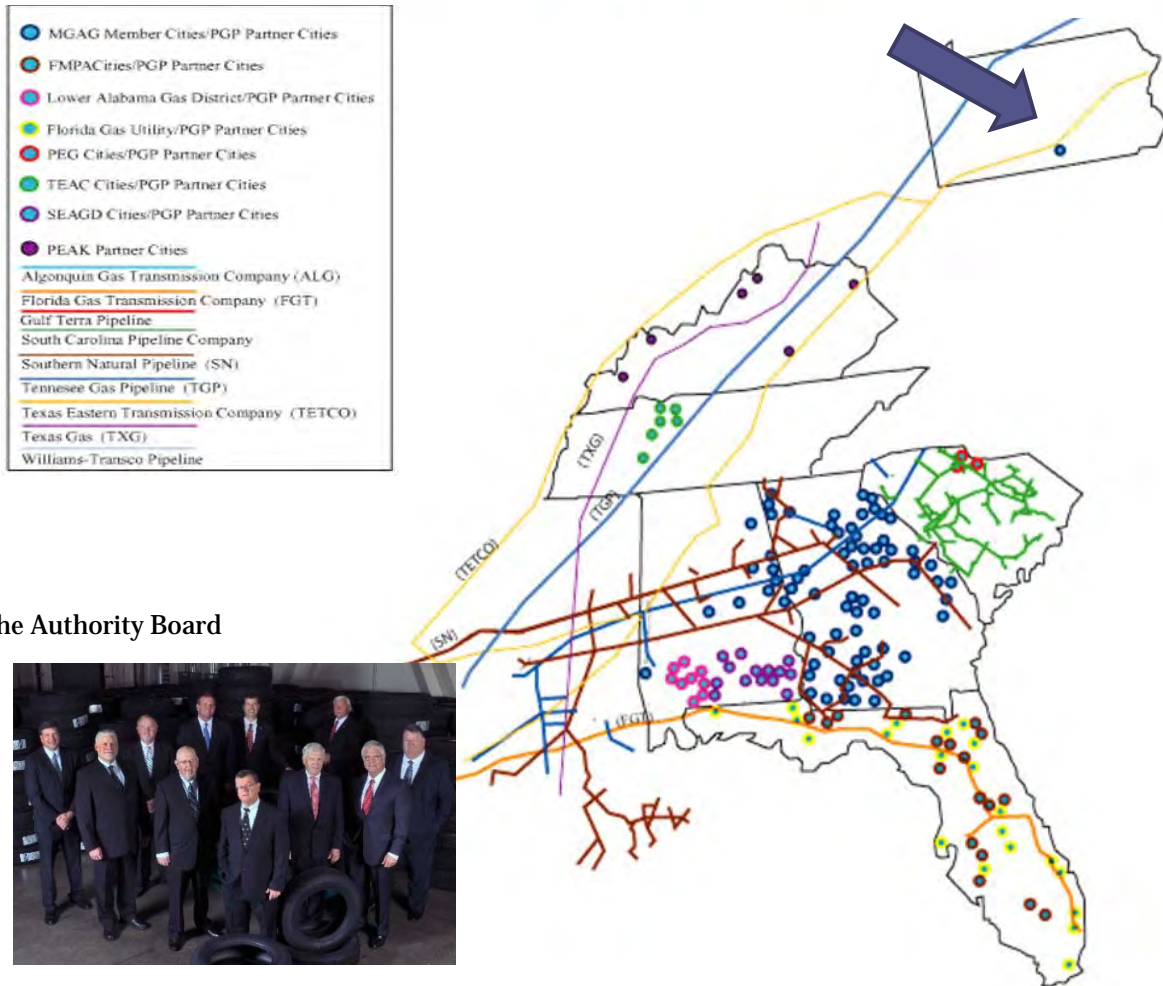


Membership with the Municipal Gas Authority of Georgia

The Municipal Gas Authority of Georgia (the Gas Authority) is the largest non-profit natural gas joint action agency in the United States, serving 79 Members in Georgia, Alabama, Florida, Pennsylvania, and Tennessee, who meet the gas needs of approximately 245,000 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. In 2017, Jon Mason, was appointed to the MGAG Board of Directors. He serves as the non-Georgia representative.



The Authority Board



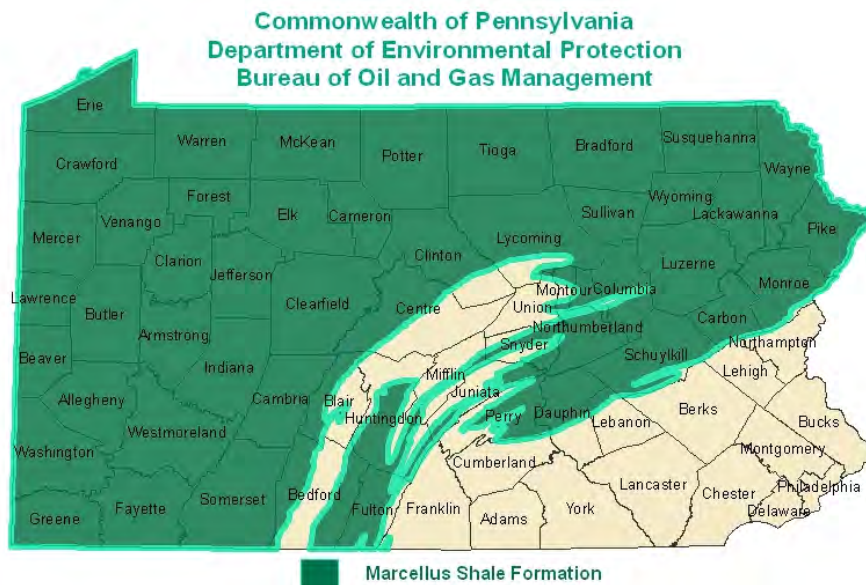
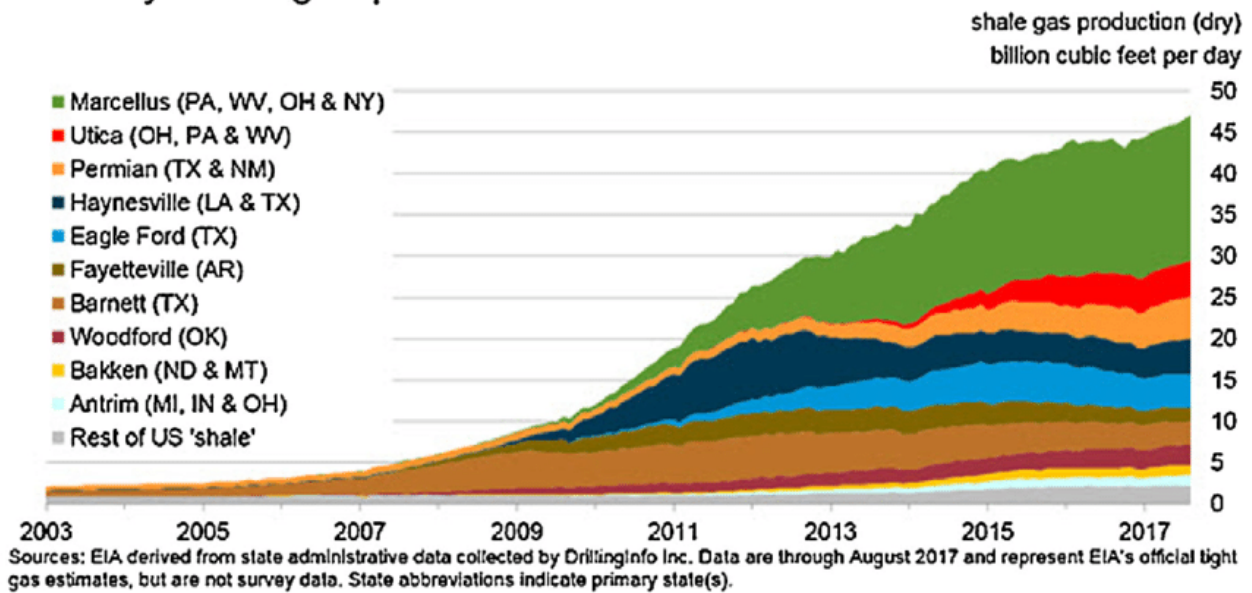
Price of Wholesale Natural Gas

Historically, wholesale gas prices in Pennsylvania were about \$0.50 per DTH higher than NYMEX/Henry Hub in Louisiana. However, the increase in Marcellus production has caused wholesale prices in Pennsylvania to drop precipitously – over the past year, the Pennsylvania price has been about \$1.00 lower than at the Henry Hub.

According to the Federal Energy Information Agency (EIA), “Marcellus prices remain low... natural gas spot prices in the Marcellus region, are among the lowest in the country.”

Over the past seven 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.

U.S. dry shale gas production



Opportunities to Encourage Chambersburg Co-Generation, Combined Heat & Power (CHP) & To Increase the Manufacture of Electricity from Natural Gas in Chambersburg

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.”

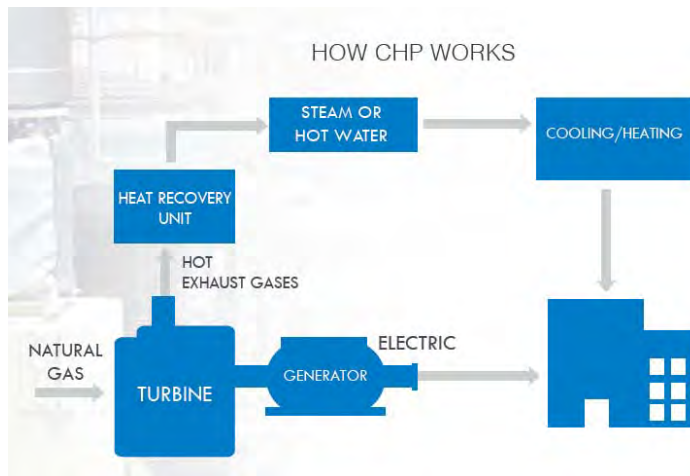
He added “The commission hopes to share ideas with the state Legislature, make internal changes and consider better financial incentives to encourage companies to invest in Pennsylvania projects.

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, have mostly expired.

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.



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.

While Chambersburg has yet to identify a co-generation or CHP opportunity in the Borough, efforts have redoubled to work with the Electric Department on determining whether new or expanded opportunities exist to use our low cost natural gas supplies to make electricity, and lower electric and gas rates for our customers. We anticipate decisions about natural gas to electricity power plans to be made in 2019.

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

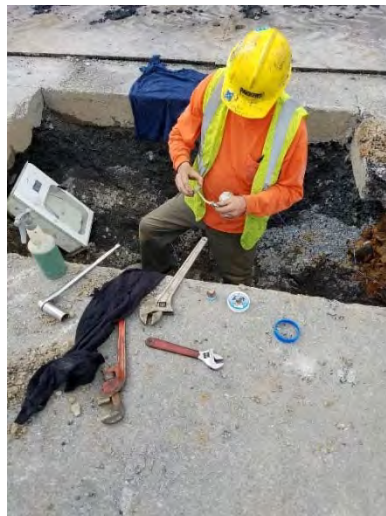
	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
Revenue	\$7,260,025	\$7,781,000	\$8,052,750
Expenses	\$8,145,257	\$7,781,000	\$8,052,750
Excess (Deficit)	(\$885,232) Deficit	- Balanced -	- Balanced -

The deficit in 2017 was a product of an extra capital transfer to savings, as 2016 had a surplus of over \$1,490,000.

The Chambersburg Gas Department has had a strong financial performance in 2018, and we anticipate continued good performance in 2019. The system's 2017 total gas sales were down 4% vs. 2017; mostly due to decreased use of the Borough Power Plants.

Chambersburg residents' gas prices are currently 50% lower than local private gas companies, the lowest in Pennsylvania with an average residential bill of \$510 for the past twelve months vs. \$1,020 at average local private utility rates as approved by the Pennsylvania Public Utilities Commission (for a customer using the same amount of gas as the average Chambersburg customer).

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 feet (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, -\$0.50. 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.

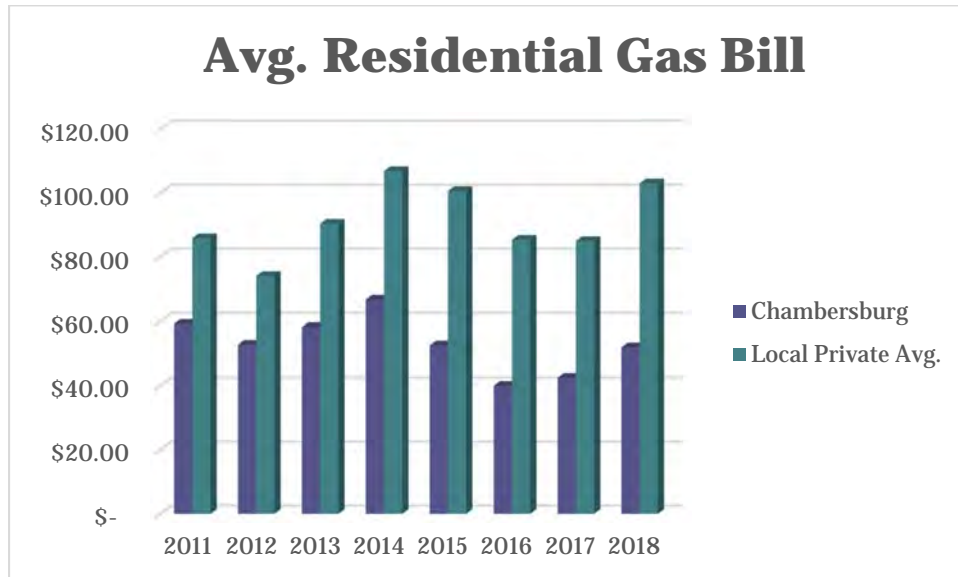


2018 Rates

Month	Avg Units (CCF)	C-burg Base Rate	C-burg PGA	C-burg Cust Charge	C-burg Total Bill	C-burg Total per Unit Cost
Oct-17	53	1.1264	-0.51290	\$8.70	\$41	\$0.77765
Nov-17	113	1.1264	-0.50099	\$8.70	\$79	\$0.70240
Dec-17	184	1.1264	-0.50061	\$8.70	\$124	\$0.67307
Jan-18	153	1.1264	-0.50102	\$8.70	\$104	\$0.68224
Feb-18	118	1.1264	-0.50160	\$8.70	\$82	\$0.69853
Mar-18	108	1.1264	-0.50161	\$8.70	\$76	\$0.70535
Apr-18	45	1.1264	-0.57149	\$8.70	\$34	\$0.74824
May-18	14	1.1264	-0.58024	\$8.70	\$16	\$1.16759
Jun-18	12	1.1264	-0.59000	\$8.70	\$15	\$1.26140
Jul-18	11	1.1264	-0.59005	\$8.70	\$15	\$1.32726
Aug-18	11	1.1264	-0.57073	\$8.70	\$15	\$1.34658
Sep-18	17	1.1264	-0.53667	\$8.70	\$19	\$1.10149

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.





Chambersburg is proud to boast some of the lowest retail natural gas rates available. This fact is a boon to the economic development in the community as well as a contributing factor to lower unemployment, higher salaries, and a lower cost of living.



Natural gas system safety is regulated by the Federal government. We continue to implement safety and operational changes including substantial replacement of older underground cast iron and steel piping with plastic. This replacement has led to a significant reduction trend in gas leaks. In addition, regular and aggressive upgrades and preventive maintenance schedules have prevented any reportable gas safety incidents in Chambersburg for over 30 years.

In recognition of Chambersburg's outstanding safety record, we were awarded the APGA Gas Safety Award for the fifth straight year.

Gas Transportation Arrangement with UGI Central Penn Gas

The Borough is excited to have reached agreement with UGI Central Penn Gas to provide gas transportation service in the near future. The Borough is generally prohibited from serving customers outside of the Borough. Significant development is pending in Greene Township, just outside the Borough limits, which requires low cost natural gas. This development includes a large expansion at Menno Haven and for Summit Health. This area is in UGI's franchised territory, but they lack the means to provide gas to the area.

In discussions between Menno Haven and UGI Central Penn Gas, the two decided to approach the Borough of Chambersburg and request a transportation arrangement. The concept was, UGI Central Penn Gas would buy its own gas supply and have it transported to the Borough's natural gas interconnection on the Texas Eastern pipeline. Chambersburg would transport that gas through the Borough system to the Greene Township line, and UGI offered to pay the Borough for the transportation. UGI would then take possession of its gas at the Borough border, then distribute to Menno Haven. In the end, Menno Haven gets gas service, UGI gets a gas customer, and UGI pays the Borough a fee for transportation of natural gas through the Borough system.

While working out this arrangement for Menno Haven, the Borough of Chambersburg decided a similar arrangement could work for dozens of homes and businesses in Greene Township. The Borough suggested, and UGI Central Penn Gas agreed, that gas could be made available to: the Grand Point neighborhood, the growing Summit Health campus on Parkwood Drive, undeveloped land along I-81 near Exit 17, the Franklin Square residential neighborhood, and the Chancellor Drive/Beechwood neighborhood as well. The Borough of Chambersburg could transport UGI gas from the Texas Eastern pipeline to Greene Township in these areas, in addition to the Menno Haven campus, and UGI could sell its gas to new customers in these sections of Greene Township. UGI would pay the Borough a fee for the transportation of its gas.

This project includes the addition of new pipelines on the north end of the Borough natural gas system, paid in part from a grant from the Pennsylvania Commonwealth Financing Authority.

On July 17, 2018, the Borough of Chambersburg received a notice of award for a \$584,100 Pipeline Investment Program (PIPE) grant from the Commonwealth Financing Authority (CFA). The grant will be used to partially fund the Chambersburg Natural Gas Pipeline Project, a critical infrastructure project offering natural gas to underserved neighborhoods both within the Borough of Chambersburg and in Greene Township. The sections of Greene Township affected by this project include newly served areas around the Menno Haven non-profit continuing care retirement community and the Grand Point section of Greene Township. Chambersburg Borough is partnering with UGI Central Penn Gas to deliver gas to these homes and businesses through a unique inter-municipal public/private partnership. Additionally, the pipeline extension will effectively serve the impending Summit Health healthcare campus. The gas line extension is expected to build upon the North Chambersburg Improvements Project – an infrastructure development project that extended Parkwood Drive and Fifth Avenue from the Borough to Greene Township to facilitate future development.

The UGI interconnection, as well as future water and sewer projects, are all related to this future development.



Seeking to Sell More Gas

The Gas Department is actively searching for additional ways to market natural gas. The cost of line extension is often prohibitive, so the Gas Department is only able to expand into a few new neighborhoods. In 2018, Town Council increased the length of gas main extensions that the Borough would pay for with no customer contribution from 50’ to 100’ feet.

One way to expanded sales has been through the low cost loan program for Residential customers as designed by 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.

We are proud to have begun a similar program to provide low cost loans to Commercial customers, such as commercial kitchens, which need natural gas. This program is specifically tailored to small businesses, providing an affordable way to allow them to convert to more efficient and cleaner natural gas. Businesses are expected to see energy cost savings immediately, which will pay for the loan and provide additional cost savings. We believe supporting small businesses in Chambersburg helps create jobs and provides a strong backbone to the community.

So, 2019 will appear very similar in many respects to 2017 and 2018. We don’t anticipate any significant changes and no rate increases.



Major items for 2019:

- Staff is recommending no gas retail rate change.
- The proposed budget includes \$1,899,000 in capital improvements to the Gas Department infrastructure; including the replacement of old gas mains and services, the extension of gas transportation service to UGI Central Penn Gas and the expansion of gas service to new areas and customers.
- The proposed budget reserves approximately \$2,000,000 for future capital improvements to the distribution system.
- The proposed budget includes the same number of employees.

Largest Gas Customers 2017		
<u>Customer</u>	<u>CCF Used</u>	<u>Total Revenue</u>
CHAMBERSBURG HOSPITAL	1,037,767	\$623,796
KNOUSE FOODS CO-OP INC	786,206	\$353,482
VENTURA FOODS LLC	677,882	\$320,424
T B WOODS INCORPORATED	626,571	\$276,468
ORCHARD PARK POWER PLANT	517,440	\$176,204
CHAMBERSBURG AREA SENIOR HIGH	310,285	\$173,827
WILSON COLLEGE	276,934	\$143,967
MENNO HAVEN INC	221,499	\$114,531
STAPLES INC	136,813	\$69,093
FALLING SPRING POWER PLANT	125,330	\$41,380
BWISE MANUFACTURING LLC	77,898	\$47,385

2019 Department Goals

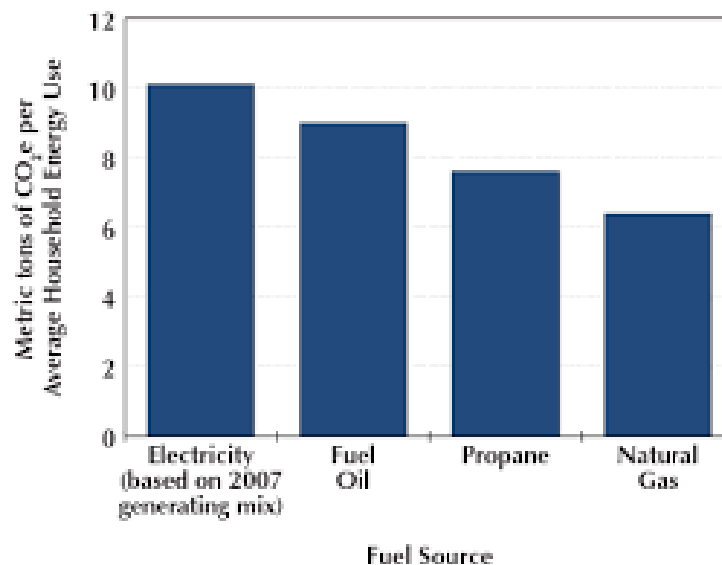
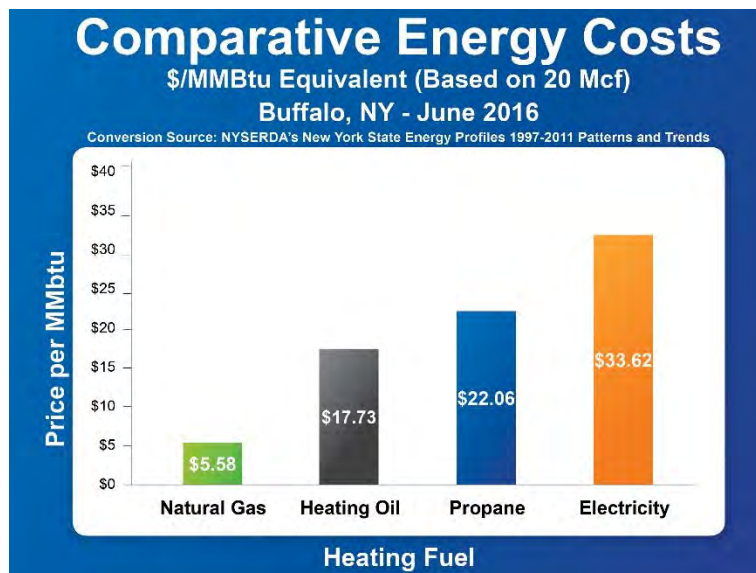
- Continue to have zero reportable gas safety incidents
- Zero lost time injuries to employees
- Replace a minimum of $\frac{3}{4}$ mile of CI gas mains
- Add 100 new gas customers
- Extend gas mains to new customers in Laurich Meadows and Limekiln areas; potentially Lantern Ln.
- Continue to make large financial contributions to Borough operations to help keep taxes and all utility rates

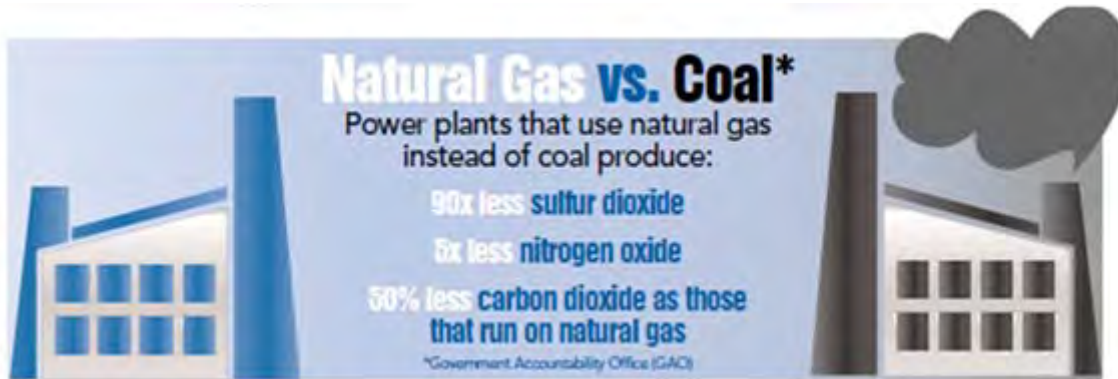
Environmental Benefits of Natural Gas

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.

NATURAL GAS IS GOOD FOR THE ENVIRONMENT AND GOOD FOR SOCIETY

- Natural gas costs much less to use than other energy sources - benefitting everyone, but especially low income households
- Expanding access to natural gas is **one of the most effective methods to cut poverty** in the US and the world, due to its low cost
- Natural gas has significantly lower emissions of pollutants than oil or electric
- Natural gas has significantly lower emissions of CO₂ than oil or electric
- Important for the Borough to continue to support responsible production of natural gas





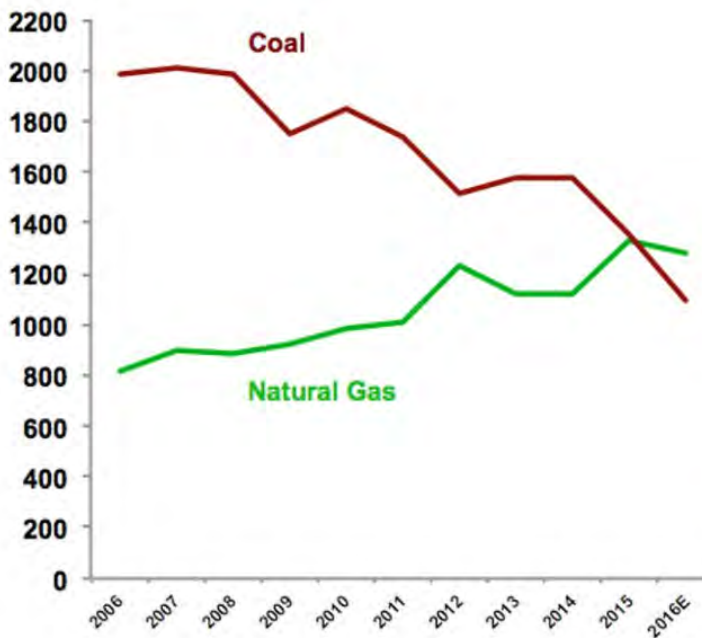
Emission Levels
 - Pounds per Billion Btu of Energy Input

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

U.S. Gas Power vs. Coal Power

TWh of Electricity



Gas this year will supply 35% of U.S. electricity, compared to 30% for coal.

This is a dramatic reversal, considering that in the mid-2000s coal accounted for over 50% of U.S. electricity and gas was under 20%.

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 2019 Chambersburg PILOT Tax Return form.

	<u>2017 Actual</u>	<u>2018 Actual</u>	<u>2019 Budget</u>
PILOT	\$514,000	\$555,000	\$570,000

**Borough of Chambersburg Finance Department
Gas Gross Receipts Tax
For Tax Year: 2019**

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	180,000	180,000
30015	Revenues - Merchandise & Jobbing	7,500	
	Revenues - Nonutility Operations		
	Nonoperating Rental Income		
30019/30024	Interest & Dividend Income	52,250	
30014/30016/30017/30027	Miscellaneous Nonoperating Income	624,500	
	Gain/Loss on Disposition of Property		
30011/30026	Residential/Commercial/Industrial Sales	7,119,400	7,119,400
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	50,000	50,000
	Sales of Water and Water Power		0
	Rent from Gas Property		0
	Interdepartmental Rents		
30013	Other Gas Revenues	18,600	
	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		\$8,052,750	\$7,349,900
Tax at the rate of 59 mills Gross Receipts Tax			\$433,644
Town Council Adopted Multiplier			131.4443%
Payment in Lieu of Gross Receipts Tax			\$570,000

11/5/2018



Water Department Budget

As Proposed for 2019 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

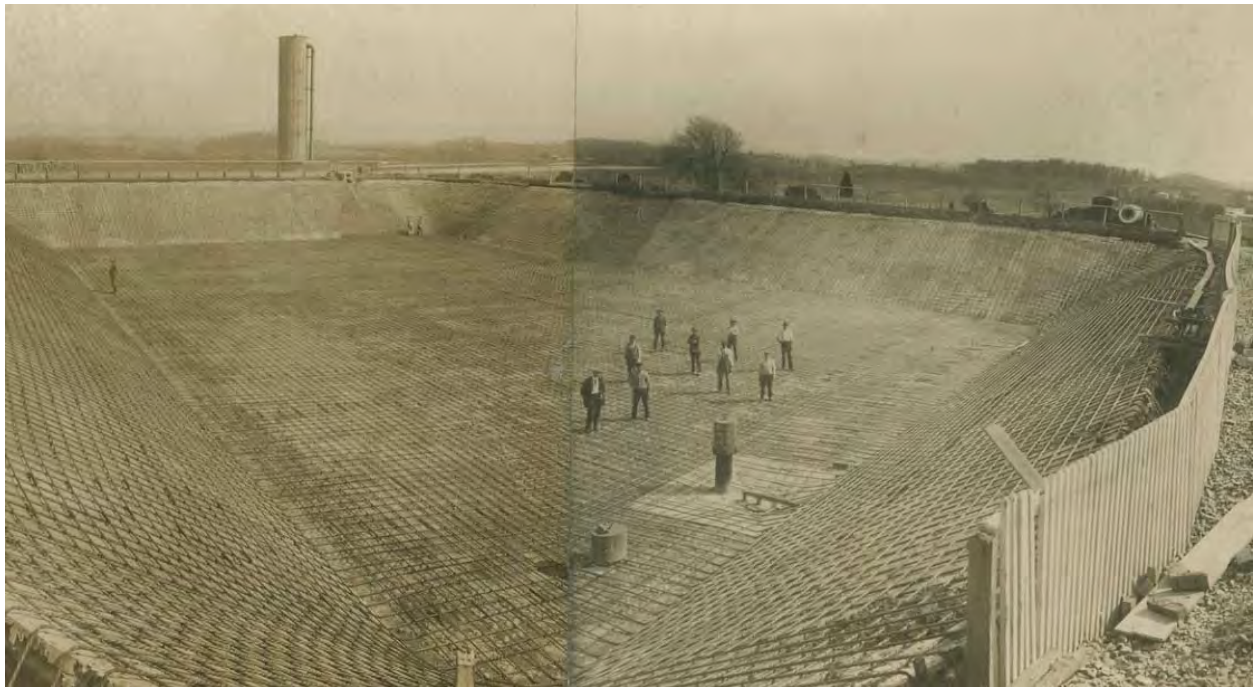
Water Department Budget

As Proposed for 2019

Background and History

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; no small sum in 1818.

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.



Dull Hill Reservoir in Guilford under Construction

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.



The Second Siloam Dam

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 on 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 Original Water Intake in Caledonia Still in Use

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 residents' teeth. In the early 1930's, a reinforced concrete dam was constructed across the Birch Run creating a storage capacity of 387 million gallons.



The site of the Old Birch Run Reservoir in Caledonia State Park

In the late 1960s, 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 1.78 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 \$7,410,850 cost of these projects as well as other items including the old Borough swimming pool. Up until that time, that 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. The Birch Run Dam was removed in 2004, but many parts of the original system are still in use.

The water quality of the Long Pine Run Dam and its protected watershed is amazing. 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.



Long Pine Run Reservoir



Long Pine Run Dam Control Tower



Long Pine Spillway – July 2018

Water Department Services

- Water supply, treatment, transmission, and distribution.
 - Treated 1.407 billion gallons of water in 2017.
- Operation and maintenance of the water production and distribution facilities.
 - 30 water main breaks repaired in 2017. The national average – 33 breaks.
 - 48 total water distribution repairs in 2017.
 - 26% unaccounted water lost in the system in 2017.
- Operation of the water treatment plant laboratory.
 - Perform regulatory and control testing for the WTP and distribution system.
 - Increase in regulatory sampling from 20 to 40 per month in 2017.
 - Perform testing for area water authorities and orchards.
- Water supply for fire protection.
 - Added 11 fire hydrants in 2017.
- 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 250 inspections in 2017.
 - Inspected 4 water/sewer main extension projects in 2017.
 - Replaced 117 water meters in 2017.



**Julio D. Lecuona Water Treatment Plant
Greene Township
6.0 Million Gallons Per Day Capacity**

Current On-going Capital Projects

- 2017 Street Repair Project: \$175,000 per year dedicated to fixing pipes before streets are paved
- Chambers Street water main extension: \$171,400
 - 500 linear feet extension of 16" water main under the Conococheague Creek.
 - Provides redundancy in the water distribution system.
 - Current 10" water main under the creek is more than 110 years old.



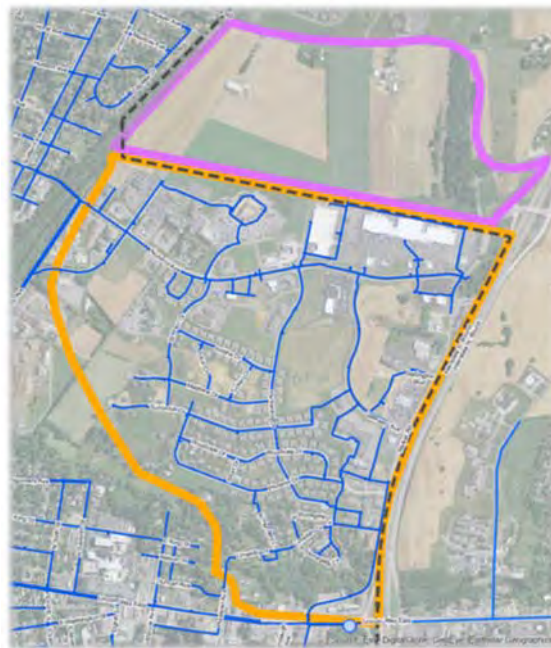
Chambers Street Water Main Extension

- Water Treatment Plant Clearwell: \$4,000,000
 - Addition of a second 2+ million gallon clearwell to provide additional storage and redundancy for continuous operation.
 - Allows for maintenance or closure of other facilities in the future.
 - Currently in design with design completion in early 2019.
 - 2018-2019 construction project



Water Treatment Plant Clearwell

- Grand Point Water District Service: \$40,000
 - The project supports future development and water service in Greene Township.
 - Water service will be through the Borough's Authority.



Grand Point Water District (Pink)

- Borough Hall Utility Addition Mostly Completed in 2018:
 - Design development phase completed 2015: \$156,000
 - Design and contract document phase completed in 2016: \$240,000
 - Addition construction phase: \$9.75 million
 - Projected completion: December 2018

Water Meter Radio-Read

In 2019, the Water Department will continue to expand the use of Radio-Read water meters. Currently, there are 387 units installed; most of which are located east of I-81 and in the Norland Avenue area. To further support the initiative to move towards a Radio-Read system, the Water and Sewer Department budget includes the addition of a Water Meter Technician employee in 2019. The new employee will be responsible for the installation of ¾" and 1" water meters and the installation and programming of Radio-Read equipment. Additionally, the employee will also field trouble reports from the service center, assist with plumbing inspections, and assist the water/sewer construction crew.



Commonly Used Radio Read Water Meters

Water Distribution System

- 95 miles of pipe length
- 685 fire hydrants
- 2147 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

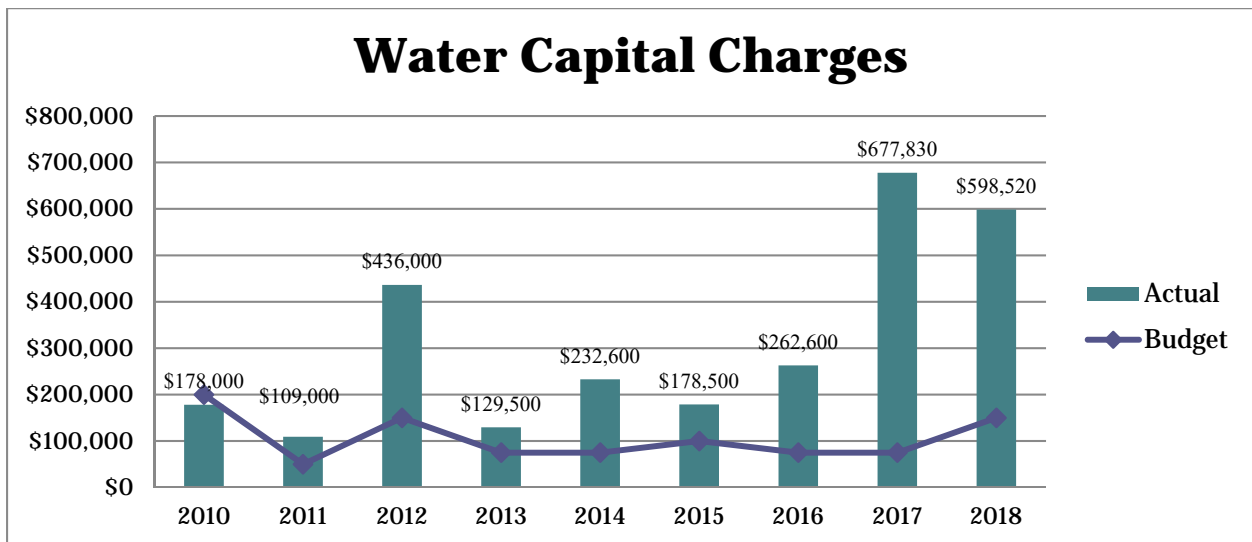
- Domestic – 7,860
- Commercial – 850
- Industrial – 19
- Municipal – 1

- Total – 8,786



Birkinbine Tank was Re-Painted in October 2015

New Water Connections



Projects: 53 (2017)
 23 (2018)

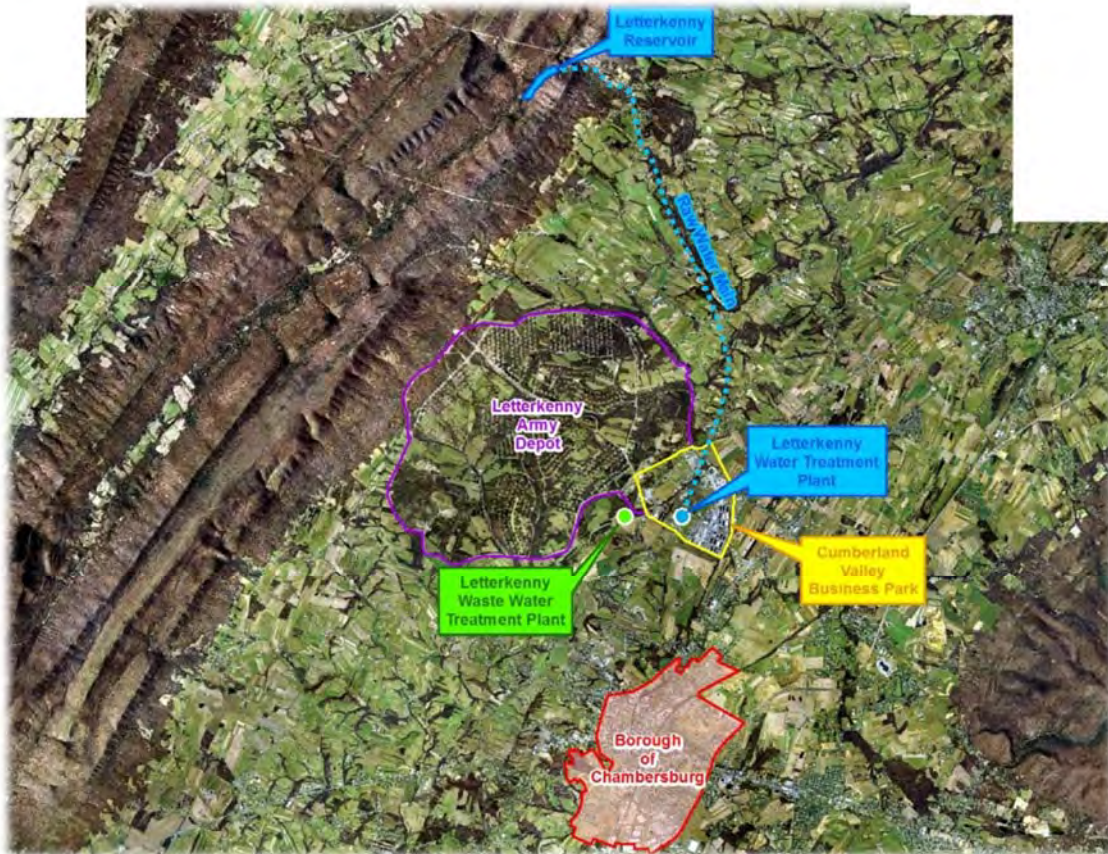
LIDA Water and Sewer Assessment

On April 23, 2018, Council authorized staff to proceed with an engineering study to assist in the consideration of acquisition of the LIDA water and sewer facilities.

- Study includes:
 - Opinion of fair value of the water and sewer systems
 - GHD's opinions of significant risks of the systems
 - An operational and budget analysis of the systems
 - Feasibility analysis of intermunicipal cooperation opportunities
- LIDA water and sewer systems:
 - Reservoir: 2.9 MGD raw water
 - Water Treatment Plant: 1.16 MGD
 - Wastewater Treatment Plant: .25 MGD
- 170 customers (mostly industrial)

In late 2018, Town Council decided to abandon any discussion of cooperation between the Borough system and the LIDA utility system; thereby ending any talk of an intermunicipal arrangement.

- LIDA sewer rate is currently 2x the Borough rate.
- LIDA water rate is currently 5x the Borough rate.
- Systems could provide limited intermunicipal benefit.
- Borough evaluated and rejected several scenarios to interconnect LIDA systems with Borough and neighboring utilities.
- The facilities are better suited to be acquired by a private water/sewer utility.
- Staff recommended no further action toward acquisition.



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.

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 ensure that their vision for the addition was being met.

On November 23, 2015, the SGS team presented their recommended vision for a Utility Departments Addition for City Hall. Deliverables for the project included the full design of the addition, layout and construction cost estimate of \$9.25 million.

On February 8, 2016, Council authorized staff to enter into Phase 2 of the existing Professional Services Agreement with SGS Architects Engineers for the purpose of developing engineering, blueprints, and bid specifications for the Utility Departments' Addition to City Hall.

Five bids for the project were opened by SGS on Wednesday, November 2, 2016. The project was awarded to eci Construction of Dillsburg, PA on January 23, 2017, at a base bid of \$8,455,000. Construction began on March 20, 2017. It is anticipated that total construction cost of the project will be \$9.75 million. Construction is estimated to reach substantial completion in November 2018. Personnel will move into the building in November-December 2018 with the building being open to the public in December 2018.



City Hall Utility Addition: Architectural Rendering



Building Exterior Nearing Completion



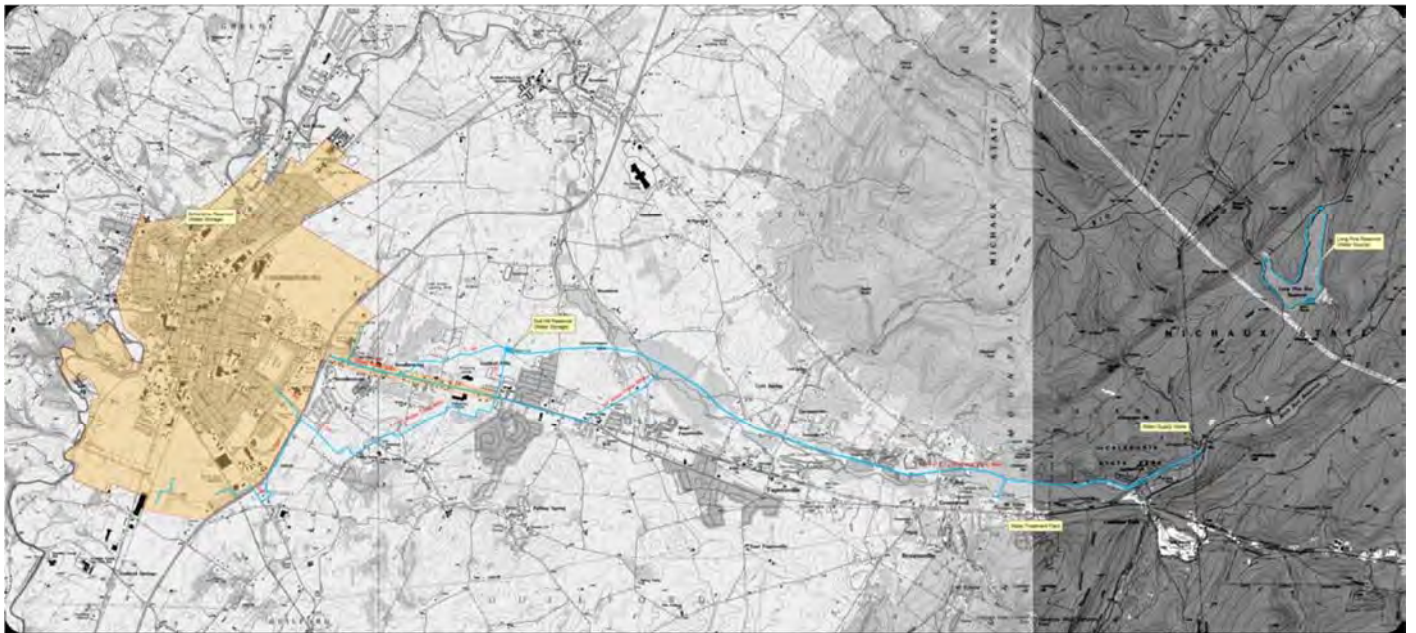
Community Room on the Fourth Floor



Typical Conference Room

Recommended 2019 Capital Projects

- 2019 Street Repair Project: \$175,000 per year dedicated to fixing pipes before streets are paved
- Nitterhouse Tank mixing equipment: \$40,000
- Chambers Street water main extension: \$171,400
- Distribution system leak detection loggers and flow meters: \$50,000
- Water meter replacements/Radio-Read installation: \$25,000
 - 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.
- WTP second clearwell: \$4,000,000
 - Continued design and initial construction of a multi-year project
- Intake Screening Improvements: \$50,000
 - Includes the refurbish or replacement of existing 1950's intake screens used to remove sand and debris from raw water.
- Research on alternate sources of raw water supply: \$50,000
 - Study to determine the viability of raw water wells within the Borough's watershed.



Water System Map



Water Department

The Chambersburg Water Department provides high quality drinking water and fire protection flow 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

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
Revenue	\$3,186,452	\$3,148,180	\$3,478,840
Expenses	\$3,104,550	\$3,148,180	\$3,478,840
Excess (Deficit)	\$ 81,902 Surplus	- Balanced -	- Balanced -

The Chambersburg Water Department is in a strong operating position. The Department is currently debt free. Prior to 2018, it had not raised the retail water rates since 2001 (seventeen years) and even now, it has one of the lowest average monthly water rates in Franklin County.

Previous water rate increases – 1991, 2001 and 2018

- Average Borough monthly residential rate (2018): \$15.75
- Average GHD Engineering Survey monthly residential rate: \$32.00 (35 participants)

Following the plan first introduced in 2018, the Water Department proposes, in 2019, to raise retail water rates \$.01 per unit per year (2018-2020). In 2019, the “per unit rate” would increase from \$.13 to \$.14. The rate increase is necessary to generate additional revenue to cover increased operational and maintenance costs as well as to help fund capital improvements.

- Average Borough monthly residential rate (2019) will be \$16.50 per household per month

What does a 1 cent increase in the Water Rate mean?

- The average residential household uses 185 gallons of water per day
- This usage equates to 75 “units” per month (1 “unit” = 74.8 gallons)
- 2017 usage charge: \$.12/unit
- 2017 average monthly billing: \$15.00
- 2018 usage charge: \$.13/unit
- 2018 average monthly billing: \$15.75
- 2019 usage charge: \$.14/unit
- 2019 average monthly billing: \$16.50



In 2018, the Water Department has reserves of over \$5,852,000 in capital funds for future capital projects. In addition, the Water Department also has reserves of \$2,824,000 in operational funds.

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. The 2019 budget includes \$40,000 in support of this initiative.

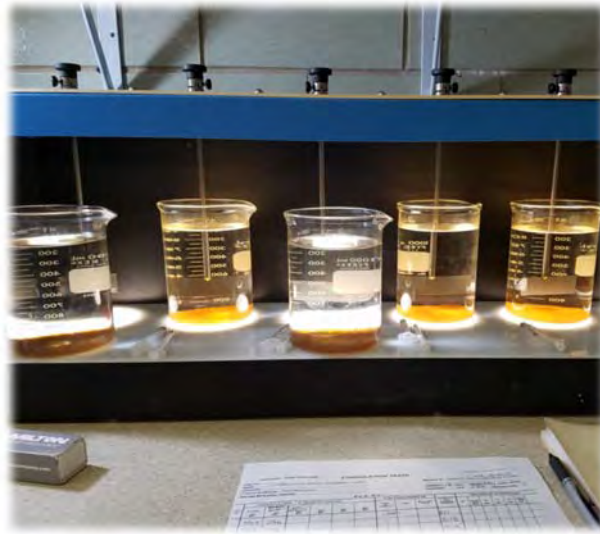
We maintain an excellent relationship with the Bear Valley Joint Municipal Authority, our largest water customer.

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 2018 our team has continued to review treatment alternatives through pilot testing a new water treatment coagulant, Delta-Floc 801. The testing is expected to be completed in 2018 under a Pennsylvania Department of Environmental Protection limited duration construction/operation permit. Lab testing has shown the ability to treat raw water beyond 200 color units where our previous shut-down was at 70 color units (cu). In 2018, due to above normal precipitation, the Water Treatment Plant has treated water over 70 cu for 27 days and over 100 cu for 6 days.



“Iced Tea” Raw Water – Conococheague Creek

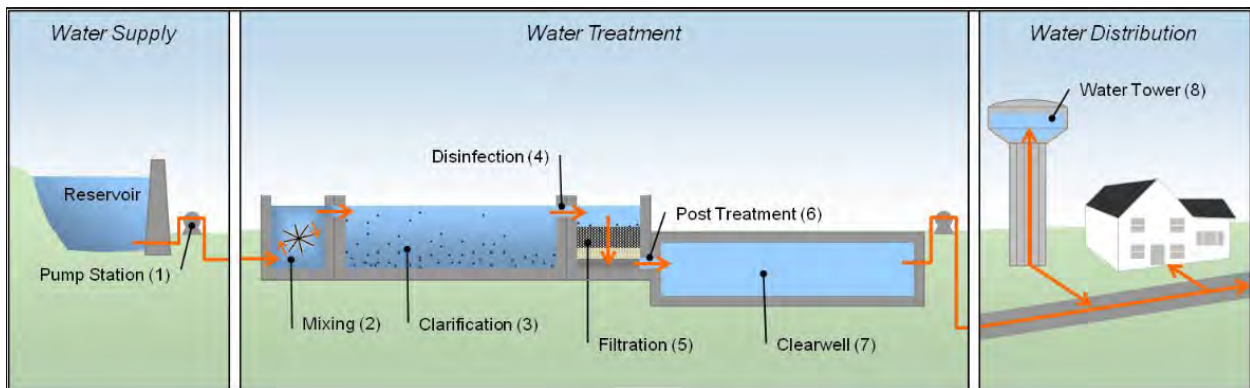
The Borough continues to make significant maintenance upgrades at the Long Pine Reservoir, the Raw Water Intake, the Water Treatment Plant Filters, and throughout the distribution system. This process will continue into 2019 with the design and construction of the addition of a second two million gallon clearwell at the Water Treatment Plant.



Laboratory Testing of Raw Water

Major items for 2019:

- The proposed budget includes \$3,450,000 in capital improvements to the Water Department infrastructure; including:
- Nitterhouse Tank mixing improvements
- Chambers Street water main extension
- Distribution system leak detection loggers and flow meters
- 2 million gallon clearwell design and initial construction
- Intake screening improvements





Nitterhouse Tank

Largest Customers (in dollars sold)

Customer	Units Used	Net Amount	Daily Avg. (Gallons)
Bear Valley Authority	3,676,235	695,370.00	753,378
Ventura Foods LLC	617,711	\$69,623.85	126,588
Chambersburg Hospital	317,790	\$48,822.40	65,125
Knouse Foods Co-op Inc	224,291	\$25,692.17	45,964
Menno Haven Penn Hall	90,400	\$23,460.97	18,526
Menno Haven Inc	105,800	\$15,939.32	21,682
TB Woods Inc	98,573	\$12,646.65	20,201
Crider's Water Service	34,604	\$12,111.40	7,091
Triumph Housing Mgmt LLC	48,158	\$10,395.72	9,869
Chambersburg High School	28,090	\$9,545.51	5,757
HTI Recycling	73,660	\$8,997.63	15,095
Wilson College	28,190	\$8,135.84	5,777

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.

That being said, obviously, the Water Department continues to contribute to the internal services funds of the Borough, including Engineering, Motor Equipment, Self-Insurance, and Administrative Services; all for services rendered to support the department's operations.

11/5/2018



Sewer Department Budget

As Proposed for 2019 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Sewer Department Budget

As Proposed for 2019

Background and History:

In 1910-1911, the Borough of Chambersburg decided to obtain its water supply from 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, 1997 and 2013 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 million gallons per day.
- 1948: A Waste Water Treatment Plant laboratory was established and the plant processes have been monitored for efficient operation ever since. The current laboratory facility is accredited by the Pennsylvania Department of Environmental Protection.
- 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 million gallons per day, at a cost of \$9.045 million (75% was funded through a grant).
- 1997 Upgrade: Upgrades were completed in July 1999 at a cost of \$18.5 million. Plant capacity was rated at 6.8 million gallons per day, with a maximum capacity of 17.0 million gallons per day.
- 2013 Upgrade: Upgrades were completed on March 31, 2017 at a cost of \$39.9 million. Plant capacity is rated at 11.28 million gallons per day, with a maximum monthly capacity of 14.66 million gallons per day.

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

- 86 miles of pipe length
- 2,287 manholes
- 4 interceptors (Falling Spring, East Conococheague, West Conococheague, and South End)
- 4 Borough owned and maintained sewer meter stations (6 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 – Under construction



2017 – After project is completed



2018



2012 – 2017 Treatment Plant Upgrades

The Largest Public Works Project in the History of the Borough of Chambersburg

Prior to 2013, Chambersburg's 6.8 mgd, J. Hase Mowrey Regional Wastewater Treatment Plant served 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 was 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 were not able to meet the pending nutrient discharge limits. Therefore, upgrades to the facility were required to meet the nitrogen and phosphorus caps. In addition to meeting these caps, an expansion from 6.8 mgd to 11.28 mgd was 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 resulting extensive scope included upgrades to all facets of the treatment process with an emphasis on being cost effective, energy efficient, and environmentally sensitive. Key project components included:

- A new headworks and influent pump station to 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 to 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 purchased 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 sized to meet a peak flow of 33.5 mgd. The new UV system was installed in spring 2012.

The upgrades were completed at a cost of \$39.9 million. Construction activities initially began in 2012 with the primary upgrades completed in March 2017. This made 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 were shared with the Municipal Partners, as defined in the Intermunicipal Agreement, which was executed on September 13, 2010.

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.



Post Aeration Tank in Operation in 2017



New Influent Pump Station (Headworks)



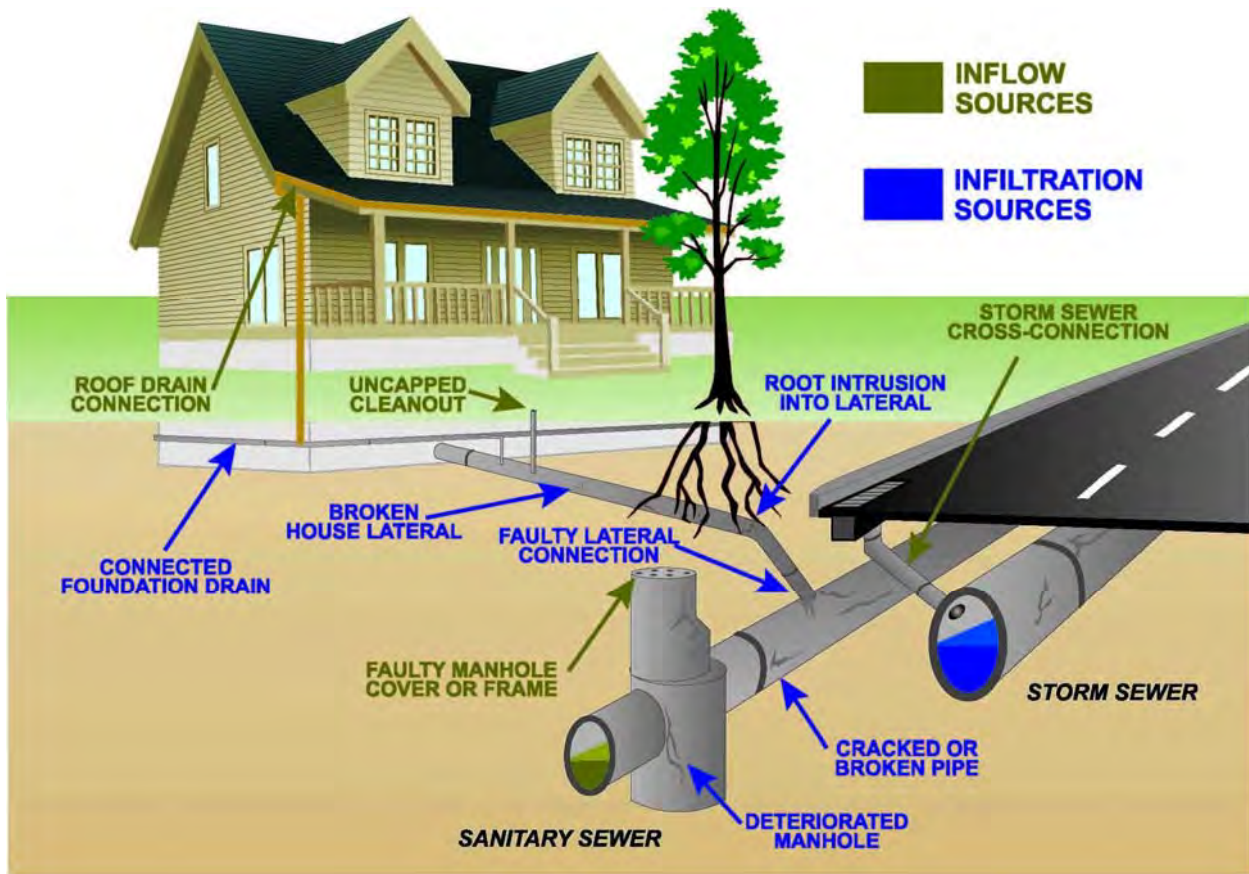
New Headworks in Operation Beginning in 2016



New Clarifies in Operation in 2017



Modified VLR Tanks in Operation in 2017



The Sewer Department works to keep Inflow and Infiltration out of the sewer system

Sewer Department Services

- Regional wastewater conveyance and treatment.
 - Treated 2,092,000,000 gallons of sewage in 2016.
 - Average daily wastewater treatment plant flow: 5.72 MGD.
 - 15.2% decrease from 2014.
 - 9.1% decrease from 2015.
- Sewer customers
 - Residential 7,729
 - Commercial 810
 - Industrial 21
 - Municipal 3
- Operation and maintenance of the collection and treatment facilities.
 - 440 wastewater maintenance repairs in 2016.
 - 1,156 feet of mains televised in 2016.
 - 673 feet of sewer main lined in 2016.
- Operation of the sewer treatment plant laboratory.
 - Perform regulatory and control testing for the WWTP.
- Sewer Inspections
 - Performed 235 inspections in 2016; 155 inspections during the first 8 months of 2017.

Capital Investments

- Collection/Conveyance Act 537 Plan: \$3,100,000 construction (2013-2019)
 - Included upgrades to the Plant approach interceptor (completed in 2016) and East Conococheague Interceptor (projected 2019 completion). 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.
- East Conococheague Pump Station: \$1,290,000
 - Includes the abandonment of a section of the East Conococheague Interceptor between King Street and Chambers Street.
 - Currently in the design phase.
- WWTP Control Improvements: \$360,000
 - Includes phosphorus control equipment to provide real-time monitoring in order to reduce chemical costs.
 - Includes control upgrades to solids processing in order to automate the sludge mixing process.
- Contribution to street overlay projects on streets disturbed by sewer work: \$175,000.

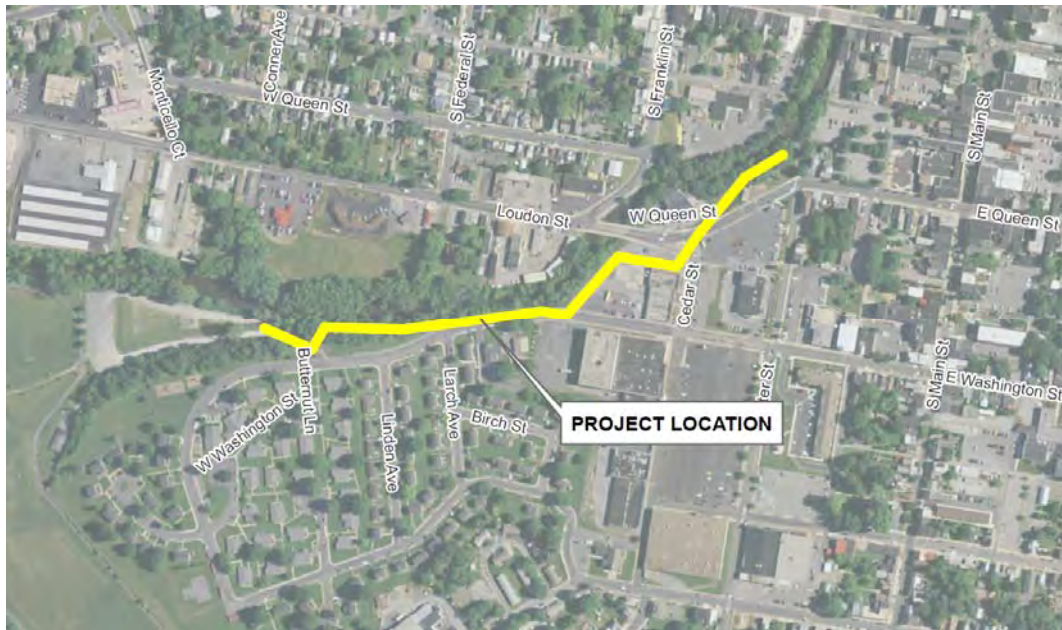
Collection/Conveyance Act 537 Plan

- 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
- The Plant Approach Interceptor Project was completed in 2016 at a construction cost of \$980,000.
- The East Conococheague Interceptor Project was bid On August, 13 2018 with a low bid of \$2,117,568.
- Overall project schedule: 2013 – 2019.



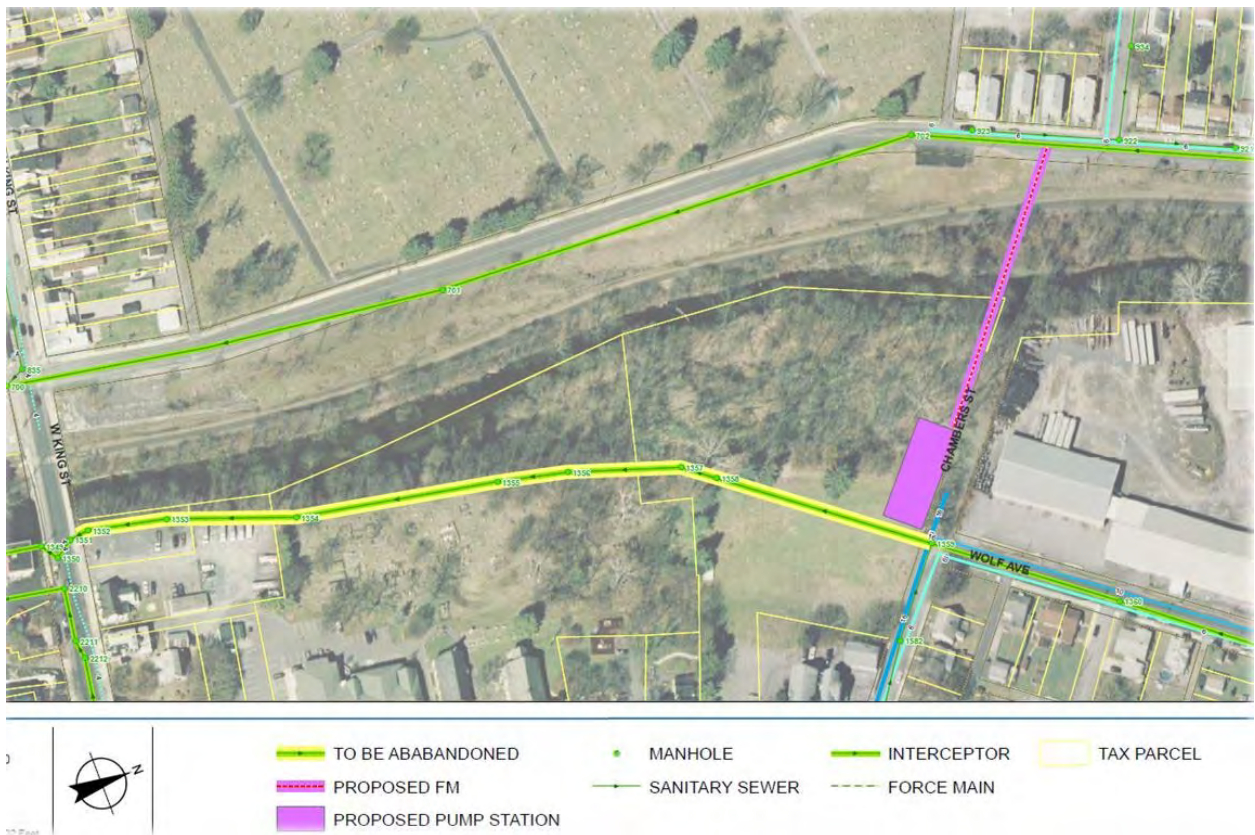
East Conococheague Interceptor Project

- Total projected cost: \$2,500,000; Borough share: 46%.
- Current Status: Project was bid on August 13, 2018 and was awarded to DOLI Construction Corporation of Chalfont, Pennsylvania on October 8, 2018.
- Construction is expected to begin early 2019 with a 180 day project schedule.
- Includes the installation of 2,100 linear feet of 36” interceptor with flow being diverted to the West Conococheague Interceptor.



East Conococheague Pump Station Project

- Estimated cost: \$1,290,000
- The project will allow the abandonment of 1450 feet of the East Conococheague Interceptor between King Street and Chambers Street.
- Interceptor was built in 1911.
- Repair obstacles:
 - Located in the stream bank or wetlands.
 - Adjacent to the Cemetery behind Falling Spring Presbyterian Church.
 - The pipe was cast in place on an existing stone wall.
- The pump station will transfer flow across the Conococheague Creek to the West Conococheague interceptor.



If possible, following construction, it would be the goal of the Sewer Department to maintain Creek Access at the end of Chambers Street.

The Sewer Department operates the Wastewater Treatment Plant under a National Pollutant Discharge Elimination System (NPDES) Permit. The Permit is issued by the Pennsylvania Department of Environmental Protection on behalf of the United States Environmental Protection Agency. The previous permit expired in 2013 and due to a DEP - EPA impasse in recent years, a new permit was on hold for nearly 4 years. This hold was released in 2017, and the WWTP is operating under a new NPDES permit through 2022. This permit contains expanded regulatory testing requirements beyond previous permit levels. The Sewer Department added a Laboratory Technician/Operator position to meet these new regulatory requirements in 2017.

Laboratory functions, as required by the NPDES permit, will be increasing for sewer, water, and storm sewer functions over the next few years.

The NPDES Permit System

*National Pollution Discharge Elimination System

Point Source Pollution is regulated by NPDES permits.

Point source polluters cannot **discharge pollution** into the **navigable waters of the US** without obtaining a permit that requires them to use **economically feasible control technologies** to reduce & treat their effluents.

*These are:

technology-based standards





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

	2017 Actual	2018 Budget	2019 Budget
Revenue	\$6,416,603	\$6,346,475	\$6,429,775
Expenses	\$5,845,722	\$6,346,475	\$6,429,775
Excess (Deficit)	\$570,881 Surplus	- Balanced -	- Balanced -

In 2017, a surplus was realized, which was transferred to savings to help pay for Capital Projects.

As of now, no additional rate increase is contemplated.

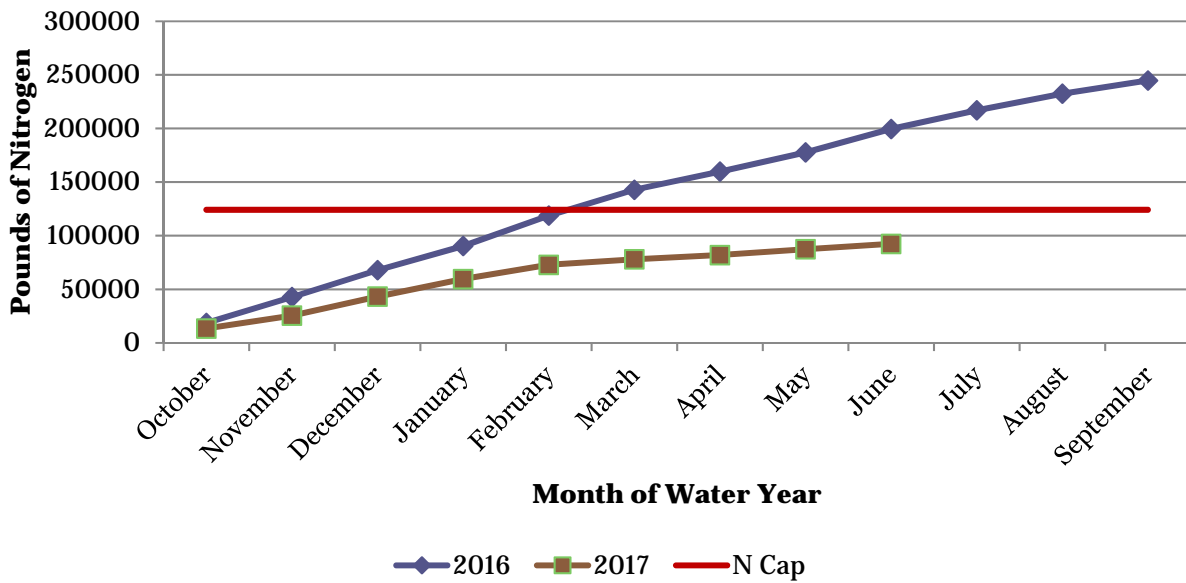
The cause of the last increase, 16% in December 2012 (six years ago), was the capital expenses related to the Treatment Plant Upgrade Project. Also, the 2011 Second Consent Order and Agreement with PA DEP, which has now been fully satisfied and was lifted in 2014. However, the Borough has permanently accepted the challenge to continue to investigate and determine sources of inflow (rainwater) and infiltration (groundwater) entering into the sanitary sewer system, where it does not belong. These expenses also contributed to that rate increase.

In 2019, we will continue aggressive investment in capital projects to improve the system; with no rate increase.

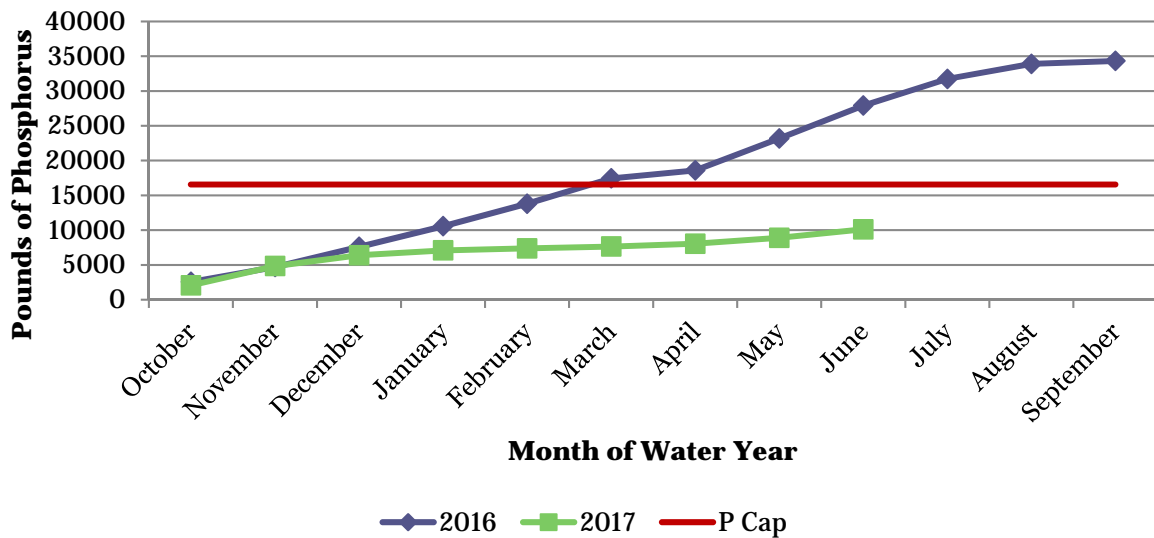
The big project, the Borough's J. Hase Mowrey Regional Wastewater Treatment Facility project was bid out for construction in 2013 and completed in 2017. Michael F. Ronca & Sons, Inc. ("Ronca") of Bethlehem, Pennsylvania was the low bidder at \$30,761,000. With necessary change orders, technical and administrative expenses, and the previously mentioned additional scope included, the overall project was completed at an estimated cost of \$39,929,850.

While it remains possible more capital investment may someday trigger a rate increase, there is no need now.

2016 vs 2017 Nitrogen Discharge



2016 vs 2017 Phosphorus Discharge



Sewer Department Intermunicipal Cooperation

The Borough owns and operates the J. Hase Mowrey Regional Wastewater Treatment Plant and under the provisions of the 2010 Intermunicipal Agreement, provides sewer service to our Municipal Partners. As of March 31, 2017, after substantial completion of the 2013 upgrade project, the sewer capacity allocations of 11.28 MGD based on annual average flow were adjusted as follows in accordance with the 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

For purposes of Operation & Maintenance, the percentage breakdown among the Borough and the three contributing Townships as follows:

- Borough of Chambersburg 30.32%
- The balance, 69.68%, to be shared by the Township based upon actual flow for any given month

In addition to sewage treatment, the Borough also provides conveyance services through the following shared interceptors:

Interceptor	Contributing Municipalities
East Conococheague	Chambersburg, Guilford
West Conococheague	Chambersburg, Greene, Guilford, Hamilton
Falling Spring	Chambersburg, Guilford
South End	Chambersburg, Guilford

Capacity in each of the interceptors is distributed based on peak instantaneous flow and all associated costs are shared subject to the provisions of a separate 2015 Intermunicipal Agreement.

Currently, staff is also working on a cooperative initiative with Greene Township to assist in providing sewer service to the area north of Norland Avenue in Greene Township. The 2019 budget includes \$50,000 in support of this initiative.



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.

That being said, for now, for the 2019 Budget, there are no rate increases planned.

Industrial Pre Treatment Customers (in ADD order)

	Avg Daily Discharge
Ventura Foods	113,450 gallons
Knouse Foods	77,182 gallons
Martin's Famous Pastry Shoppe	23,010 gallons
IESI Blue Ridge Landfill	10,963 gallons
B Wise Trailers	5,288 gallons
Edge Rubber	0 gallons (currently no discharge)
Nursery Supplies	0 gallons (currently no discharge)



11/5/2018

Other Enterprise Department Budgets

As Proposed for 2019 by Jeffrey Stonehill, Borough Manager

The Borough of Chambersburg

Other Enterprise Department Budgets

As Proposed for 2019

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 a normal government operations or services, 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, 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.

Officially in 2017, Chambersburg added another business-like fund to our list: the new Aquatic Center. Now, after its first year of operation, with the financial success of the inaugural season of operation, this facility will remain operated as a business or utility, with its own set of accounts. This is not uncommon for municipal swimming pools.

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 in the future.

Our Goals:

- To safely and efficiently collect residential solid waste and dispose of it at a 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

Operations Supervisor: Chad Ebersole

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
Revenue	\$3,121,082	\$3,159,840	\$3,325,705
Expenses	\$2,979,866	\$3,159,840	\$3,325,705
Excess (Deficit)	\$141,216 Surplus	- Balanced -	- Balanced -

Once again, in 2017, this utility fund realized a small surplus, which it retains for future needs.



Serving 7,536 residential customers and 655 commercial customers, the Department is responsible for collecting trash and overseeing recycling collection, green yard waste collection, bulky item collection, Christmas tree collection, leaf collection, and electronic waste recycling. The Department will also take over street sweeping from the Highway Department in 2019. Many of these services are either new or expanded in the last few years. In 2018, for instance, Council requested that the time allotted for bulky item collection and electronic waste collection be expanded to cover two weekends and expanded hours on Wednesday for each of the three collection events.

The Sanitation Department also oversees and maintains the Borough Farm.

Although the possibility of an increase was discussed, **the 2019 Budget does not currently include a proposal to increase the trash fee.** Continued budget monitoring has shown that we may be able to absorb one more year before fees will need to be raised.

The cost of disposing of recycling and electronic waste continues to rise. This may necessitate a mid-year Sanitation Rate adjustment sometime in 2019.

To address the costs of the new single stream recycling program, Town Council approved a rate increase in 2016. This was the first sanitation rate increase since 2013 and only the second since 2005. Average residential rates increased from \$14 per month to \$18.75 per month. This rate remains sufficient for funding the Department at its current levels of service; no rate increase is being requested for 2019.

Our sanitation rates are still much lower than the private residential rates charged by investor owned trash haulers throughout the townships. Comparative trash rates are as follows (and may be higher in 2019):

- Waste Management \$32.10 per month
- Progressive Waste Solution (formerly IESI) \$28 per month
- Parks \$23.50 per month
- Chambersburg Borough \$18.75 per month

The Sanitation Department is also responsible for a number of other activities, such as street sweeping, annual electronic waste collection, twice annual bulky item collection, and managing the recycling program that is currently conducted by Waste Management. In 2018 we successfully challenged the move by Waste Management to suspend the collection of glass, at some point in the near future. It remains uncertain how the world of recycling will change over the course of 2019.

Changing Landscape of Recycling

Recycling still works, but we have to think of it as a commodity, not just a way to deal with our trash.

Justin Stockdale, Western Regional Director of the Pennsylvania Resources Council, a statewide environmental group, jokes that he's been working in the dumpster for 25 years, and says he doesn't want people to be discouraged by all of this.

"It's heartbreaking to say that, 'well I buy my thing in that package because I think it's recyclable. Now you're telling me it's not. I've changed my life to support recycling. And now it's all been for naught."

Stockdale says recycling still works, but we have to think of it as individual commodities, not just a way to deal with our trash. He says single stream recycling, where we put all of the materials into one bin, is easier for consumers. It was instituted about a decade ago to grow the volume of the material that recyclers actually wanted, like those #1 and #2 plastic bottles. Stockdale says one solution might be collecting other materials the old-fashioned way, like we used to recycle in the 1980s, when we sorted glass and paper at home then dropped them off at a dedicated facility.

"I think we need to think about this as an opportunity to get it right, and to do better," Stockdale says.

So each commodity has its own challenge. Glass remains the most immediate challenge for Chambersburg. There is no good way to address glass. There appears to be no local demand for glass and glass is too heavy to ship to other places or even to haul to the landfill. The future of glass recycling is very concerning.

The future of plastic recycling is complicated by two issues. More and more packaging, sometimes marked as recycling, is not recyclable. In the U.S., any manufacturer can place a recycling seal on their packaging, but that often is deceptive or misleading. So a significant amount of non-recyclable (i.e. trash) plastic ends up in the recycling stream through no fault of the consumer. The second problem is consumer contamination. Plastic or packaging with food, liquids, or chemicals is automatically trash. The industry does not clean your recycling. In fact, when consumers contaminate their recycling, they often contaminate the whole load; and everything just goes into the trash. Some experts say 50% of recycling arrives at the sorting facility as contaminated.

Finally, paper and cardboard recycling is under crisis. For many years, the U.S. exported paper and cardboard to China for recycling. Often China placed the material in Chinese landfills. In 2018, this practice ended. China is no longer accepting most paper or cardboard. As a result, there are few places to send paper or cardboard in the U.S. The recycling contractors have significant inventories and no choices as of now. The future of paper recycling is therefore in doubt.

McClatchy reported that for just the month of January 2018, according to the Solid Waste Association of North America, U.S. recyclers sent more than 208,000 tons of paper and nearly 75,000 tons of plastics to China. University of Georgia researchers recently estimated that by 2030 the amount of plastics alone that would have been exported to China—and now would have to be processed or landfilled elsewhere—would weigh in at nearly 111 million metric tons, roughly the weight of 7 million full-load semi-trailer trucks, which would be nearly as many semis as there are cars registered in Los Angeles County.

As of today, the future of recycling is very much of concern and in doubt.

Bulky Waste

In 2019, the budget recommends bulky item collection and electronic waste collection be expanded to cover two weekends and expanded hours on Wednesday for each of the three collection events, limited to Borough Sanitation customers only, at no cost. A number of local landlords and business owners wanted to participate in these programs. The Borough Sanitation Department has made the administrative decision this program remains for residential customers only.

Bulky items that are dumped in the right-of-way will be picked up by the Sanitation Department, but the adjacent property owner will be charged \$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.

Electronic Waste Recycling

Another aspect to recycling is the disposal of electronic waste. The Borough continues to work with Waste Management to provide our citizens with an opportunity to dispose of electronic waste since it is no longer legal to dispose of e-waste in the trash. There are a small number of recyclers doing electronic waste collection, Waste Management was very expensive in 2018; as a result, they were not an ideal business partner. Therefore, the Borough will see if there are any other outlets for disposal in 2019. Very few municipalities provide this service or provide it for free. Borough sanitation customers are therefore limited to the disposal of two items each. The extra cost associated with this event in 2017 was \$19,750. In 2018, the price dropped to \$12,512. We will see what we can negotiate for 2019.



Any bulky waste that is dumped illegally will be collected by Borough employees and the *adjacent property owner* will be assessed a \$50 special disposal fee to reimburse the Borough Sanitation Department for our actual cost to collect and dispose of the improperly dumped bulky item. Additionally, anyone caught illegally dumping will be subject to a fine of up to \$1,000 pursuant to Chapter 248 of the Code of the Borough of Chambersburg. If you own property, you are required to ensure that no illegal dumping occurs because you will be held responsible.

If you or your tenant is moving out of a house or apartment, or if you have accumulated bulky trash, you have three options which comply with our ordinances: (1) rent a dumpster from the Borough of Chambersburg, or another licensed service. (2) Transport your bulky trash yourself to the IESI Blue Ridge landfill located in Scotland, PA, or to any other licensed waste disposal location, at your expense. (3) Hold your bulky trash, out of sight, within the confines of your property until this annual borough bulky trash disposal event.

The following are bulky items:

Air Conditioners	Freezers	Rugs
Bathtubs	Furnaces	Screens
Beds	Furniture	Sheds (metal)
Bicycles-Tricycles	Heaters	Sinks
Bookcases	High Chairs	Speakers
Box Springs	Ladders	Spouting
Carpet	Lamps	Stands (wire, wood, plastic)
Chairs	Landscape Logs	Stoves
Commodes	Lawn chairs	Stools
Couches	Lawn Mowers/Sweepers	Strollers
Cribs	Lighting fixtures	Tables
Desks	Mattresses	Toys (large plastic)
Dishwashers	Mirrors	Trash Cans
Drapery Rods	Mops and Brooms	Vacuum Cleaners
Dry Paint Cans	Ottomans	Washers
Dressers	Picnic Tables	Water Heaters
Drums	Picnic Umbrellas	Wheelbarrows
Dryers	Refrigerators	Windows

No construction debris will be accepted: no bricks, no drywall, no cinder blocks, no floor or ceiling tiles, no construction wood

No green yard waste will be accepted: all green yard waste should be brought to the Green Yard Waste recycling center on W. Commerce Street in Hamilton Township. A Borough Green Yard Waste card is required for drop-off. Cards are available at City Hall during regular business hours.



In 2017, a student Earth Day project at Shippensburg University saw the school overloaded with electronics as they provided free drop-off for anyone anywhere. Shippensburg Police were forced to close local streets due to traffic in response to the event.



Chambersburg workers unload a television during Chambersburg's Electronic Device Drop-Off Day



In 2019, for accuracy purposes, the Sanitation Department will assume the full cost of the street sweeping program.



Green Yard Waste Recycling Center

Beginning in April 2015, the Borough's new Green Yard Waste Recycling Center opened on W. Commerce Street in Hamilton Township. Initially a requirement by the PA Department of Environmental Protection to relocate our site from the Borough Farm, off Dump Road, this directive led to a \$1.5 million project, which included the 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.

Overall debt payments (the mortgage) for the site continues in 2019 with a payment of interest and principle in the amount of \$101,500.

In addition to a full time employee who manages the waste and checks identification during the warm weather months, the Borough has hired one extra part time Sanitation worker to expand the open times at

the facility. This worker works 10 hours per week at the site. During the cold weather months, the full time employee supplements the Sanitation Department crew.

Finally, 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. While this is a shame, and changed our business model, it also reduced the cost to the Borough to get rid of the green waste at the end of the season.



Borough contractor: H & H General Excavating d/b/a Country Boy Mulch & Soil Products



Leaf Vacuum Truck

Outsourcing Single Stream Curbside Recycling to a Private Contractor to Continue in 2018

To rave reviews, in January 2016, the Borough executed a three year contract to a new private company to begin single stream curbside recycling. For 2019, we plan no changes.

Single stream is 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 are collected curbside at a designated spot adjacent to the customer's home and removed, loaded in a vehicle, and delivered to a recycling center by contractor personnel in contractor vehicles. In addition, the contract provided one new recycling can for each Chambersburg Sanitation customer.

There is no doubt that the quantity of recycled material has increased and the cost of bringing trash to the landfill has decreased over 2016. The quantity of material has increased from 251 tons in the first half of 2015, to 446 tons in the first six months of 2016.





**RECYCLE OFTEN.
RECYCLE RIGHT.**



Borough of Chambersburg

Beginning now, residential trash customers have single stream recycling:



Plastic Bottles
& Containers



Food & Beverage
Cans



Paper



Flattened Cardboard
& Paperboard



Food & Beverage
Cartons



Clear, Green &
Brown Glass

Do NOT include in your mixed recycling bin:



NO Food Waste
(Compost instead!)



**NO Plastic
Supermarket
Bags & Film**



**NO Foam Cups,
Packing Peanuts
& Containers**



NO Needles
(Keep medical waste out of recycling. Place in safe disposal
medical trash containers)

To Learn More Visit:
RecycleOftenRecycleRight.com
#RORR

Please place recycling all in one bin to be picked up by
Waste Management on behalf of Chambersburg every week
on the same day and in the same place as your Borough
trash pick up.



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.

2019 will mark the fifth year of existence of the Storm Sewer Utility; one of the first such municipal utilities in the Commonwealth of Pennsylvania.

Department Head: Phil Wolgemuth, Assistant to the Borough Manager

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
Revenue	\$394,485	\$443,625	\$511,000
Expenses	\$357,805	\$443,625	\$511,000
Excess (Deficit)	\$36,680 Surplus	- Balanced -	- Balanced -

Staff: Andrew Stottlemyer

In 2017, the Storm Sewer Department ended the fiscal year with a surplus, which was designated for future capital construction projects.

The Storm Sewer Pollution Control Fee is recommended to not change from \$4 per month per sanitary sewer connection (\$48 per year per connection).

The Storm Sewer Utility began operation in 2015. It is dedicated to improving health, safety, and welfare in the Borough of Chambersburg. It does this by providing for the safe and efficient capture and conveyance of stormwater runoff resulting from development. Its methods include 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. Up until 2014, the storm sewer system was a part of the Highway Department and little thought, planning, resources, or management was provided. The utility generates its revenue through a Storm Sewer Pollution Control Fee that is assessed at \$4.00 for every sanitary sewer connection to a building. Through September 30, 2018, the utility collected \$303,050 for 8,349 customers, and will ultimately collect approximately \$400,000 in 2018 to operate the utility and fund storm sewer system capital improvements.

The Borough municipal separate storm sewer system (MS4) operates under Pennsylvania Department of Environmental Protection NPDES General Permit No. PAG 133704. This edition of the permit commenced on June 1, 2018, and will expire at midnight on March 15, 2023. With the new 2018 NPDES General Permit, along with the filing of a required Chesapeake Bay Pollutant Reduction Plan, which was subsequently approved by the Pennsylvania Department of Environmental Protection, the Borough’s

utility is compelled to follow up with certain activities. The Borough has until May 31, 2023, to achieve pollutant loading reductions for sediment, total nitrogen, and total phosphorous.

The MS4 Permit requires the Borough to operate a stormwater management program to address the following Minimum Control Measures (MCM):

MCM 1. Public Education and Outreach on Stormwater Impacts

MCM 2. Public Involvement and Participation

MCM 3. Illicit Discharge Detection and Elimination

MCM 4. Construction Site Stormwater Runoff Control

MCM 5. Post-Construction Stormwater Management in New Development and Redevelopment

MCM 6. Pollution Prevention and Good Housekeeping

Storm Water Consulting Engineer

Herbert, Rowland & Grubic, Inc. (HRG), who is in the process of moving their Shippensburg office to Grant Street in Chambersburg, was the consultant chosen in 2017 to guide Town Council, staff, and the community through a detailed planning and analysis process to change from the current \$4 per month Storm Sewer Pollution Control Fee to a fee schedule based on lot impervious coverage; along with a credit program to create incentives for property owners to reduce the amount of stormwater generated on their property.

In 2017, Town Council appointed community stakeholders to advise the utility in the implementation of a new fee system as well as other storm sewer issues.

ADVISORY COMMITTEE MEMBERS

Carla Christian, YMCA

Alice Elia, Councilman

Tanya Nitterhouse, Sunnyhill Properties

Sarah Wilson, Alexander Avenue

Ken Adams, King Street Church

Herb Dolaway, Councilman

Mike Kalathas, The Orchards

Jack Kelly, Wilson College

Larry Lahr, Alexander Avenue

Tim Murray, Chambersburg Hospital

Edward Peters, Chambersburg Area School District

Andy Stottlemeyer, Storm Sewer System Manager

Phil Tarquino, Franklin County Planning Department

Bernie Washabaugh, Jr., Second State Enterprises

Phil Wolgemuth, Assistant to the Borough Manager

We anticipate that the Committee will begin regularly meeting in 2019.

In 2018, Town Council approved an Intergovernmental Cooperation Agreement with Hamilton Township to provide Stormwater Management Program Administrative Services for their MS4 Permit and Pollutant Reduction Plan that were approved by the Pennsylvania Department of Environmental Protection. A proposal was recently issued to St. Thomas Township to provide the same services.

Services to be provided through Intergovernmental Cooperation Agreement with Hamilton Township:

- Prepare their MS4 Annual Report
- Provide their public education, outreach, involvement, and participation
- Provide their code enforcement

- Develop and implement their operation and maintenance program for Township facilities
- Develop and implement their training program for Township employees to ensure prevention of pollutants from municipal operations to the MS4

Intermunicipal cooperation is the hallmark and the overall object of the Borough's Storm Sewer Utility.

Storm Sewer System Operations

In 2018, Storm Sewer System Operations completed the following tasks:

- Worked with HRG to compile information for Storm Sewer Utility Rate Structure and Credit Program; and upcoming Advisory Committee meetings; most notably aerial photography for impervious coverage analysis;
- Worked with Director of Finance to ensure new software accommodates needs of Storm Sewer Utility functions;
- Implemented employee training program to ensure personnel comply with storm sewer system maintenance and pollution prevention measures;

In 2019, Storm Sewer System Operations has the following goals:

- Implement new software for Storm Sewer Utility functions;
- Provide Stormwater Management Program Administrative Services to Hamilton Township and St. Thomas Township, if approved by Town Council and St. Thomas Township Supervisors;
- Complete Storm Sewer Utility Rate Structure and Credit Program to include analysis and recommendations for changes to Storm Sewer Pollution Control fee, Storm Sewer Utility staffing and operations and Stormwater Management Code;
- Participate in Franklin County Watershed Implementation Plan process;
- Hire part-time employee to assist Storm Sewer System Manager with administrative and fieldwork tasks;
- Conduct more employee training;

Storm Sewer System Maintenance and Capital Improvements

In 2018, the following Storm Sewer System Maintenance and Capital Improvements were completed:

- Completed Rhodes Drive BMP Project that includes bio-retention area and porous paver walking path on Tower at Falling Spring property, second BMP project proposed through Chesapeake Bay Pollutant Plan;
- Completed new storm sewer system for Elder Street Improvements Project, Phase 1;
- Completed Central Parking Lot Project to install new inlets, pipes, and bio-swale and to repair existing inlet and pipes to address flooding;
- Completed numerous small inlet and pipe maintenance projects;

In 2019, the following Storm Sewer System Maintenance and Capital Improvements are planned:

- Storm Sewer Utility Rate Structure and Credit Program will include new maintenance and capital improvements planning and budgeting procedures for future, including BMP implementation proposed through Chesapeake Bay Pollutant Reduction Plan;
- Complete North Fourth Street Streambank Restoration Project, third BMP project proposed through Chesapeake Bay Pollutant Plan;
- Complete drainage improvement projects on Broad Street, Dewberry Court, Mill Alley, and Hollywell Avenue;
- Install 'Do Not Feed Birds' signs along Falling Spring Creek;
- Work with Electric Department to determine whether Flood Detection and Warning Systems should be installed on Commerce Street, North Fourth Street, Fifth Avenue, Hollywell Avenue, Hood Street, Norland Avenue, and Woodstock Road;

Please note that the Storm Sewer Utility Rate Structure and Credit Program will include new maintenance and capital improvements planning and budgeting procedures for future, including BMP implementation proposed through Chesapeake Bay Pollutant Reduction Plan.

Significant changes are coming for the 2020 Budget year.

Storm Sewer System Budget

In 2018, the Storm Sewer System budget included the following:

- Storm Sewer Pollution Control Fee Revenue of \$303,050 collected through 9/30/18 for 8,349 customers;
- Estimated revenue of \$404,000 to be collected through 12/31/18;
- Largest operations expenditures in 2018 will be for Storm Sewer System Manager salary/benefits, HRG services, Engineering Department services, and storm sewer system maintenance;
- Largest capital improvements expenditures will be \$411,967.19 for Rhodes Drive BMP Project and \$87,057.17 for Central Parking Lot Project;
- Expend state and federal grants totaling \$389,924 for the Rhodes Drive BMP Project;
- Any unspent revenue to be transferred to Storm Sewer Capital Reserve;

In 2019, the Storm Sewer System budget will include the following:

- No Storm Sewer Pollution Control Fee increase, to remain \$4 per month per sanitary sewer connection (\$48 per year per connection);
- Storm Sewer Utility Rate Structure and Credit Program will include recommendations for future Storm Sewer Pollution Control Fee changes;
- Complete drainage improvement projects on Dewberry Court, Mill Alley, and Hollywell Avenue for an estimated cost of \$75,000;
- Complete North Fourth Street Streambank Restoration Project for an estimated cost of \$100,000
- Hire part-time employee for an estimated cost of \$25,000;
- Work with GMS Funding Solutions to secure grants for BMP projects proposed through Chesapeake Bay Pollutant Plan;

Storm Sewer System

The Borough storm sewer system is comprised of the following:

63.99 miles of pipe

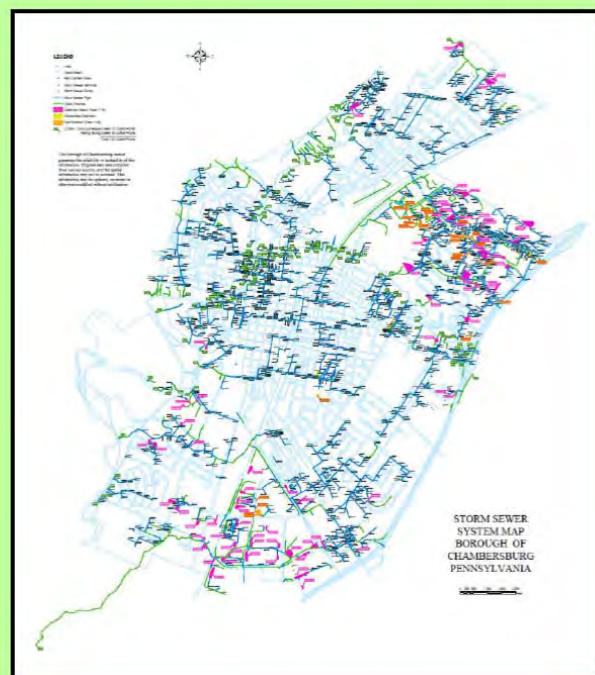
2,533 inlets

128 outfalls to Conococheague Creek and Falling Spring Creek

108 stormwater basins and rain gardens

60 subsurface detention areas

35 pervious areas (parking lots/sidewalks)





Example of an Impervious Surfaces Survey Using GPS

The 2019 budget includes significant legal services and consultant services costs in order to pay our engineering consultant to develop the Storm Sewer Utility Rate Structure and Credit Program. The program will establish a new Storm Sewer Pollution Control Fee based on impervious coverage for each parcel in the Borough and in relation to the demand for stormwater management services; along with, a credit program to reduce the fee if best management practices (BMP) are implemented.

This project, which was recommended through the Storm Sewer Utility Feasibility Report, which was presented to Town Council on October 13, 2014, contemplated a significant revenue shift for the storm sewer utility, to be implemented 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 with any utility, any unused revenue collected in 2018 will be transferred to the Storm Sewer Capital Reserve to be used for the capital improvements projects scheduled for 2019.



Example of Stormwater Best Management Practice (BMP) on Private Property

Rhodes Drive Reconstruction and Stormwater BMP Implementation Project

In 2018, improvements were completed to a vital corridor within the Borough's jurisdiction. Rhodes Drive, a one-way municipal roadway that houses several stormwater inlets that are tributary to the Falling Spring Branch, a waterway flowing into the Conococheague Creek, and is located between Second Street and North Main Street in the Borough.

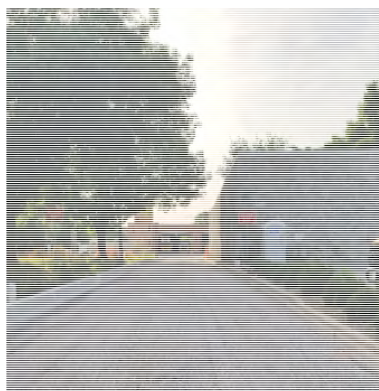
Rhodes Drive is centrally located within the Borough, adjacent to the Coyle Free Library, residential units at the Towers at Falling Spring, and the King Street Church Parking lot. Although Rhodes Drive is a one-way street, it plays a significant role in providing emergency access for the Chambersburg Emergency Services Department. Located at 130 North Second Street, the Chambersburg Emergency Services Department utilizes a direct route (via Rhodes Drive) to respond to any emergencies that occur on the south side of the Borough. Therefore, it is crucial that the Rhodes Drive corridor remains safe and accessible. Rhodes Drive is also an important community asset; when it is not being used as an emergency route, it serves as a staging area for several charity run/walk events, Borough parades, and battlefield reenactments.

Fayetteville Contractors, Inc. completed the work through a construction contract totaling \$411,967.19. The project was financed through a Commonwealth Financing Authority Multimodal Transportation Fund grant totaling \$224,665, funding from the Chesapeake Bay Implementation Grant Program totaling \$115,269, a \$50,000 grant from the Franklin County Conservation District Dirt, Gravel, and Low Volume Road Maintenance Program, and \$22,033.19 from the Storm Sewer Utility Capital Reserve.

On September 12, 2018, a dedication ceremony was held for the project with Alice Elia, Vice President of Town Council, providing the keynote address and sharing the podium with State Senator Richard Alloway, State Representative Rob Kauffman, David Keller, Chairman, Franklin County Board of Commissioners, Sadie Drescher, Director of Programs for Restoration, Chesapeake Bay Trust, and Michelle Price-Fay, Associate Director of the Office of State and Watershed Partnerships, Environmental Protection Agency Region 3.

The Rhodes Drive Reconstruction and Bio-Retention Basin Project also addressed the deteriorating surface of Rhodes Drive, a confirmed low volume road, and a principal route for the Chambersburg Emergency Services Department. Moreover, with the destructive heaving observed prior to construction, it was necessary that the Borough take appropriate steps to reconstruct the road in order to eliminate any concerns associated with traveling along this corridor.

The Borough intends to set a positive trend and important precedent with the Rhodes Drive Reconstruction and Bio-Retention Basin Project, as it was the second Best Management Practices project proposed through Chesapeake Bay Pollutant Reduction Plan.





New Pedestrian Walkway as a Part of Rhodes Drive BMP Project

Chesapeake Bay Pollutant Reduction Plan

The Borough discharges stormwater to surface waters located within the Chesapeake Bay watershed. Therefore, the Borough was required by the Pennsylvania Department of Environmental Protection (DEP) to prepare a Chesapeake Bay Pollutant Reduction Plan, in order to address nutrients and sediment in stormwater discharges to the Falling Spring Branch and the Conococheague Creek. The plan, which was approved by Town Council in 2017, and subsequently by the PA DEP in 2018, includes Best Management Practice (BMP) projects. These projects will serve a dual benefit of alleviating flooding and aging infrastructure issues, while also meeting the required reduction goals for the Chesapeake Bay by improving the quality of local waterways. The proposed BMP projects include bio-retention, infiltration, stream restoration, porous pavement, and riparian buffer plantings projects. The design and construction of the BMP projects will be funded through the Storm Sewer Utility fees as well as local, state, and federal grants. The Borough has until May 31, 2023, to implement the plan to achieve pollutant loading reductions for sediment, total nitrogen, and total phosphorous. To date, two of the BMP projects proposed through the plan, Fifth Avenue Extension and Rhodes Drive, have been completed. In 2019, the North Fourth Street Streambank Restoration Project, scheduled for completion in late 2019, and the other projects listed for future completion through the Borough Capital Improvements Plan will be undertaken.

Site	BMP ID	BMP Type	Permitting & Engineering Design (Permit Year)	Construction/ Reporting (Permit Year)
Rhodes Drive	BMP-1A	Bioswale	1	1
	BMP-1B	Pervious Pavement		
Fifth Ave Extension	BMP-2	Subsurface Infiltration	3	4
Elder Street / W Commerce Street	BMP-3A	Subsurface Infiltration	2	3/4
	BMP-3B	Streambank Restoration		
	BMP-3C	Subsurface Infiltration		
Stevens Elementary	BMP-3D	Bioretention	4	5
	BMP-4A	Streambank Restoration		
	BMP-4B	Riparian Buffer		
Wilson College	BMP-5	Bioretention	4	5
Mill Creek Acres Park	BMP-5	Bioretention	3	4
Nitterhouse Park	BMP-7	Bioretention	1	2
Wolf Ave Rail Trail	BMP-8A	Bioretention Pocket	2	3
	BMP-8B	Bioretention Pocket		
	BMP-8C	Bioretention Pocket		
	BMP-8D	Bioretention Pocket		
	BMP-8E	Bioretention Pocket		
Fourth Street	BMP-9	Streambank Restoration	3	4
South Fourth Street	BMP-10	Subsurface Infiltration	4	5
Ludwig Ave Parking Lot	BMP-11	Subsurface Infiltration	4	5
South Main Street	BMP-12A	Stream Restoration	2	3
	BMP-12B	Riparian Buffer		
Sheffler Drive	BMP-13	Riparian Buffer	3	4

Make no mistake, commitment to the plan, commitment to building the BMP projects, and commitment to management of stormwater, is extremely important to the Borough, the PA DEP, and the U.S. EPA.



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 Customer Service Office of the Administrative Services Department, and the Police Department.

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

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
Revenue	\$1,015,590	\$1,869,965	\$1,840,800
Expenses	\$901,032	\$1,869,965*	\$1,840,800*
Excess (Deficit)	\$114,558 Surplus	- Balanced -	- Balanced -

In 2017, the Parking, Traffic, and Street Lights Fund ran a surplus due to reimbursements from the Wilson College Multi-Modal Transportation Fund (MTF) grant funded project, and its reimbursement to the Borough of costs incurred in 2016.

*- In both 2018 and 2019, the Borough budgeted for, and anticipates, the undertaking of the Federal Highway Administration (FHA) Congestion Mitigation and Air Quality (CMAQ) grant funds to upgrade the Borough’s traffic signal infrastructure, which increases for each year, the size of the budget.

The Parking, Traffic, and Street Lights Department 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.

2018 saw no changes to parking meters, number of parking lots or parking meter rates In 2011, Council set meters at 25¢ only

2015-2018 were very busy years, but there is still one big projects left to accomplish in 2019.

2015-2016

- Wilson College Multi-Modal Transportation Fund Project (MTF)
- Wilson College Illumination Project
- Pedestrian and Bicycle Improvements Plan
- North Chambersburg Transportation Improvements Project (Phase 1-3)
- Undertake a Downtown Parking Utilization Study

2018

- Organize a group of Downtown Stakeholders to discuss downtown parking projects
- New Central Avenue Parking Lot and Pedestrian Safety Initiatives Multi-Modal Transportation Fund Project (MTF)
- Bike/Pedestrian Safety Improvements Downtown (a Borough-financed project)
- North Chambersburg Transportation Improvements Project (Phase 4)
- Update the Tradesman Parking Permit system for Downtown Chambersburg

2019

- Upgrade the Chambersburg Traffic Signal Network (Congestion Mitigation and Air Quality Improvement Program or CMAQ)
- Mitigate the impact of downtown Judicial Center construction on downtown parking

There are no plans to change the cost of on-street or meter parking throughout Chambersburg in 2019.

Bike/Pedestrian Safety Improvements Downtown

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. While this never materialized, an alternate project, to protect downtown sidewalks from bicycle accidents did. We anticipate the installation of new bicycle decals and signs throughout downtown in spring 2019, and perhaps other parts of the Borough by fall 2020.



Complete Streets Initiative

In 2019, the Engineering Department and the Planning Office will work with the Borough’s Parking, Traffic, and Street Lights Committee to develop a Complete Streets Initiative for Council’s consideration. That initiative will include:

- Reference to a Complete Streets Policy as part of the goals in the Comprehensive Plan, Neighborhood Plans, Transportation Plan and other plans and implementation strategies.
- Smart Growth land use policies that encourage bicycling and pedestrian travel in addition to traffic control systems.
- Bicycling and walking facilities incorporated into all new development, redevelopment and transportation projects unless exceptional circumstances exist.
- Sidewalks, shared use paths, street crossings (including over and under-crossings), pedestrian signals, signs, street furniture, transit stops and facilities, and all connecting pathways shall be designed, constructed, operated and maintained so that all pedestrians, including people with disabilities, can travel safely and independently along, within and across corridors.
- Safe routes for children to and from school.
- Better access to employment and educational opportunities in all neighborhoods regardless of income or ethnicity as equitable transportation solutions.

- Facilities designed to the best currently available standards and guidelines to provide:
 - Vehicular speeds and congestion compatible with the character of the neighborhood.
 - Usability and safety of well-maintained on/off-street bicycling/pedestrian facilities.
 - A well interconnected street network.
 - Intersection design addressing safety and convenience for bicyclists and pedestrians.
 - Quality, safe and convenient bike parking options at destinations community-wide.
- Borough policies, staff training program, policy checklist, and compliance procedures/performance measures.
- Education and public awareness program for the traveling public, bicyclists, and pedestrians.

National studies indicate that the way we design, build and retrofit our neighborhoods affects our physical and mental health. Decision-makers must consider options that promote walkability, bikeability, and livability such as:

- Provide adequate public facilities such as parks, bike trails, recreation centers and outdoor plazas that give people a place to be active and encouraging outdoor physical activity.
- Finding creative ways to address health issues through the design and retrofit of neighborhoods and streets.
- Improve the health of vulnerable populations and access to health care.
- Ensure that sidewalks and streets are in good repair and streets are safe for pedestrians and bicyclists.
- Offer more healthy and affordable food choices readily available and accessible to all neighborhoods.
- Assure land use policies support issues of healthy retail, farmers markets, urban agriculture, restaurants, and education.
- Incorporate crime prevention through environmental design (CPTED) standards into ordinances and design standards where appropriate to create an environment that promotes safety. Feeling safe in your surroundings plays an important role in mental and physical health.
- Establish a Good Neighbor strategy that provides expectations for becoming a good neighbor to other residents and adjacent businesses as well as becoming a partner to local government.
- Create a welcoming and friendly environment through social events, citizen engagement and develop the next generation of community leadership.
- Promote environmental stewardship and protection with residents, businesses, developers, and government.
- Adopt a complete streets policy and amend ordinances and design standards to require public and private investment comply with this policy; add reference to the Subdivision and Land Development local law.
- Create identified corridors that provide safe and accessible mobility for multiple forms of transportation (cars, trucks, bicycles, pedestrians, etc.)

The next step in this process was appointing our new Pedestrian and Bicycle Advisory Committee, and set about ranking and exploring these initiatives. Their goal is to identify the funding opportunities and the priorities for the community.



Crosswalks Throughout Town

On June 4, 2018, Town Council referred to the Pedestrian and Bicycle Improvements Advisory Committee the task of drafting a policy. After originally tasking the Parking, Traffic, and Street Lights Committee, the Council thought it best that “Ped and Bike” analyze, during the annual street improvements planning process, whether pedestrian crosswalks, not associated with traffic signals, should be upgraded or removed.

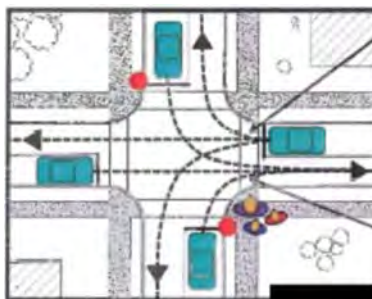
For background purposes, on March 12, 2018, at the direction of the Parking, Traffic, and Street Light Committee, Council authorized the release of a Crosswalk Study scope of work to transportation engineering firms. Proposals were received from Pennoni and Traffic Planning and Design with the proposal from Pennoni being the best for consideration.

On May 30, 2018, staff met with leadership of the Parking, Traffic, and Street Light Committee and Pedestrian and Bicycle Advisory Committee (Council Members Bigler, Leedy, Coffman, Dolaway, and Herbert) to review and discuss the proposals and to secure guidance regarding the appropriate way to move this project forward.

Pennoni proposed a Crosswalk Study for the Central Core Zoning District to cost \$20,472.08 and for the entire Borough to cost \$104,727.70, plus mileage reimbursement. Council Members discussed how and when a study of this nature could be funded by General Fund revenue as well as the financial and legal costs associated with implementing all of the crosswalk upgrades, including signage, markings, ADA improvements, and adjacent parking restrictions, that would be recommended as a result of the study.

Ultimately, Council Members recommended to not conduct a Crosswalk Study, but rather recommended the creation of a policy to analyze during the annual street improvements planning process whether pedestrian crosswalks not associated with traffic signals should be upgraded or removed. The policy would provide Council and staff with guidance regarding whether existing crosswalks not associated with traffic signals should be upgraded or removed, with the realization that many crosswalks not associated with traffic signals would likely be removed. Crosswalks deemed necessary for upgrade would be brought into compliance with PennDOT standards as part of the associated street improvement project. Council Members also recommended that Council consider establishing a General Fund line item, starting in 2019, to accumulate money to pay for crosswalk upgrades when deemed necessary according to the proposed policy.

At the Pedestrian and Bicycle Improvements Advisory Committee meeting on September 26, 2018, staff used the Pedestrian and Bicycle Improvements Plan Pedestrian Design Guidelines and PennDOT standards to explain proper design standards for crosswalks and ADA curb ramps.



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 all available funds 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 Monday, May 20, 2015, the Metropolitan Planning Organization (MPO) voted unanimously to allocate C.M.A.Q. (Congestion Mitigation and Air Quality (CMAQ) Improvement Program funds – and any other available state or federal transportation funds – not to exceed \$3.7M for the Traffic Signal Improvement Project that was presented by the Borough. According to the MPO, no local cash match will be required.

Council Member Allen Coffman is a voting member of the MPO.

The goal of the Traffic Signal Improvement Project is to upgrade Borough-managed traffic signal infrastructure by replacing copper wire with fiber optic wire, replacing outdated controller and communication equipment with uniform equipment and replacing outdated loop detection traffic sensors with radar detection traffic sensors. The project impacts 66 street intersections in the Borough, Greene Township, Guilford Township, Hamilton Township and Peters Township. The project will take approximately 9-12 months to complete.

The Borough created a detailed scope of work and cost estimates for the project, which was submitted to PennDOT and approved in 2016. We created intermunicipal agreements with surrounding townships to allow the project to upgrade traffic signals outside the Borough, which was approved in 2016. Council approved the hiring of a second traffic signal technician (in addition to Borough Electrician Supervisor) to allow for enough manpower to undertake coordination of the project in the 2016 Budget.

In 2017, PennDOT authorized the Borough to seek the required Traffic Engineer to manage the project (at no cost to the Borough). In November 2017, the Borough, using the PennDOT required ECMS computerized contract management system, selected Traffic Planning and Design (TPD) as the Traffic Engineer to manage the project.

In 2018, the Council entered into all intermunicipal agreements necessary to undertake the project. In 2019, it is anticipated the project will begin and take approximately one year.



Downtown Parking Study 2018

On January 29, 2018, Derck & Edson released Downtown Parking Utilization Study

“Within the Central Core study area of Chambersburg, there are approximately 180 on-street spaces and nearly 1000 spaces held in parking lots (of which 68 are public spaces managed by the Borough.) Additionally, the Borough has estimated that an average of nearly 600 spaces are vacant throughout the downtown each day. The main complaint that the Borough hears about these spaces relates to proximity to the desired destination.”

“The following pages of this report will document the analysis of parking utilization in the Central Core as well as summarize options for integrating structured parking as a possible solution. For clarity, structured parking in this report shall generally describe parking arranged in a vertical manner using structural building elements to elevate parking above the natural ground level.”

In my reading of the report, the following statement is the most important conclusion of Derck & Edson’s analysis:

“...this analysis determined that the notion of building a standalone structured parking facility will likely not be financially viable. Further, the anticipated likely loss of spaces for any future County courthouse expansion project, as well as increased demand for surrounding businesses, provides reasonable evidence that a mixed-use project in the Central Core, with uses beyond parking, will be more likely viable than a structured parking facility alone. Given the upcoming increase in demand and shrinking availability of surface parking, a concerted effort by a local development organization is highly recommended.”

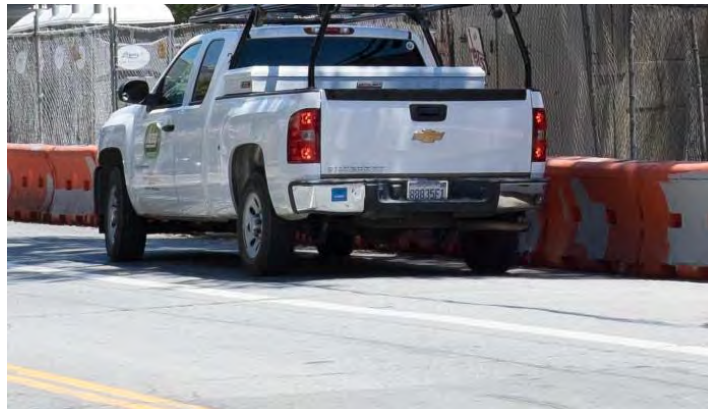
A downtown parking garage would earn insufficient revenue by itself to justify construction, debt service, and maintenance. There is not sufficient off-hour parking and surface parking rates are still too inexpensive. However, a parking garage as a part of a more extensive Downtown Office Building Project may make sense if the office building tenants subsidize the parking operation.



Ordinance to Change the Tradesman Parking Permit System

Before the end of 2018, Council is expected to significantly change the Tradesman Parking Permit system:

- At the September 2018 meeting of the Parking, Traffic, & Street Lights Committee, it was recommended to Council that the first significant change in the Tradesman Parking Permit system be made before the end of 2018
- Currently, an annual Tradesmen Parking Permit costs \$30.00, and affords the holder the privilege of parking at any metered space within the Borough, without feeding the meter, and without the need to concern themselves with said meter expiring. This fee was last adjusted (raised from \$20.00 to \$30.00) by Council in May, 1993
- Based upon the presented comparison, it was recommended that Borough Council consider increasing the fee charged for the privilege of a Tradesmen Permit first to \$100, and then gradually to \$390 annually, in order to effectively make up for the revenue that is potentially lost when taking into account up to 75% of the parking hours that are afforded to permit holders. If the value of these permits, as it has been presented, is the ability of a Tradesman to perform their duties in the downtown area, unencumbered by the need to revisit the meter every two (2) hours
- That the permit may NOT be used on the block of the principal place of business of the Tradesman pursuant to the 1993 motion of the Committee. A new permit form should be created that includes on its face the address of the principal place of business (i.e. 90 S. Main Street) and therefore the permit is ineligible therefore on the 0-100 Block of South Main Street. Parking enforcement can see the permit face and issue a violation
- That the permit may ONLY be used in the vicinity of the building or residence where the Tradesman is working pursuant to the 1993 motion of the Committee. A new permit form should be created that includes on its face, a place for the address of the residence or business where they are working that day (i.e. Working at 100 E. Catherine Street) to change every day if needed. Parking enforcement should be able to randomly verify if that it is being used correctly
- That the permits never be allowed on Main Street between King Street and Washington Street, including Memorial Square, and on Lincoln Way between Memorial Square and Second Street. These areas are just too busy and the spots in too much demand. A new permit form should be created that states that on the form. This would resolve concerns about Tradesman from downtown construction (i.e. the courthouse) taking important parking spaces
- It is anticipated these changes will be approved by Council before the end of the year



North Chambersburg Transportation Improvements Project Phase 5

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 five 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
4. Extension of Fifth Avenue northward to meet Parkwood Drive
5. Extension of Fifth Avenue towards Kohler Road & the addition of Rotary Intersections (NEW PHASE ADDED)

This multi-municipal, multi-faceted project will directly unleash the economic potential and improve the safety and functionality of this growing commercial corridor. A grant application was approved through the PennDOT's Multimodal Transportation Fund, which resulted in an award of \$2,869,907 in financial assistance for Phase 1 to 4 of the project with a matching contribution from Chambersburg Health Services. On June 23, 2014, Town Council approved the project plan, because some of it impacted streets inside the Borough of Chambersburg.

Summit Health is managing this construction project, which began 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. On August 7, 2017, a second approval was authorized by Council to add the fourth phase to the original scope of the project.

On July 23, 2018, the Borough approved a letter of support for Phase Five, which will be entirely inside Greene Township and not impact the Borough directly.



Grand Opening of the New Fifth Avenue Leg of the Project

Swimming Pool Fund



Created in 2017, this Department owns and manages the new Chambersburg Aquatic Center finances. The facility began construction in 2017 and opened on May 25, 2018, to great acclaim.

The Pool Fund has three functional areas: facility operations, facility administration, and facility construction/capital outlay.

Department Head: Julie Redding, Superintendent of Recreation

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
Revenue	\$278,404	\$1,018,795	\$1,040,130
Expenses	\$3,968,772	\$1,739,795	\$1,815,772
Excess (Deficit)	(\$3,690,368) Deficit	(\$721,000) Deficit	(\$775,642) Deficit

In 2016, the Town Council elected to sell the 2016 Recreation Bond. All the proceeds (\$9,780,056) were deposited into the Swimming Pool Fund. As a result, when 2017 began, most of these proceeds were considered fund balance, available resources to be expended.

In 2017, the Borough spent \$499,562 towards the debt service for the 2016 Recreation Bond. Of that, \$199,312 was provided by the General Fund as a one-time cash grant. In addition, the Borough spent \$3,734,375 towards the first phase of construction of the facility.

In 2018, the Borough was scheduled to a) finish construction and pay off the balance of construction costs; b) make the first year’s transfer of revenue from the new Recreation Bond Tax to the Swimming Pool Fund to pay off the second year’s debt service on the 2016 Recreation Bond; and c) operate the Aquatic Center with normal revenues and expenses associated with operation.

So far, 2018 operations have been outstanding for the facility. Through September 1, 2018, the facility had revenue in excess of expenses of \$128,000. While there are additional 2018 expenses, in the net, it seems to be a quite successful facility financially.

Therefore, 2018 was not anticipated to be a normal year. Conversely, 2019 is intended to be quite typical with the exception of one transaction: the transfer of the balance of the proceeds from the 2016 Recreation Bond to the Borough’s General Capital Reserve. This one time transfer will finance the balance of Parks and Recreation improvements projects selected by Council (a transfer of \$842,957). Therefore, in the net, it is anticipated, in 2019, that the Aquatic Center will have an operating surplus of \$67,315).

The original Chambersburg Aquatic Center is located at 1 Memorial Drive off of Stouffer Avenue, and is inside the Chambersburg Memorial Park grounds.

The Chambersburg Memorial Park is a 37 acre park providing several amenities. Far from the Borough’s only park, Chambersburg has preserved open space throughout the community. All the community parks are listed on the Borough’s website. In addition to Memorial Park, the Borough had to remind citizens

that 6 acres of open space was preserved right off Norland Avenue at Parkwood Drive. The John Redding Memorial Park is an example of a new park set in our most heavily developing part of town.

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, identified issues of technical, health, safety, and mechanical in nature, propose conceptual solutions including a variety of choices and alternatives and worked 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.

On September 19, 2016, Town Council approved the recreation bond sale for \$9.75 million. In the 2018 budget, a Borough-wide assessment of 3 mil of property tax began in order to retire this debt. The proceeds of this sale are placed in a dedicated account. On January 25, 2017, the Borough hired Lobar Construction to be the project contractor. Local resident, John Boozer, is the Construction Manager.

In 2017, after much discussion, Town Council decided, once and for all, the new facility will be called the Chambersburg Aquatic Center at Memorial Park. In addition, a fee schedule was approved for the 2018 season.



The facility opened to amazingly large crowds on Memorial Day weekend 2018.





The Finished Facility 2018

This inaugural season, on many levels, proved to be incredibly successful; however, as with any new venture, evaluation of all critical operational components is necessary to determine the effectiveness of pre-determined policies, fees, maintenance, personnel, and other operating logistics.

Total attendance in Year One of 25,348 visitors or 300% more than in any prior year.




First Season in Review

	2016	2018
Number of Possible Days Available	89 + 1 Friday evening	89 + 3 Friday evenings
Number of Days Open	87 + 1 Friday evening	89 + 3 Friday evenings
Number of Days Over 500	10	58
Number of Days Over 1000	1	32
Number of Days under 200	32	18
Number of Daily Borough Patrons	N/A	14,900
Number of Daily Non-Borough Patrons	Total for both: 18,711	28,200
Total Member Attendance	7,260	25,348
Number of Memberships Issued	201	851
Percentage of Borough Memberships Issued	68%	59%
Percentage of Non-Borough Memberships Issued	32%	41%
Number of "Basic" Parties	25	25
Number of Parties with Site Upgrades (Pavilion, Event Room, Picnic Pad)	N/A	87
Number of Rentals without Parties	N/A	51
Number of Full Facility Rentals (after-hours)	12	21
Number of Discount Daily Pass Books Sold	25	64

Second Year of Aquatic Center Operations

The Pool Fund is both the home of the Aquatic Center operation as well as the Aquatic Center construction and debt financing.

The operation of the Aquatic Center was incredibly successful.



Revenue Generated from Admission Fees	approx. \$400,000
Revenue Generated from Programs	approx. \$20,500
Revenue Generated from Rentals / Parties	approx. \$27,500
Revenue Generated from Point of Sale Purchases (Goggles, Swim Diapers, Sunscreen, Lifejacket Rentals)	approx. \$5,500
Concession Income	approx. \$114,500
Total Operating Revenue:	approx. \$568,000
Total Operating Expenses:	approx. \$440,000
Total Net Operating Revenue as of 8/31/18:	approx. \$128,000

Through August 31, 2018, the facility had a net operating surplus of approximately \$128,000.

In the proposed 2019 budget, for the second season of the Chambersburg Aquatic Center, the estimated cost of operating the pool is anticipated to be \$842,957 of which, \$408,290 will be the debt service on the 2016 Recreation Bond. The net operating costs will, therefore, be \$434,667. We anticipate revenue of at least \$607,000 from operations. The Recreation Bond Tax will provide another \$408,290 in assistance towards the debt service. We anticipate a net operating surplus in 2019 of \$67,315.

However, the Swimming Pool Fund budget remains an estimate. It is only Year Two and we are not sure of the cost of operations. We are not sure of the revenue. We have a much better idea than last year, but it will take some time to figure out the business model.

It is anticipated that the Concessions Stand operating costs (\$130,000) will, at least, break even. It is anticipated that Swim Lesson operating costs (\$17,200) will, at least, break even.

The 2019 Budget includes slightly higher fees, already approved by Town Council:

- All children under Age 3 are free
- The Borough will make available an installment payment plan for Memberships bought before the beginning of the pool season.
- Senior citizen, active military and early purchase discounts exist and have been expanded
- Discounts exist for families receiving public assistance
- Borough residents will continue to significantly lower rates than non-residents



Aquatic Center Construction Expenses

as of 8/31/18

Expenses Associated with Construction of the Facility	<u>\$7,477,437.11</u>
Expenses Associated with the Sale of the Bond	<u>approx. \$86,500</u>
Engineering Expenses	<u>approx. \$537,000</u>
Other Expenses Associated with the Development of the Facility	<u>approx. \$103,000</u>
<u>Total Expenses to Date:</u>	<u>8,204,000.00</u>



11/5/2018



Internal Service Funds

As Proposed for 2019 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Internal Service Funds

As Proposed for 2019

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 use these 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 services 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 disbursement 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 used to be synonymous with the Finance Department, which is responsible for the complete financial management, utility meter reading, and parking meter operations, as well as the operation and maintenance of the City Hall campus. 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 200 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, digital mapping, and utility location information to other departments. The department also designs and inspects public works projects including streets, sidewalks, and curbs.
- 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

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
Revenue	\$895,571	\$1,182,650	\$1,295,930
Expenses	\$1,069,647	\$1,182,650	\$1,295,930
Excess (Deficit)	(\$174,076) Deficit	- Balanced -	- Balanced -

The 2017 Fiscal Year produced a deficit that was the result of inventory passing in and out of the warehouse in different fiscal years, 2017 and 2018.

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 location for parts, supplies, and utility hardware (the Stores/Warehouse) and, second, it provides a 24/7/365 Customer Service Center for utility emergency and routine customer service. It processed 5,814 trouble tickets in 2017. An electric utility and a gas utility are federally required to provide emergency support to its customers.

The facility, acquired with the original purchase of the Chambersburg Gas Company, has different buildings, including many for Gas, Electric, and Sanitation, as well as break rooms, and the warehouse, and it is under the supervision of Rachel Krum.

The Chambersburg Stores/Warehouse Department has over \$1 million 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, storing material until needed, and covering its expenses.



The Chambersburg Stores/Warehouse Department has seen a number of challenges in 2018. Early in the year, one of our Dispatchers passed away unexpectedly at his home. We were moved and saddened by his loss and it impacted us all.



In memory of our employee and colleague, Glenn Smith II

We also moved forward with trying to improve the facility this year. This is exemplified by us having replaced and upgraded our phone system to a new internet based system, which has improved our reliability. 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.

To date, the Service Center has handed out several thousand recycling containers to Borough residents. We anticipate handing out hundreds more in 2019 as new residents move into the Borough, and as old containers break.

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. 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 2019 will be keeping the dispatch area free from being a social gathering place for employees during work hours.

The warehouse is responsible for:

- Purchasing off COSTARS State Contracts
- Advertising of specifications for goods associated with the warehouse
- 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.

In 2019, the warehouse will be integrated into the new Borough-wide Enterprise Resource Planning (ERP) software project.



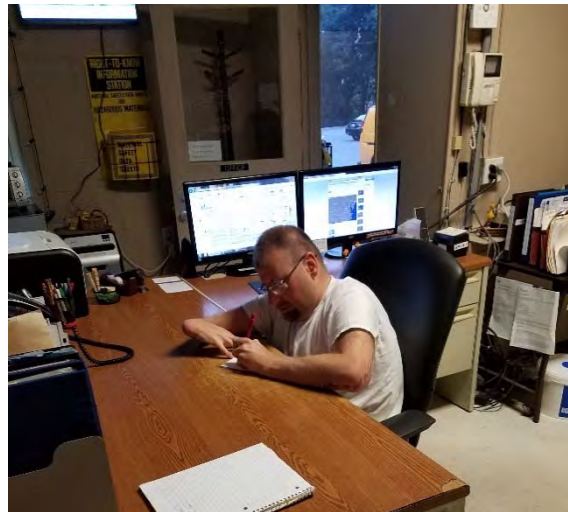
Electric Department Transformers and Cable Stored Securely at Warehouse



Janitorial Supplied Stored at Warehouse

2019 Goals

- 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 2019, we expect to purchase approximately \$540,000 of material, mostly consisting of numerous small dollar purchases
- Financially sound per item markup expected to remain constant for 2019 (No increase past 20 years)
- Replace computer system
- Eliminating excess inventory levels to decrease 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



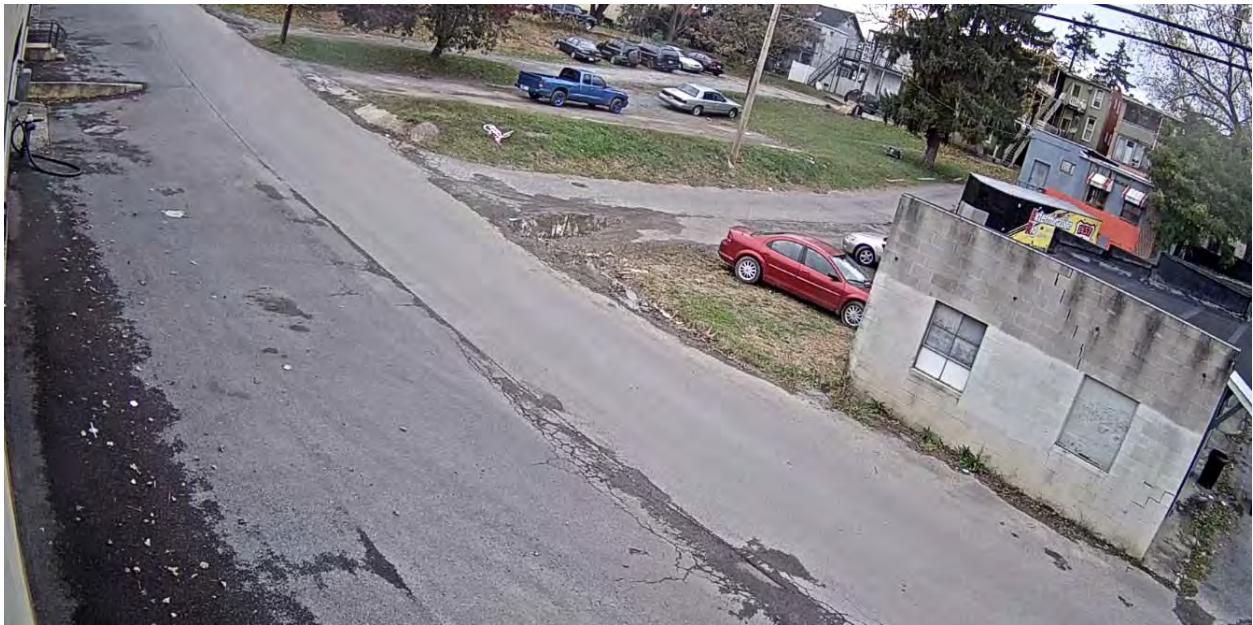
Keeping Watch All Night Long at the Customer Service Center

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)
- Processing citizen complaints and concerns
- Regularly conducting enhanced customer service training
- Operate electronic gate at the Borough Farm
- Daily stuff utility bills in envelopes

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.



This year, the Customer Service Center worked with the Codes Office to stop the tradition of illegal dumping on Burkhart Alley behind the facility

Future of the Franklin Street Site

The Stores Department operates the Borough's Warehouse yard operation. This Department has a number of buildings, structures, and open spaces for this purpose. In 2019, 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.



- Service Center parking lot will need to be repaved within the next few years
- No inside storage space for electric cable reels, wooden spools often deteriorate due to rain exposure – new building planned by Electric Department
- Customers visiting the facility stand in office to be assisted by dispatchers
- Lots of underutilized spaces

The Chambersburg Electric Department is exploring building a new warehouse for their equipment at the facility. In 2019, they will hire an engineer to complete a conceptual plan for Town Council consideration.

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 reporting and analysis of the Borough’s financial status
- To attract and retain quality team members and to assure that municipal services are provided in an effective and efficient 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 of the Borough in a cost-effective manner

	2017 Actual	2018 Budget	2019 Budget
Revenue	\$8,618,753	\$13,022,855	\$6,800,670
<u>Expenditures</u>			
Utility Addition	\$ 27,827	\$434,690*	\$700,650*
Personnel/Payroll	\$313,799	\$368,775	\$459,000
Information Tech	\$825,760	\$939,675	\$1,017,200
Finance/Accounting	\$728,101	\$841,040	\$735,900
Cust Service/City Hall	\$1,273,808	\$1,441,010	\$1,461,775
Clerical Pool	\$1,027,277	\$1,097,790	\$1,017,550
General Administration	\$587,593	\$525,525	\$556,065
Miscellaneous	\$216,071	\$245,550	\$251,900
Construction/Capital	\$3,624,549**	\$7,128,800**	\$600,630**
<i>Total</i>	<i>\$4,651,826</i>	<i>\$13,022,855</i>	<i>\$6,800,670</i>
Excess (Deficit)	(\$3,966,927) Deficit	- Balanced -	- Balanced -

The 2017 Fiscal Year produced a deficit based upon the first year of the partial construction of the Utility Departments’ Addition to City Hall.

Financial Notes

* - The Utility Addition cost center exists for the payment of maintenance expenses and debt service for the loan to construct the Utility Departments' Addition to City Hall. For example, in 2019, principle and interest on that loan will be \$533,150.

** - The major expense reflected in the budget years 2017-2019 is the construction of the \$9.7 million Utility Departments' Addition to City Hall. There are other capital expenses related to technology, City Hall, and customer service included.



Building Exterior Nearing Completion

The Chambersburg Administrative Services Department is the home of:

- Clerical Pool Office: The shared secretaries leased to each department
- The Personnel & Payroll Office: The human resources office
- Information Technology: Computers, software, and utility invoicing
- City Hall & Customer Service: The custodians, meter readers, and front counter
- Finance & Accounting: Accounting and financial management for all departments

Most municipalities do not own and operate large scale utility operations so, whatever back office operations they manage are often in their General Fund. In Chambersburg, most of the employees, equipment, personnel, and financial work involve our utilities and therefore putting all the back office operations in a fund that bills back its costs to other departments makes much more sense. In doing so, the utilities, the largest users of these services, also pay the largest share of these back office operations.

Who supervises the employees of the Administrative Services Department?

- Clerical Pool Office: Borough Manager
- The Personnel & Payroll Office: Borough Manager
- Information Technology: Borough Manager
- City Hall & Customer Service: Finance Director
- Finance & Accounting: Finance Director

The position of Borough Manager is established by State and Local Law. The Borough Manager is the Chief Administrative Officer of the municipality. He serves at the pleasure of the Town Council and manages all the day-to-day operations of the organization on their behalf. In addition, he is the Personnel Officer of the Borough, responsible for management of the employees.

The position of Finance Director is established by Local Law. However, the position of Treasurer is established by State Law. In Chambersburg, the Finance Director is also the Borough Treasurer. That person is responsible for the fiscal and fiduciary management of the Borough operations. In addition, he is the fiduciary in charge of the Borough's independent pension plans.

The current Finance Director is Jason H. Cohen, MPA. Jason serves at the pleasure of the Borough Manager and was appointed as Treasurer by Town Council in 2013.

Finally, Town Council appoints an independent auditor to confirm that the fiscal operations are being handled in accordance with generally accepted accounting principles for local government and State Law. The current independent auditor is Smith Elliott and Kearns & Company of Chambersburg, Pennsylvania.

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.

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.



New teller stations under construction in the Utility Departments' Addition to City Hall

In late 2018, these departments will all be relocating into the Utility Departments' Addition to City Hall. Customer Service will be on the first floor. Finance and Accounting will be on the second floor. The Information Technology office and the new data center will be on the third floor. Finally, the new Personnel office will be on the fourth floor.

This will be a significant change for the Administrative Services Department and will result in new work flow, new challenges, and exciting new changes in 2019.

Personnel Office and Payroll Services

Under the supervision of the Borough Manager, with the assistance of Carol Ehrenreich, the Personnel Supervisor, 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 arrangements for all personnel.

In 2015, the Borough added a Health and Safety Program Manager position. Since then, we've been auditing and observing Safety Practices at various Department locations throughout the Borough. The primary objective is Safety and Wellness. Utilizing and instituting policy objectives, through communication with Supervisors and Department Heads, and the implementation of practices and procedures for the improvement of our current Safety Policies. In summary, this employee assists 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. He ensures the maintenance of 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.

The 2019 Budget includes enough resources to grow the Personnel and Payroll Services Office by one employee. That new employee would be a Diversity, Outreach, and Employment Resources (DOER) Coordinator. The DOER is a new position envisioned to strategically execute an approach to reach out into the community, to communicate better with our community, and to expand the pool of future municipal workers; the next generation ("Next Gen") of Borough employees. How do we grow future talent?

Everyone who works for the Borough now will someday separate from employment – hopefully retire

- A Next Gen strategy develops the next generation of municipal workers
- A Next Gen strategy encourages young people to consider careers in local government
- A Next Gen strategy creates home grown talent from today's youth that reflects the gender and ethnic makeup of our community

The DOER would audit the existing workforce of the Borough to determine what future needs are coming up and develop plans and programs to encourage:

- Young people
- Women
- People of color – fluent in other languages
- Young people without municipal employees in their families

The DOER will promote the Borough as an employer through dissemination of information and holding programs and activities in order to encourage targets to someday be the Borough's future workforce.

Examples of DOER run programming would include:

- Junior Firefighter Program
- Civilian Police Academy
- Youth Map Makers Club by Planning & Zoning
- Summer Recreation Maintenance Program
- Diversity Outreach
- Targeted Mentorship in School Program
- Police Athletic League Participation
- Heavy Motorized Equipment Rodeo (no horses)



City of Vancouver, Washington

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 (PMHIC) 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 222 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 shared risk commitment). As a result, from 2006-2014, Benecon returned over \$227 million to their members, while boasting a retention rate in excess of 98%. Finally, if you have a 'bad' claim year, a maximum risk for paying claims is capped off.

“With Benecon’s assistance, we have finally attained the stability in premiums and insurance providers that we had been looking for in our medical plan. I have found the Benecon staff to be very responsive to our needs and any issues that may arise. Benecon’s compliance division has provided much needed support in navigating the Affordable Care Act”, said Darlene Childs, Manager, Human Resources, City of Westminster, Maryland.

Chambersburg is one of the top two or three largest members of PMHIC.

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.



Chief Camacho leads Situational Awareness Staff Training

Information Technology Office

Under the supervision of the Borough Manager, with the assistance of Peter Kolva, Information Technology Supervisor, this office has three full time IT staff members who do computer helpdesk, programming, hardware and software installation, backup, 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 Office and helps do everything from run cables to move furniture. The Office has a full time employee who is doing cell phone, tablet and telephone account management, and customer service. 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.

The 2019 Budget includes enough resources to grow the Information Technology Office by one employee. That new employee would be an entry level computer technician. The “tech” is an additional position envisioned to pick up the slack on the maintenance, programming, installation, and troubleshooting of computer hardware and software throughout the organization.

- 22 servers
- 140 Desktops
- 28 Laptops
- 70 Smart Phones
- 19 Tablets
- Server Disk Used Total 12.13 TB
- Total Server Disk Available 25.2 TB
- Average 53 support tickets a week
- Fire, Police, Service Center, Water, Sewer, Electric Plants – all supported 24x7
- 125 IP Videos Cameras
- 11 NVR camera system
- 11 Police In car camera / wireless
- 5 Police LPR systems
- 2 External Websites

2018 Accomplishments

- Setup new servers for new Borough-wide financial, accounting, billing and human resource management software package
- Continue implementation of new Borough-wide IP based telephone system 3 locations left
- Improve security flaws found in penetration testing
- Moved Water Plant off T1 connection to a Comcast connection back to City Hall through a site to site VPN connection
- Continue migration from Kaspersky AV to USA based provider Symantec
- Replace all non-POE Switches in Borough to POE compatible
- Upgrade and explore duplication of internet service providers
- Implement more Active Directory controls for better security
- Design and started migration to new Datacenter in new Utility Addition

2019 Projects

- Help implement new Borough-wide financial, accounting, billing and human resource management software package
- Finish new Borough-wide IP based telephone system 3 locations left
- Fix issues found in penetration testing for weaknesses in current Borough network
- Move Kerrstown IP phone system to Service Center

- Finish moving completely away from Kaspersky AV
- Have Comcast and CenturyLink internet service, providing duplication of Internet service
- Implement Active Directory controls to mobile devices for better security
- Migrate computers and employees into Utility Addition
- Move Datacenter in Utility Departments' Addition

2019 Challenges

IT Security, both internal and external is of growing concern. Every day more and more companies are being breached. 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 should be tested for any possible exploits before integrating into the Borough's network, which takes time to do. The end user is still the last person that can mitigate the problem. Finding time to talk and train people to be more aware of their own role in the security of the Borough of Chambersburg's data and systems is hard.

New Enterprise Resource Planning (ERP) software in 2019: The purchase and implementation of a new financial, accounting, billing, code enforcement, and human resource management software package is underway. We have logged 200 onsite hours with Harris ERP personnel since June (not including hours devoted to telecommunications on behalf of over two dozen Borough employees), conducting business process reviews, developing system configurations, and converting data.

Information Technology is doing well working with Harris ERP, but this project will tax staff through the end of 2019/early 2020.

Fiber Network: Over the past decade our fiber optic communication network has been built out to mostly all significant Borough facilities. This was made possible through relationships with Summit Health and now Franklin County in joint efforts. Through interconnection of the County buildings, we were able to incorporate our first loop of fiber between downtown facilities. Going forward we will work toward more looped setups in buildings on existing vulnerable radial fiber routes. In 2019 and beyond, new Franklin County buildings including the new Judicial Center and their new North Second Street Administrative Building, plus many new Summit Health planned buildings, will expand our network. This includes new runs just installed into the new Utility Departments' Addition and the new third floor data center.



The I.T. Office Works to Maintain Downtown Cameras

Multiple Departments' Work on ERP Software

In 2018, the Manager's Office, Finance, and the IT Office sought to address two technology items that cross all departments:

1. A new Point of Sale (POS)/Accounting/Utility Billing/Code Enforcement/HR systems/Resident & Customer Interface Enterprise Resource Planning (ERP) software package
2. A new Borough-wide telephone system

The discovery process that consisted of hundreds of questions and answers being exchanged, in order for Borough staff to best determine which Point of Sale (POS)/Accounting/Utility Billing/Code Enforcement/HR systems software was capable of meeting our complex requirements, and subsequently narrowing the field down to the top candidates, concluded in 2018, bringing the Borough closer to the reality of a new Enterprise Resource Planning software implementation. In February of 2018, Finance Director Jason Cohen briefed Council on the staff's recommendation to proceed with the purchase and installation of Harris ERP's Innoprise software, intended to serve the needs of the Borough for the next generation. Upon receiving Council's approval to proceed, business process reviews, configuration, and implementation began in June of 2018. As such, the 2019 budget includes an allotment to finalize purchasing and implementation of the software. It is anticipated that the new software will be live and responsible for handling numerous logistics for the Borough and its utilities in various phases; but, ultimately fully implemented and operational in late 2019 or early 2020.

Finance and Accounting

2018 was a year of moderate personnel changes for the Finance and Accounting, Customer Service and City Hall Maintenance and Personnel and Payroll Services Offices:

- Filling of the Staff Accountant position
 - This position was vacant for several years after the previous Staff Accountant was promoted to Assistant Director of Finance in 2013, coincident with Jason Cohen being hired as the Director of Finance. Upon the transfer of the Assistant Director of Finance to the Borough's Stores/Warehouse Department at the end of 2017, the position of Staff Accountant was updated and filled in order to account for many of the tasks previously performed by the Assistant Director, while the Assistant Director position now remains unfilled, in anticipation of assessing the need for additional staffing upon completion of the Borough-wide ERP software conversion and implementation process.
- Creation of the Aquatic Center Facility and Maintenance Technician position
 - This position was created to provide all of the necessary technical and mechanical maintenance and operational oversight necessary to ensure the consistent fully-functional operation of the Borough's new Aquatic Center, in addition to addressing the numerous needs of the Borough Hall campus during the off-season
- Creation of the Front Counter Reception Clerk position
 - This position was created to act as the Borough's dedicated switchboard operator, as well as to greet, direct, and grant access to Borough Hall visitors. This position will provide a dedicated staff member to direct telephone and visitor traffic, while allowing our front counter customer service staff to focus entirely on the residents and utility customers requiring their services, thereby improving the accuracy of our operations, and the customer service experience.
- Promotion of a Front Counter Teller I (FCT I) to a Front Counter Teller II (FCT II) as a result of the previous FCT II receiving a promotion and moving to the IT Department to administer the utility billing generation process.
- Hiring of two new Front Counter Teller I's

In 2018, Finance Director Jason Cohen and the Borough's Accounting group are proud to once again receive the Government Finance Officers Award for the publication of the 2017 Comprehensive Annual Financial Report (CAFR).

Finance and Accounting continues to work with Sterling Advisors toward the goal of maximizing the Borough's return on investments. Currently, the Borough has \$44.4 million under management and are realizing an average yield of 1.40% with an average maturity of only 1.8 years, and estimated annual income of \$626,393 (as of 7/31/2018). For those who do not know, State Law significantly limits the type of permitted investment devices, thereby limiting the risk, and limiting the yield.

Finance and Accounting continues to administer a prescribed collections process, staffed by the Collections/Tenants Rights Clerk, as a result of the creation of the position in 2015. Customer Service has realized year-to-date collections (as of 7/31/2018) of 35% (\$56,560) of delinquent merchandise and jobbing debt identified as collectible, as of January 1, 2018. The total year-to-date collections (as of 7/31/2018) of delinquent merchandise and jobbing debts equal \$160,925.

The 2019 budget includes the purchase of no new vehicles.

The 2019 budget includes the hiring of a multiple part time Front Counter Reception Clerk, intended to act as the Borough's dedicated switchboard operator, as well as to greet, direct, and grant access to Borough Hall visitors. In 2018, Administrative Services is eliminating the Secretary II position assigned to the FD, due to a retirement, so the addition of these Front Counter Reception Clerks will require no additional budget allocation.

The 2019 budget also includes funds to cover the costs of custodial services for the Utility Departments' Addition to Borough Hall. These services are anticipated to be outsourced to a cleaning company, as a result of obtaining competitive quotes for those services, in an effort to reduce expenses and as an experiment in outsourcing.

Finance and Accounting goals for 2019 include:

- Using technology to increase the efficiency & effectiveness of services provided; Particularly a POS/Accounting/Utility Billing/Codes Enforcement/Human Resources functions, via the implementation of new ERP software. This is a Borough-wide endeavor as all departments will be affected in some manner.
- Improved citizen access to the Borough's services via a "customer portal" for payments, applications, etc.
- Improve availability of all data to other departments & ensure that departments are tutored on how to access
- Improved inter-departmental communication and efficiency through real-time reporting technology
- Chipping away at supply costs due to increased use of technology
- Reducing overhead costs as a result of increased use of technology
- Improving customer service while maintaining efficiency
- Improving collections process/results to achieve a success rate commensurate with private debt collection agencies
- Improve meter reading operation efficiency and safety in conjunction with the utilities staff – particularly via technology integration
- Continued cross-training of department personnel to ensure that each position has at least one viable back-up

Customer Service and City Hall Maintenance

Under the supervision of the Finance Director, this office has all of the full time Meter Readers and Technicians, the Parking Enforcement Officer, the Front Counter Tellers and Customer Service Representatives, the Buildings, Grounds, & Maintenance Supervisor, the Live-In Residence Downtown Custodian & Maintenance Worker, the Aquatic Center Facility and Maintenance Technician, 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, as well as downtown maintenance responsibilities, while Custodians clean City Hall and other facilities, run errands, and do deliveries. This office also supervises the parking enforcement program: writing tickets, maintaining the parking meters, accepting payments, and handling all of the logistics of Borough parking.



Downtown Custodian Cleaning Street Lights

Fire Tax Fund

Beginning in 2018, with the end date of the Richard Kasher arbitration decision and replacement with a new labor pact, the Borough will no longer refer to this tax as the Richard Kasher Fire Tax.

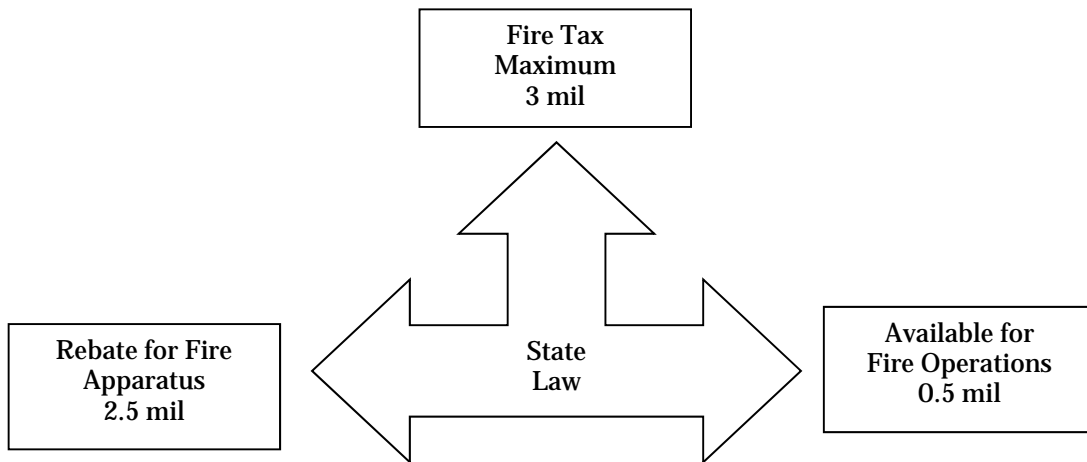
Beginning in 2013, Town Council decided to **begin the levy of a separate fire tax**. This decision was unavoidable given the Town Council's failure to convince an arbitrator to reduce benefits, increase employee contributions to benefits, or prevent annual wage increases awarded these employees. The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

Prior to 2018, as the fire tax was used only for equipment and vehicles for the Emergency Services Department, it had no direct impact on the General Fund. Proceeds from the fire tax were 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 are be used for the motorized equipment fleet; fire apparatus and ambulances. This, in turn, helped by allowing a rebate on its contribution to support fire apparatus and ambulances; representing an indirect benefit for the General Fund. Beginning in 2018, an additional 0.5 mils (for a total of 3 mils) were levied in order to assist with the funding of Emergency Services Department salaries, which does represent a direct benefit to the General Fund.

2019 Fire Tax Yield	\$579,000	3 mil
2019 Fire Tax Revenue	\$613,050	includes prior year delinquency, liens, interest, and PILOTs
2019 Fire Tax Transfer	\$103,700	to the General Fund for ES Department Salaries
2019 Fire Tax Transfer	\$509,350	to the Motor Equipment Fund for ES Department Equipment
2019 General Fund Rebate	\$509,350	to benefit the ES Department budget in the General Fund
2019 Budget	\$613,050	

Also beginning in 2018, 0.5 mils were levied in order to assist with the funding of the Borough's 24/7 Basic Life Support (BLS) ambulance service, which does represent a direct benefit to the General Fund.

2019 Ambulance Tax Yield	\$96,500	0.5 mil
2019 Ambulance Tax Revenue	\$99,600	includes prior year delinquency, liens, and PILOTs
2019 Ambulance Tax Transfer	\$99,600	to the General Fund for BLS Ambulance Services
2019 Budget	\$99,600	



Recreation Bond Tax Fund

Beginning in 2018, Town Council decided to begin the levy of a separate recreation bond tax. This decision was tied to the sale of the Recreation Bond that occurred in 2016. Town Council's decision to fund replacement of the Memorial Park Pool, as well as a package of other Recreation Department improvements, necessitates the levying of a new tax of 3 mil, beginning in 2018.

In the 2017 Budget, the fund was created and the first debt service payment was due. The proceeds to pay this first payment came from a transfer from the Recreation Department in lieu of swimming pool operations. This was only the case for 2017. Beginning in 2018 and in 2019, the tax shall provide the resources to pay debt service payments.

2019 Recreation Tax Yield	\$579,000	3 mil
2019 Recreation Tax Revenue	\$597,580	includes prior year delinquency, interest, liens, and PILOTs
2019 Recreation Bond Payment	\$140,800	to pay down the Recreation Department's portion of the 2016 General Obligation Bond
2019 Recreation Tax Transfer	\$408,300	to the Swimming Pool Fund, to pay down the Fund's portion of the 2016 General Obligation Bond
2019 Recreation Expenses & Fund Balance	\$48,500	expenses and addition to fund balance
2019 Budget	\$597,580	

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



2014



2017

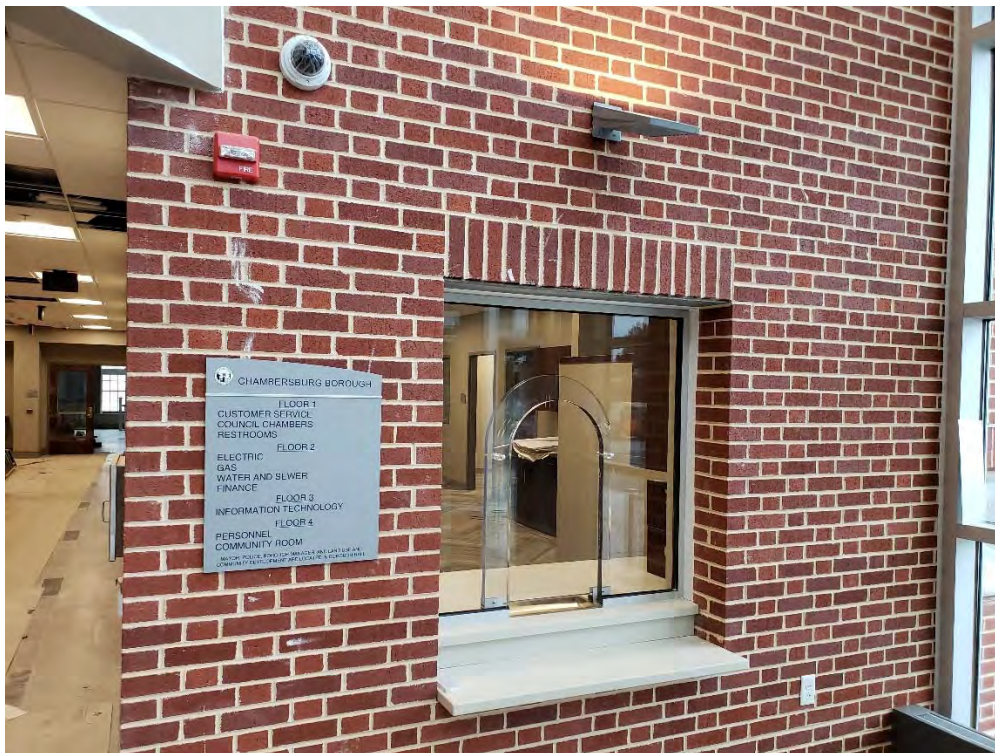
Charge Back Calculation to Other Departments

As with all internal service funds, other Borough departments provide all the funding for the Administrative Services Department. In order to complete the 2019 proposed budget, the Administrative Services Department is proposing the enclosed charge-back formula for its expenditures. The formula results in the following shared expenses:

Electric	32.56%
General Fund	19.44%
Sewer	11.99%
Gas	10.49%
Water	9.31%
Motor Equipment	7.58%
Sanitation	3.49%
Parking Traffic & Street Lights	2.70%
Stores/Warehouse	1.02%
Engineering	0.83%
Storm Sewer (MS4)	0.60%
Swimming Pool*	0.00%
	100.0%

Based on actual 2017 expenditures by department

* - No historical data existed for the Aquatic Center in 2017



New Receptionist Window in New Lobby

Motor Equipment Department



The Motor Equipment Department maintains and repairs the Borough's vehicle fleet, and provides 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

Operations Supervisor: Chad Ebersole

Mechanics: Jason Snyder, Dirk Lautenslager, and Cole Stull

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
Revenue	\$2,997,136	\$3,217,740	\$3,537,805
Expenses	\$3,833,563	\$2,259,800	\$2,463,300
Excess (Deficit)	(\$836,427) Deficit	\$957,940 Surplus	\$1,074,505 Surplus

The 2017 Fiscal Year produced a major deficit that was the result of purchasing three new trash trucks for the Chambersburg Sanitation Department; and some other vehicles. That purchase, from accumulated savings, was planned. In 2018 and for 2019, it is planned to return to a pattern of accumulating savings for future purchases. As such, a healthy surpluses are scheduled.

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 Borough does not use credit to buy vehicles, we accumulate resources. In addition to maintaining and repairing the Borough's vehicle fleet, the Department is managed to make sure that funds are available to replace all Borough vehicles when it becomes necessary to do so.



Borough Mechanics at Work

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 that point, there was no set of procedures to describe how much money should be set aside; it had mostly been done as “educated guesses” and the 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:

$$X = ((R - E) / N) + O$$

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. 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.

In 2018, a new variable was added to the formula to account for overhead. Since vehicle rental rates provide the only income for the Department, payments have to be made to the Department for overhead costs such as new tools, employee training, etc. This was calculated to be approximately 15%, so that the formula is now: $X = (((R - E) / N) + O) + OH\%$, where $OH = 15\%$; so in the equation above, $X = \$345$.

In an effort to control costs, in 2019 all departments were prohibited from purchasing new vehicles unless there was a strong need. Only three new vehicles were approved: a new utility truck for the Electric Department, which is viewed as being critically important, and two replacement pickup trucks for worn out vehicles, one for the Gas Department and one for the Fire Department.

No borrowing or leasing is necessary to accomplish the following purchases:

Department	New Purchase	Replacing Vehicle	Cost
Admin Services	None in 2019		
Codes	None in 2019		
Electric	2019 Ford F-350 AWD Utility Truck	<i>Addition to the Electric Fleet</i>	\$50,000
Emergency Services	2019 Ford Police Interceptor Pickup	2011 Ford Expedition	\$50,000
Engineering	None in 2019		
Gas	2019 Ford F-350 Crew Cab Pickup	2002 Ford F-350 Crew Cab Pickup	\$65,000
Highway	None in 2019		
Parking and Traffic	None in 2019		
Police	None in 2019		
Recreation	None in 2019		
Sanitation	None in 2019		
Storm Sewer	None in 2019		
Water/Sewer	None in 2019		
TOTAL			\$165,000

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

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2019 Budget</u>
Revenue	\$520,988	\$476,600	\$488,790
Expenses	\$400,501	\$476,600	\$768,790
Excess (Deficit)	\$120,487 Surplus	- Balanced -	(\$280,000) Deficit

In most years, the Engineering Department attempts to be balanced but usually finds itself with a surplus. Therefore, in the 2019 Budget, the department will transfer \$280,000 to the General Fund, to fund specific engineering activities (\$30,000 for Planning and Zoning operations, \$100,000 for the Comprehensive Plan project, \$74,000 for engineering associated with street paving, and \$76,000 for engineering associated with sidewalks/curbs). This is a proper use of accumulated fund balance.



The Engineering Department has significant equity invested in most of the GIS (digital mapping), 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. In 2019, staff will be busy at work on several important initiatives: the Comprehensive Plan project, the Curbs & Sidewalks Master Plan/Map, and the ongoing discussion regarding unfunded Borough alley repairs.

The Engineering Department goals and challenges for 2019 include:

- Prepare plans/bid specifications for Elder Street Improvements Project, Phase 2, as well as other street improvement projects approved by Town Council;
- Continue work with Town Council and Curb and Sidewalk Policy Compliance Committee to finalize and implement the Curb and Sidewalk Installation Program;
- Establish a program to inventory and analyze alleys in the Borough to determine appropriate ways to finance maintenance;

- Support the ongoing efforts of the Parking, Traffic and Street Lights Committee to address traffic issues of concern; measure and analyze traffic flow for proper policy-making;
- Support the initiatives of the Borough Manager.

Sidewalk and Curb Installation Program

The Borough of Chambersburg requires property owners to maintain curbs and sidewalks along their property frontages on public streets. For example, in addition to clearing snow and ice from sidewalks, property owners must keep sidewalks and curbs in good repair, safe condition and free of vegetation or other obstructions. Maintenance standards are enforced by the Borough on a complaint basis or when a street is scheduled for reconstruction, at which time property owners are notified that curb and/or sidewalk repairs are necessary.

Properties in the Borough without curbs and sidewalks are required to install those improvements in several ways. Land being developed with new residential, commercial or manufacturing uses is in most instances required to install curbs and sidewalks as part of the approved land development plan. Land that is already developed, but lacks curbs and/or sidewalks, is required to install those improvements when adjacent public streets are scheduled for reconstruction. Also, in certain instances, curb and sidewalk installation is required even when a street is not scheduled for reconstruction.

The noted curb and sidewalk maintenance and installation standards are authorized by state and local laws that also permit the Borough to hold property owners accountable for associated costs. As such, the Borough does not pay for curb and sidewalk maintenance or installation on private property, but rather requires property owners to pay those costs.

In January 2017, at the recommendation of the Curb and Sidewalk Policy Compliance Committee, Town Council instructed the Engineering Department and Solicitor to develop a Curb and Sidewalk Installation Program. A Master Plan/Map would identify where curb and sidewalk networks are necessary Borough-wide and the Committee would recommend to Council whether the existing policy, requiring those improvements to be installed when streets are scheduled for reconstruction, should be changed. The program includes a series of maps depicting every property in the Borough where curbs and sidewalks are currently located and where they may or may not be required in the future.

In April 2018, property owners, and the general public were provided opportunities to review and comment on the draft maps and policies through a series of public meetings, website, and Borough staff interaction with property owners.

In July 2018, staff provided to the Curb and Sidewalk Policy Compliance Committee a report of public comments received, as well as recommendations for further program development.

In October 2018, the Committee discussed the comments received and started to consider whether any recommendations should be made to Town Council to change the existing policies and/or draft maps that were presented during the public meetings.

It is expected that the Committee will continue the discussion at their next regularly scheduled meeting on January 17, 2019. Public comments from those that attend the meeting will be considered by the Committee before making any final recommendations to Town Council about the Curb and Sidewalk Installation Program; however, it is up to Council to make final decisions regarding the program, including the policies and maps.



Engineering Permits

Year	Curb & Sidewalk	Excavation	Encroachment by Tres/Shrubs	Alternate Materials Between Curb and Sidewalk
2016	71	131	82	0
2017	100	100	72	0
7/31/18	12	52	106	26

Utility Locator Calls

Year	Calls
2016	3,333
2017	4,023
7/31/18	2,520

Street Improvements 2019-2022

The Engineering Department, with assistance from engineering consultant Geo-Technology Associates, will conduct a street condition evaluation, laboratory testing, and recommendations to determine the appropriate construction methods to be used when preparing bid specifications and contract documents for the 2019 street improvements projects:

- **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 is pulverized down to a specific aggregate size, mixed with a rejuvenating asphalt emulsion, and then reused to pave that same road.
- **Full Depth Reclamation (FDR):** Another eco-friendly process which pulverizes the existing pavement materials and mixes a specified depth of underlying materials to create a new sub base. A recycling method where all of the asphalt pavement section and a predetermined amount of underlying materials are treated to produce a stabilized base course. Both CIR and FDR are especially efficient in saving costs on labor and transportation and finalized with a standard asphalt wearing course application.
- **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.

In 2018, Town Council approved street improvements lists for 2019-2022, which allows Borough utility departments time to plan and complete facility improvements before streets are reconstructed. At the Council discussion of the Capital Improvements Plan in October 2018, they authorized notices to be issued for some streets involved in the 2019 Budget. In general, Council delayed decisions regarding new curb and sidewalk construction notices for streets to be reconstructed 2020-2022 until after the pending Curb and Sidewalk Installation Program is finalized and approved. However, for 2019, notices will be issued for properties depicted on the draft maps prepared for the Program. Finally, they instructed the Engineering Department to determine, as part of the annual street improvements planning process, whether pedestrian crosswalks, not associated with traffic signals, should be upgraded or removed. Crosswalks deemed necessary for upgrade should be brought into compliance with PennDOT standards as part of the associated street improvement project.

STREETS	
Total Project Requests	\$7,345,330
2019 Projects (General Fund: \$1,030,003/Liquid Fuels: \$616,917/CDBG: \$240,000)	Estimated Cost
Liquid Fuels: S. Fifth St. (Stanley Ave. to Maryland Ave.)	\$346,220
CDBG: Elder St. Improvements Project	\$240,000
Liquid Fuels: E. Liberty St. (S. Fourth St. to S. Seventh St.)	\$230,181
Liquid Fuels/General Fund: Guilford Ave. (S. Fourth St. to S. Seventh St.)	\$218,132
General Fund: Kraiss Ave. (S. Fourth St. to Coldbrook Ave.)	\$156,624
General Fund: Blanchard Ave. (Cumberland Ave. to Garfield St.)	\$154,294
General Fund: S. Fourth St. (Wayne Ave. to Maryland Ave.)	\$108,194
General Fund: S. Seventh St. (Wayne Ave. to Maryland Ave.)	\$94,248
General Fund: Garfield St. (S. Fourth St. to Cleveland Ave.)	\$88,310
General Fund: Middle St. (McKinley St. to Bender Ave.) (Not completed in 2018)	\$68,780
General Fund: Paul Ave. (S. Fourth St. to Fifth St.)	\$66,375
General Fund: Garfield St. (Middle St. to S. Sixth St.) (Not completed in 2018)	\$52,880
General Fund: S. Fifth St. (E. Liberty St. to E. Catherine St.)	\$45,200
General Fund: Elm Ave. (Sixth St. to Seventh St.) (Not completed in 2018)	\$17,482
Total	\$1,886,920

Council approved this plan on Monday, October 29, 2018. With a reasonable contingency, it is anticipated that the 2019 paving budget will be \$ 1,886,920. Of that, the Borough’s Community Development Block Grant (CDBG) funding will provide \$240,000 and the State Highway Aid will provide \$623,517.

Highway construction projects are done with Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels) and whatever money is left over from the previous fiscal year. Our Highway Aid grant only pays for construction on Borough owned streets and not much of that at all. Keeping up with all highway maintenance on Borough streets without a dedicated funding source has always been very challenging. Street repair is extremely expensive and Highway Aid is very small.

In 2019, the Borough will use accumulated balances from 2018 to have a street maintenance program, but once again, not enough money to either keep up with the growing needs or to address any of the Borough-owned alleys. Alleys are not getting addressed at all and Council has been urged to take action.

Staff hopes that there will be at least \$1 million in available balances at the end of 2018 to allow the paving program to continue in 2019.

Future Years:

STREETS	
2020 Projects (General Fund/Liquid Fuels: \$1,767,527/CDBG: \$220,000)	Estimated Cost
Martina Dr. (Elrock Dr. to Hollywell Ave.)	\$592,820
Cosell Dr. (Martina Dr. to Martina Dr.)	\$223,920
Elder St. Improvements Project (CDBG)	\$220,000
Rose Ann Dr. (Martina Dr. to Martina Dr.)	\$193,485
Suelinn Dr. (Martina Dr. to Cosell Dr.)	\$192,890
Wellslee Dr. (Martina Dr. to Cosell Dr.)	\$167,209
Elrock Dr. (Hollywell Ave. to Mill Rd.)	\$146,677
Fairground Ave. (Derbyshire Ave. to McKinley St.)	\$104,077
Debrina Court	\$63,590
S. Second St. (Wayne Ave. to Derbyshire St.)	\$48,500
Overlea Court	\$34,359
Total	\$1,987,527

STREETS

2021 Projects (General Fund/Liquid Fuels: \$1,538,317/CDBG: \$220,000)	Estimated Cost
Brandon Dr. (Stanley Ave. to Stouffer Ave.)	\$376,499
Clinton Ave. (Edgelea Dr. to Woodstock Rd.)	\$238,086
Edgelea Dr. (Weaver Ave. to Clinton Ave.)	\$237,321
Elder St. Improvements Project (CDBG)	\$220,000
Carlton Ave. (Clinton Ave. to Alexander Ave.)	\$137,687
Weaver Ave. (Clinton Ave. to Railroad Highline)	\$136,182
Geyer Dr. (Brandon Dr. to Brandon Dr.)	\$131,890
Mentzer Ave. (Clinton Ave. to Edgelea Dr.)	\$89,195
Hudson Ave. (Scotland Rd. to Clinton Ave.)	\$71,264
Laurel Ave. (Clinton Ave. to Edgelea Dr.)	\$61,060
Clover Circle	\$30,738
Geyer Circle	\$28,395
Total	\$1,758,317

STREETS

2022 Projects (General Fund/Liquid Fuels: \$1,712,566)	Estimated Cost
Stouffer Ave. (Wayne Ave. to McKinley St.)	\$1,035,286
Water St. (W. Queen St. to Hollywell Ave.)	\$231,705
Coldbrook Ave. Ultra-Thin Friction Course (McKinley St. to Wayne Ave.)	\$120,000
Coldbrook Ave. Ultra-Thin Friction Course (Lincoln Way East to McKinley St.)	\$84,772
Hamilton Ave. (Franklin St. to municipal boundary)	\$66,334
Brookview Ave. (W. King St. to High St.)	\$59,859
W. King St. (Grandview Ave. Brookview Ave.)	\$58,079
Harrison Dr. (Grandview Ave. to municipal boundary)	\$56,531
Total	\$1,712,566

Storm Water Engineering

In an attempt to fully comply with the responsibilities under the Municipal Separate Storm Sewer System (MS4) regulations, in 2017 the Borough engaged consulting engineer Herbert, Rowland and Grubic (HRG) to design storm sewer system projects and review drainage plans on the Borough's behalf.



In 2018, new aerial photography of the entire Borough was produced by the Engineering Department. These maps will, among other attributes, become the basis for the measurement of all impervious surfaces in the Borough, as a part of the stormwater engineering project.



11/5/2018

Charts and Tables

As Proposed for 2019 by Jeffrey Stonehill, Borough Manager

The Borough of Chambersburg

Charts and Tables

As Proposed for 2019

Income Statement 2019

Total Revenues, Deposits, Transfers by Fund

<u>Utility Operating Fund Revenue</u>	2016 Actual	2017 Actual	2018 Budget	2019 Budget
Electric Operating	\$29,883,553	\$29,027,866	\$30,079,131	\$30,002,953
Gas Operating	\$6,102,736	\$7,260,026	\$7,781,000	\$8,052,750
Sewer Operating	\$5,706,950	\$6,416,603	\$6,346,475	\$6,429,775
Water Operating	\$3,117,974	\$3,186,453	\$3,148,180	\$3,478,840
Sanitation Operating	\$3,628,920	\$3,121,082	\$3,159,840	\$3,325,705
Storm Sewer	\$297,791	\$394,485	\$443,625	\$511,000
Swimming Pool	\$9,780,056	\$278,404	\$1,018,795	\$1,040,130
<u>Governmental Taxes, Fines & Fees</u>				
General Fund	\$14,421,211	\$13,963,005	\$14,950,500	\$15,157,375
<u>Internal Services Fees</u>				
Administrative Services	\$4,806,248	\$8,618,752	\$13,022,855	\$6,800,670
Motor Equipment	\$3,098,081	\$2,997,135	\$3,217,740	\$3,537,805
Parking Traffic Street Lights	\$1,170,946	\$1,015,590	\$1,869,965	\$1,840,800
Stores/Warehouse	\$629,560	\$895,571	\$1,182,650	\$1,295,930
Engineering	\$471,863	\$520,987	\$476,600	\$488,790
<u>Special Revenue Receiving</u>				
Special Revenue Receiving Acct	\$996,292	\$117,313	\$771,385	\$378,058
Fire & Ambulance Tax Receiving Account	\$510,381	\$512,846	\$689,000	\$718,150
Recreation Bond Tax Receiving Account	-	\$69,652	\$571,500	\$597,580
Highway Aide Receiving Account	\$569,844	\$595,992	\$613,466	\$623,517
<u>Deposits to Self Insurance</u>				
Workers Comp Holding Account	\$177,162	\$308,281	\$189,150	\$284,605
Self Insurance Holding Account	\$708,443	\$1,376,772	\$1,168,270	\$1,061,325
<u>Deposits for Capital Projects</u>				
Sewer Capital Reserve	\$7,054,815	\$3,030,212	\$1,761,500	\$2,094,630
Gas Capital Reserve	\$1,509,928	\$1,510,498	\$1,414,750	\$1,082,765
Sanitation Capital Reserve	\$254,883	\$100,703	\$600	\$1,380
Electric Capital Reserve	\$2,701,794	\$1,329,537	\$845,350	\$94,100
General Capital Reserve	\$3,499,527	\$1,931,563	\$1,768,186	\$1,874,554
Parking Capital Reserve	\$131,526	\$530,853	\$3,852,944	\$3,274,210
Water Capital Reserve	\$351,947	\$679,219	\$225,400	\$224,670
Storm Sewer Capital Reserve	\$21,331	\$164,728	\$476,464	\$137,780

The Borough of Chambersburg

2019 REVENUES & EXPENDITURES BY FUND

2019 Revenues Proposed Budget		2019 Expenditures Proposed Budget	
Gen Operating Fund:		Gen Operating Fund:	
Gen Borough Operating Income	\$14,031,825	Gen Borough Operating Expenses	\$1,726,675
Interfund Transfers to Gen Borough	\$1,125,550	Interfund Transfers from Gen Borough	\$700
		Highway	\$1,128,560
		Emergency Services	\$4,781,705
		Police	\$5,163,250
		Recreation	\$1,389,275
		Planning	\$304,155
		Zoning	\$44,655
		Property Maintenance Code	\$460,475
		Miscellaneous	\$157,925
		Special Interfund Transfers	\$0
Total Gen Operating Fund Revenues	\$15,157,375	Total Gen Operating Fund Expenditures	\$15,157,375
Gen Capital Reserve Fund:	\$1,874,554	Gen Capital Reserve Fund:	\$3,403,068
Other Gen Fund:		Other Gen Fund:	
Special Revenue Fund	\$378,058	Special Revenue Fund	\$378,058
Fire & Ambulance Tax Fund	\$718,150	Fire & Ambulance Tax Fund	\$718,150
Recreation Bond Tax Fund	\$597,580	Recreation Bond Tax Fund	\$597,580
Liquid Fuels Tax	\$623,517	Liquid Fuels Tax	\$623,517
Surplus Operating Fund	\$200	Surplus Operating Fund	\$200
Total	\$2,317,505	Total	\$2,317,505
Total Trust and Agency Funds:	\$20,163,855	Total Trust and Agency Funds:	\$20,670,680
Enterprise Operating Funds:		Enterprise Operating Funds:	
Electric Department	\$30,002,953	Electric Department	\$30,002,953
Gas Department	\$8,052,750	Gas Department	\$8,052,750
Water Department	\$3,478,840	Water Department	\$3,478,840
Sewer Department	\$6,429,775	Sewer Department	\$6,429,775
Sanitation Department	\$3,325,705	Sanitation Department	\$3,325,705
Parking, Traffic & St. Lighting	\$1,840,800	Parking, Traffic & St. Lighting	\$1,840,800
Storm Sewer	\$511,000	Storm Sewer	\$511,000
Swimming Pool	\$1,040,130	Swimming Pool	\$1,815,772
Total	\$54,681,953	Total	\$55,457,595
Enterprise Capital Reserve Funds:		Enterprise Capital Reserve Funds:	
Electric Capital Reserve	\$94,100	Electric Capital Reserve	\$703,030
Gas Capital Reserve	\$1,082,765	Gas Capital Reserve	\$2,012,025
Water Capital Reserve	\$224,670	Water Capital Reserve	\$3,723,425
Sewer Capital Reserve	\$2,094,630	Sewer Capital Reserve	\$2,880,025
Sanitation Capital Reserve	\$1,380	Sanitation Capital Reserve	\$47,025
Parking Capital Reserve	\$3,274,210	Parking Capital Reserve	\$3,302,650
Storm Sewer Capital Reserve	\$137,780	Storm Sewer Capital Reserve	\$255,000
Total	\$6,909,535	Total	\$12,923,180
Internal Service Funds:		Internal Service Funds:	
Stores	\$1,295,930	Stores	\$1,295,930
Motor Equipment	\$3,537,805	Motor Equipment	\$2,463,300
Engineering	\$488,790	Engineering	\$768,790
Workers Compensation Fund	\$284,605	Workers Compensation Fund	\$252,327
Administrative Services	\$6,800,670	Administrative Services	\$6,800,670
Self Insurance Fund	\$1,061,325	Self Insurance Fund	\$1,600,950
Total	\$13,469,125	Total	\$13,181,967
Total 2018 Budget Revenues	\$114,573,902	Total 2018 Budget Expenditures	\$123,111,370
		Difference between Rev & Exp	(\$8,537,468)

Notes:

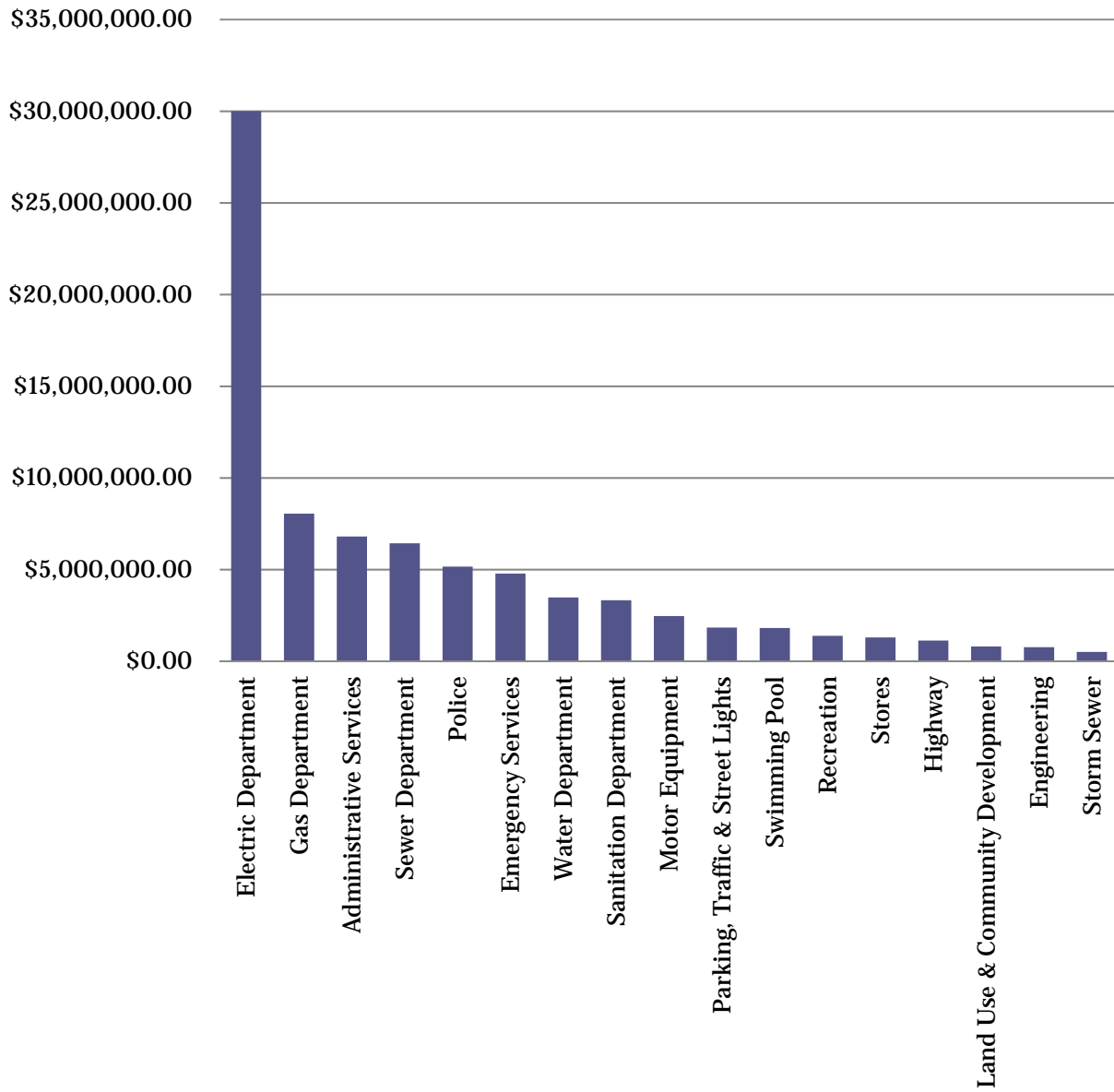
1. Gen Capital Reserve Fund: \$1.4 million from previous fiscal year end-of-year transfer
2. Swimming Pool: \$775,642 use of proceeds from 2016 Recreation Bond Sale
3. Electric, Gas, Water, Sewer, Sanitation, Parking and Storm Sewer Capital Reserve: \$6,013,645 use of accumulated fund balance
4. Motor Equipment: Add \$1,074,505 to fund balance
5. Engineering: \$280,000 transfer to General Fund for 2019 engineering projects
6. Workers Compensation Trust: Add \$32,278 to trust in advance of future claims
7. Net difference between Rev & Exp: \$8,537,468 of \$123,111,370 budget or 6.9%

Use of Fund Balance 2019

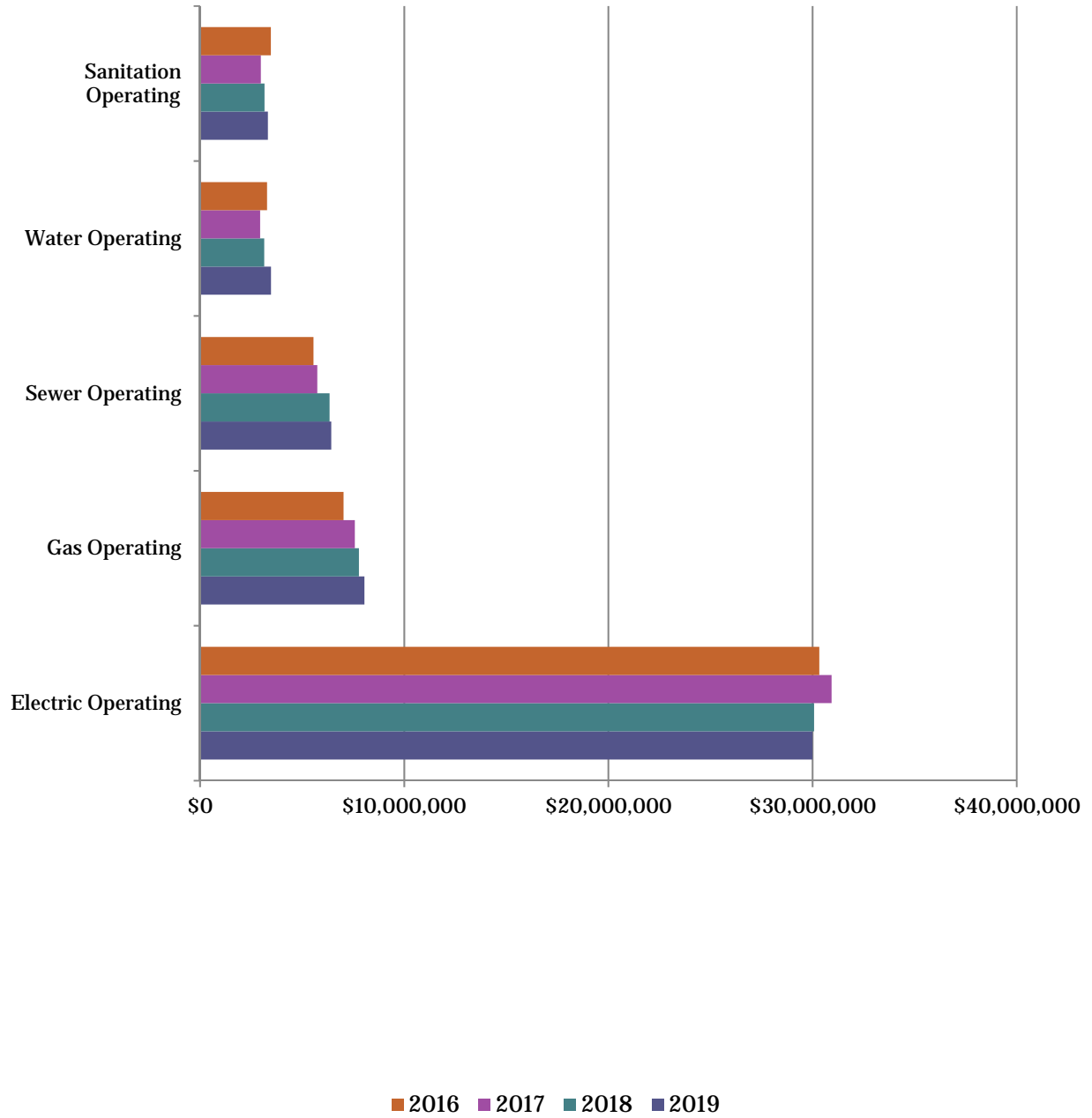
	2019 Revenue	2019 Expenditures	Withdrawal/Deposit from Fund Balance	
General Fund Total	15,157,375			Balanced with a Fire/EMS Tax of 3.5 mil and a Police Tax of 24 mil
General		1,727,375		
Highway		1,128,560		
Fire/Ambulance		4,781,705		
Police		5,163,250		
Recreation		1,389,275		
Land Use/Community Dev		809,285		
Community Functions		157,925		
General Fund		15,157,375	-	Balanced
Electric	30,002,953	30,002,953	-	Balanced
Gas	8,052,750	8,052,750	-	Balanced
Water	3,478,840	3,478,840	-	Balanced with 1 cent rate increase
Sewer	6,429,775	6,429,775	-	Balanced
Sanitation	3,325,705	3,325,705	-	Balanced
Parking Traffic	1,840,800	1,840,800	-	Balanced
Storm Sewer	511,000	511,000	-	Balanced
Swimming Pool	1,040,130	1,815,772	-775,642	Withdrawal from the balance of the 2016 Recreation Bond transferred to the General Capital Reserve Fund
Motor Equipment	3,537,805	2,463,300	+1,074,505	Addition to fund balance for future motorized equipment purchases
Engineering	488,790	768,790	-280,000	General Fund Transfer in 2019 (\$30,000 for Operations, \$100,000 for Comprehensive Plan, \$74,000 engineering for paving, and \$76,000 engineering for sidewalks/curbs)
Stores/Warehouse	1,295,930	1,295,930	-	Balanced
Admin Services Dept	6,800,670			
Utility Addition Operations		700,650		
Personnel & Payroll		459,000		
Info Technology		1,017,200		
Finance/Customer Service		2,197,675		
Clerical Pool		1,017,550		
General Admin & Supplies		807,965		
Admin Cap Projects		600,630		
Admin Services Dept.		6,800,670	-	Balanced
General Capital Reserve	1,874,544	3,403,068	-1,528,514	End of 2018 transfer scheduled \$1.4 million \$795,000 in 2019 Capital Improvements to come from the balance of the 2016 Recreation Bond
Storm Sewer Capital	137,780	255,000	-117,220	Use of accumulated fund balance to pay for capital projects in 2019
Electric Capital	94,100	703,030	-608,930	Use of accumulated fund balance to pay for capital projects in 2019
Gas Capital	1,082,765	2,012,025	-929,260	Use of accumulated fund balance to pay for capital projects in 2019
Water Capital	224,670	3,723,425	-3,498,755	Use of accumulated fund balance to pay for capital projects in 2019
Sewer Capital	2,094,630	2,880,025	-785,395	Use of accumulated fund balance to pay for capital projects in 2019
Sanitation Capital	1,380	47,025	-45,645	Use of accumulated fund balance to pay for debt service in 2019
Parking Capital	3,274,210	3,302,650	-28,440	Use of accumulated fund balance to pay for capital projects in 2019
Self-Insurance Trust	1,061,325	1,600,950	-539,625	Use of accumulated fund balance to pay for anticipated claims in 2019
Workers Comp Trust	284,605	252,327	+32,278	Addition to fund balance for future claims
Special Revenue Trust	378,058	378,058	-	Balanced
Security Deposits Trust	820,690	787,850	+32,840	Deposit for additional customers added versus those deducted
Recreation Tax Fund Holding	597,580	597,580	-	Second year of new Recreation Tax (3 mil) Dedicated to Paying Costs of Recreation Bond Issue
Fire/Ambulance Tax Holding	718,150	718,150	-	Includes 2.5mil for Fire Apparatus, 0.5mil for Fire Wages, and 0.5mil for EMS Wages
Liquid Fuels Holding	623,517	623,517	-	All grant proceeds forwarded to the General Capital Reserve for Street Paving
Sister City	1,380	1,380	-	Balanced
Project H.E.A.T.	25,240	25,240	-	Balanced

Relative Size of Departments 2019

Relative Size of Borough Departments



Utility Fund Operations Relative Size 2016 - 2019

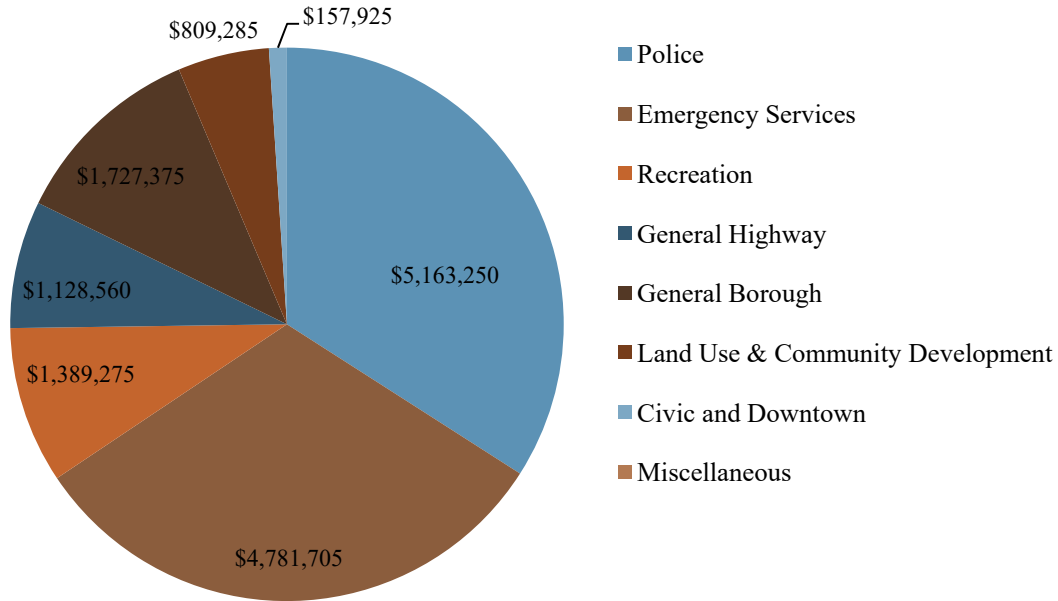


General Fund 2019

General Fund Revenue

<u>Police Tax Revenue (70002, 70003, 70008, 70011)</u>	2019	\$ 4,991,750.00	24 mil
	Budget Estimate 2018	\$ 4,931,000.00	24 mil
	2017	\$ 4,632,500.00	23 mil
	2016	\$ 4,714,503.30	23 mil
	2015	\$ 4,137,871.94	21 mil
	2014	\$ 4,233,886.98	21 mil
	2013	\$ 3,986,144.13	20 mil
<u>Deed Transfer Tax Revenue (70009)</u>	2019	\$ 500,000.00	
	Budget Estimate 2018	\$ 450,000.00	
	2017	\$ 550,000.00	
	2016	\$ 860,004.15	
	2015	\$ 230,000.00	
	2014	\$ 283,627.43	
	2013	\$ 248,949.95	
<u>Earned Income Tax Revenue (70010)</u>	2019	\$ 2,055,000.00	
	Budget Estimate 2018	\$ 2,000,000.00	
	2017	\$ 2,100,000.00	
	2016	\$ 2,043,473.14	
	2015	\$ 1,750,000.00	
	2014	\$ 1,836,343.95	
	2013	\$ 1,789,578.50	
<u>LST (or EMST) Tax Revenue (70005)</u>	2019	\$ 835,000.00	
	Budget Estimate 2018	\$ 832,500.00	
	2017	\$ 832,500.00	
	2016	\$ 825,062.53	
	2015	\$ 725,000.00	
	2014	\$ 789,709.81	
	2013	\$ 732,085.80	
<u>Police Fines Revenue (70031, 70034)</u>	2019	\$ 159,000.00	
	Budget Estimate 2018	\$ 176,500.00	
	2017	\$ 173,500.00	
	2016	\$ 162,140.11	
	2015	\$ 154,000.00	
	2014	\$ 173,245.33	
	2013	\$ 176,261.66	
<u>Ambulance Billing Revenue (70046, 70047)</u>	2019	\$ 1,219,000.00	
	Budget Estimate 2018	\$ 1,710,865.00	
	2017	\$ 1,291,000.00	
	2016	\$ 1,193,437.80	
	2015	\$ 1,175,000.00	
	2014	\$ 1,166,039.85	
	2013	\$ 1,041,177.13	

General Fund 2019 Proposed Expenditures

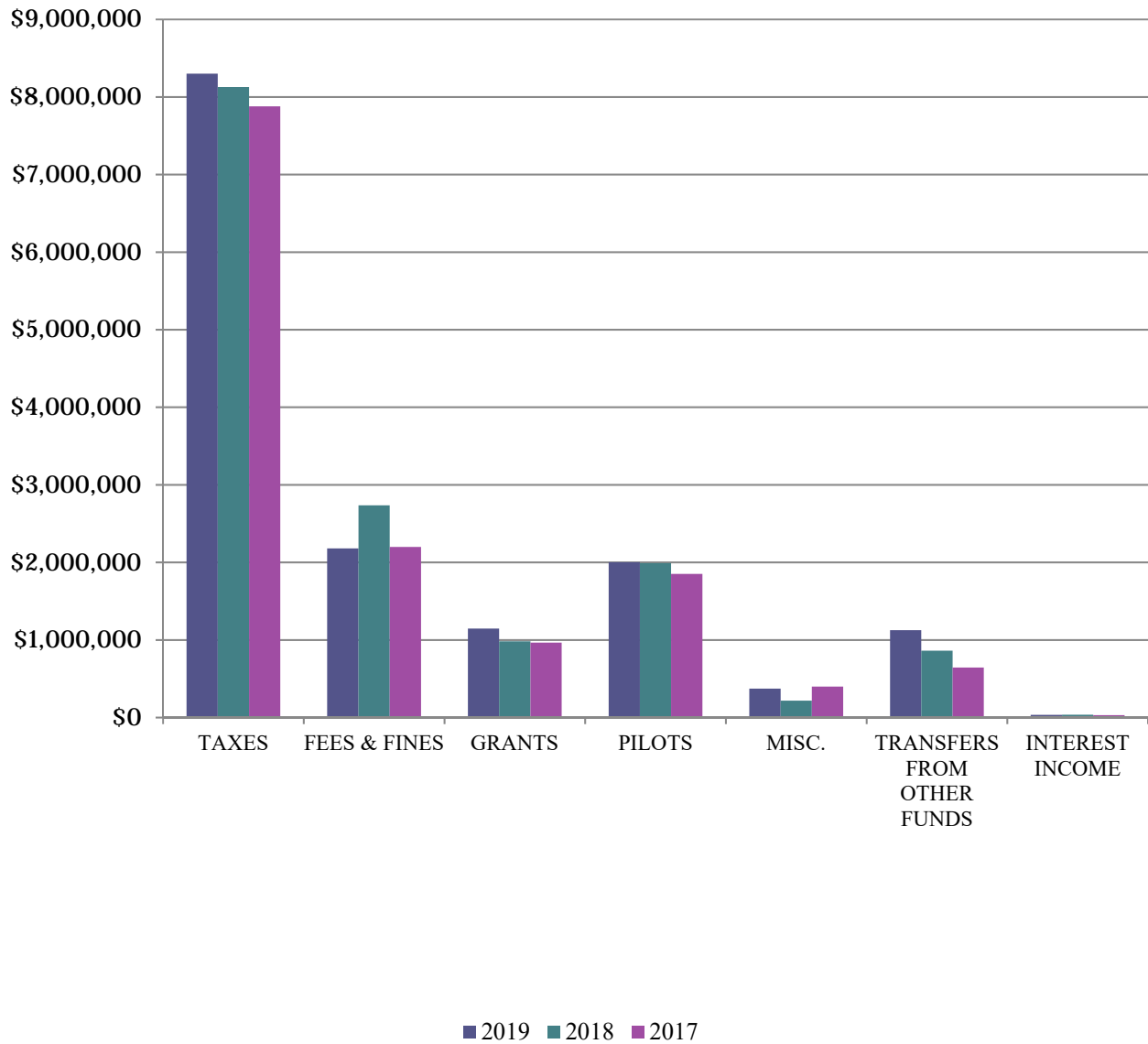


**2019
Budget**

Police	\$ 5,163,250	34.1%
Emergency Services	\$ 4,781,705	31.5%
Recreation	\$ 1,389,275	9.2%
General Highway	\$ 1,128,560	7.4%
General Borough	\$ 1,727,375	11.4%
Land Use & Community Development	\$ 809,285	5.3%
Civic and Downtown	\$ 157,925	1.0%
Total Expenditures	\$ 15,157,375	
Total Revenue	\$ 15,157,375	

- In 2019, the Borough's GENERAL FUND BUDGET will be \$15,157,375. In 2018, the Borough's GENERAL FUND BUDGET was \$14,950,500. This represents a 1.4% increase, and is likely a realistic gauge of actual growth in the Borough's spending plan, given the employment of the Police and Emergency Services Department.
- The 2019 General Fund Budget is balanced.
- Of the total expenditures planned in the General Fund, 65.6% are for Police and Emergency Services.
- Of the total expenditures in Police and Emergency Services, 74% are for personnel costs (wages and benefits).
- Unlike almost every other town, Chambersburg does not keep back office operations in the General Fund. This way they can be billed to the utility funds in proportion to their use of these operations.

General Fund Revenue By Type 2017 Actual to 2019 Budget



Police Tax	Total Per Year	
2018	4,885,775	Growth rate
2017	4,706,641	Since 2013
2016	4,714,503	22.6%
2015	4,137,872	
2014	4,233,887	
2013	3,986,144	

Deed Transfer Tax	Total Per Year	
2018	517,099	Growth rate
2017	452,331	Since 2013
2016	860,004	107.7%
2015	607,440	
2014	283,627	
2013	248,950	

Earned Income Tax	Total Per Year	
2018	2,080,792	Growth rate
2017	1,986,887	Since 2013
2016	2,043,473	16.3%
2015	1,930,546	
2014	1,836,344	
2013	1,789,579	

Local Services Tax	Total Per Year	
2018	867,043	Growth rate
2017	820,032	Since 2013
2016	825,063	18.4%
2015	803,150	
2014	789,710	
2013	732,086	

Which seems quite good except...

Police Wages Growth Rate since 2014 = 16%

Fire Wages Growth Rate since 2014 = 59%

The Value of 1 mil of Real Estate Tax

Average Single Family House Inside The Borough

2018

2019

	Per Year – Per Day		Per Year – Per Day	
Police Tax (to the General Fund)	\$406.14	\$1.11	\$409.88	\$1.12
Fire Tax (to the Motor Equipment Fund)	\$50.77	\$0.14	\$51.23	\$0.14
Ambulance Tax (to the General Fund)	\$8.46	\$0.02	\$8.54	\$0.02
Recreation Bond Tax (to the Swimming Pool Fund & General Fund)	\$50.77	\$0.14	\$51.23	\$0.14
Total (per year)	\$516.14	\$1.41	\$520.88	\$1.42

The total Borough real estate tax burden for the average single family house in the Borough is \$520.88/yr.

	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Estimated</u>	<u>2019</u> <u>Estimated</u>
Police Tax Yield	\$4,714,503	\$4,706,641	\$4,884,091	\$4,991,750
Mil	23	23	24	24
Fire Tax Yield	\$509,604	\$505,848	\$601,136	\$609,200
Mil	2.5	2.5	3	3
Ambulance Tax	-	-	\$96,245	\$98,960
Mil	-	-	0.5	0.5
Recreation Bond Tax	-	-	\$577,368	\$594,200
Mil	-	-	3	3
Value of 1 Mil	\$204,867	\$204,411	\$201,929	\$206,364
Est. Single Family House Tax				
Police Tax	\$388.63	\$388.20	\$406	\$410
Fire Tax	\$42.24	\$42.20	\$51	\$51
Ambulance Tax	-	-	\$8	\$9
Recreation Bond Tax	-	-	\$51	\$51

The rebate will be at least \$487,000 regardless of how much actual tax revenue is collected – We generally only collect 93% of levy

Not a precise measure as the value changes every year due to the assessed value of real estate – used for planning only

In 2019, it is the Borough Manager’s recommendation that the Borough not change the Police Tax rate, currently at 24 mil.

Police Tax Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mil	17	20	20	20	20	20	20	20	21	21	23	23	24	24

In 2019, it is the Borough Manager’s recommendation that the Borough not change the Fire Tax rate, currently at 3 mil; nor change the Ambulance Tax rate, currently at 0.5 mil.

Fire Tax Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire	0	0	0	0	0	0	0	0	2.5	2.5	2.5	2.5	3.0	3.0
Ambulance	0	0	0	0	0	0	0	0	0	0	0	0	0.5	0.5
Total	0	0	0	0	0	0	0	0	2.5	2.5	2.5	2.5	3.5	3.5

2019 will be the second year of the Recreation Bond Tax. It was approved by Council in 2016.

Recreation Bond Tax Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mil	0	0	0	0	0	0	0	0	0	0	0	0	3	3

Total Borough Tax Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mil	17	20	20	20	20	20	20	20	23.5	23.5	25.5	25.5	30.5	30.5

Chambersburg Borough real estate taxes have risen 79.4% in 13 years

Or about 6.1% per year

Total assessed value of taxable real estate inside the Borough for 2019 is estimated to be \$205,697,440; up very slightly. Therefore, the cash value of 1 mil would equal \$205,697. However, when factoring in our average collection rate for any given year, we should expect that same mil to yield \$191,298. This difference is a result of the average amount of taxes remitted on time, annually, versus the total that is levied.

So for budget purposes, **1 mil is equal to approximately \$206,000 in cash.** As explained, if you assume the standard percentage of Taxpayers will fail to pay their taxes, 1 mil would equal \$191,000 in cash. If you assume some old outstanding tax liens from previous years may pay their debts in 2019, 1 mil might equal \$206,364 in cash. In 2018, due to old tax liens from previous years, the Borough anticipates earning \$201,929 in cash per 1 mil. The value of a mil is therefore not precise.



Real example of average Borough home:
 0.15 acre lot single family home
 Estimated value: \$154,500

Assessed value: \$17,495

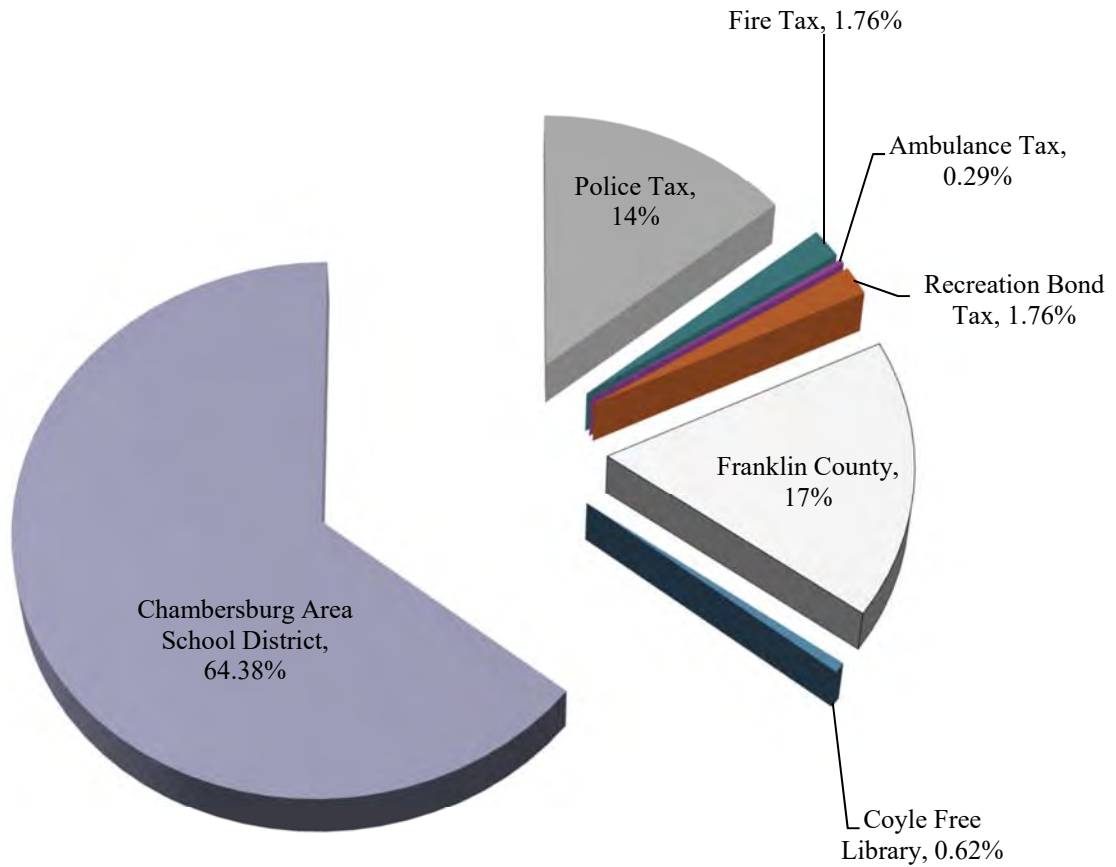
	<u>2019</u>	<u>2018</u>
Police Tax	\$419.88	\$406.14
Fire Tax	\$52.49	\$50.77
Ambulance Tax	\$8.75	\$8.46
Recreation Bond Tax	<u>\$52.49</u>	<u>\$50.77</u>
<i>Total Per Year</i>	\$533.61	\$516.14

The Average Single Family Home in Chambersburg will see an increase of about \$4.74 per year or 40¢ per month in real estate taxes as a result of the increased value of assessed property, which also increases the assessed value of the Average Single Family Home. Of course, your payment of taxes for your property, rather than the average home, is based on Franklin County’s determination of your home’s assessed value. The average home changes year to year, your home’s assessed value does not.

Total Tax Burden

<u>2019</u>			
Franklin County	29.10 mil	\$496.98	17.01%
Coyle Free Library	1.05 mil	\$17.93	0.61%
Chambersburg Area School District	109.647 mil	\$1,872.58	64.10%
Police Tax	24 mil	\$419.88	14.37%
Fire Tax	3.0 mil	\$52.49	1.79%
Ambulance Tax	0.5 mil	\$8.75	0.30%
Recreation Bond Tax	3.0 mil	\$52.49	1.79%
Total	170.3 mil	\$2,921.10	100%

Total Real Estate Tax Burden - All Taxing Jurisdictions 2018



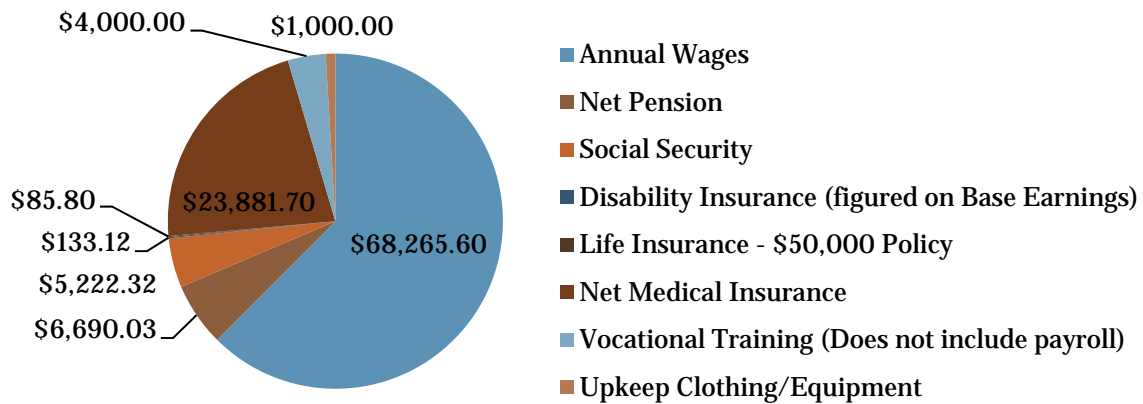
Only 18¢ of every \$1 paid in real estate taxes will go to the Borough of Chambersburg. The balance, 82¢ will go to support the school district, the county, and the library. In fact 64¢ of every dollar goes to the Chambersburg Area School District.

Personnel

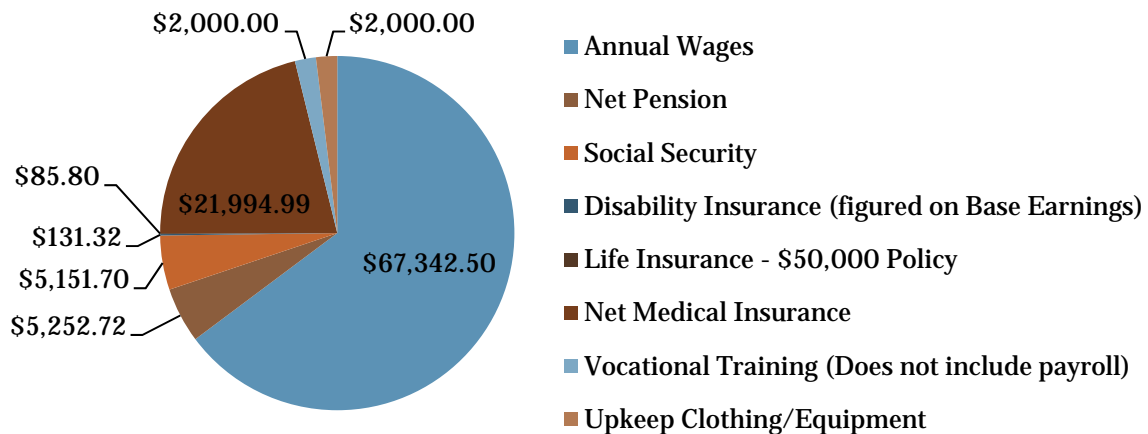
Schedule 20
Borough of Chambersburg, PA
Full-Time Equivalent Municipal Employees by Function/Program
Last Ten Years

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government										
Administration	2	2	2	2	2	2	2	2	2	2
Clerical	13	13	13	14	12	12	11	10	11	11
Code Enforcement	1	1	1	1	1	1	2	2	2	4
Community Development	2	2	1	1	1	1	1	1	1	1
Engineering	5	5	5	5	4	4	4	4	4	4
Finance (15)/Parking (8)	23	23	23	22	21	19	19	20	20	22
Information Technology	6	5	5	5	5	5	5	5	5	5
Personnel	4	3	4	3	3	2	2	2	2	2
Planning/Zoning	1	1	1	1	1	1	1	1	1	1
Public Information	0	0	0	0	0	0	0	0	0	0
Public Works										
Administration	4	3	3	3	3	3	3	2	2	2
Central Garage (Motor Equip.)	4	4	4	4	3	3	3	3	4	4
Labor/Maintenance (Highways)	6	6	6	6	7	6	5	6	6	6
Sanitation	11	11	10	10	12	12	11	11	11	11
Recreation										
Administration	2	2	2	2	3	2	2	2	2	2
Labor/Maintenance	6	6	3	3	3	3	3	3	3	4
Public Safety										
Fire Administration	2	2	2	2	2	2	2	2	2	2
Fire Personnel	25	25	24	21	21	21	21	21	21	21
Police Administration	1	1	1	1	2	1	1	1	1	1
Police Personnel	34	34	35	35	34	32	33	31	31	33
Utilities										
Administration	6	6	6	6	7	6	6	6	6	6
Electric Distribution	10	9	9	9	9	9	9	9	9	9
Electric Plant Generation	12	12	12	12	11	11	11	11	9	9
Electric System Maintenance	1	1	1	1	1	1	1	1	1	0
Gas Distribution	8	8	8	8	8	8	8	8	8	8
Stores/Warehouse/Call Center	6	6	6	6	6	6	6	6	6	6
Water Distribution	2	2	2	2	3	2	3	3	3	4
Water Treatment Plant	7	7	7	7	6	7	6	6	7	7
Sewer Collection/Conveyance	7	6	7	6	5	5	5	4	4	4
Sewer Treatment Plant	13	13	13	11	10	11	10	10	10	10
Traffic Signal/Street Lights	2	2	2	2	1	1	1	0	0	0
Storm Water Department	1	1	1	1	1	0	0	0	0	0
Totals	227	222	219	212	208	199	197	193	194	201

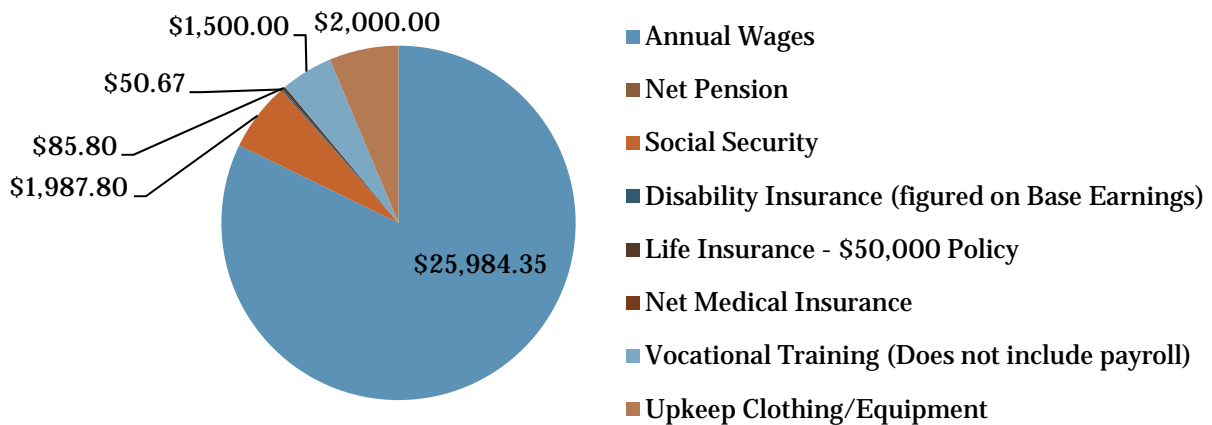
AVERAGE POLICE OFFICER 2019 <i>Estimate Based Upon Council Action</i>		
Pay Rate	32.82	
Annual Wages	2080	\$68,265.60
<u>Benefits</u>		
Pension	13.80%	\$9,420.65
Employee Pension Contribution	4.00%	-\$2,730.62
Net Pension		\$6,690.03
Social Security	7.65%	\$5,222.32
Disability Insurance (figured on Base Earnings)	0.00195	\$133.12
Life Insurance - \$50,000 Policy	.000143*50,000 = \$7.15 * 12 Months = \$85.80	\$85.80
Medical Insurance		\$25,946.94
Medical Insurance Contribution		-\$2,065.24
Net Medical Insurance		\$23,881.70
Vocational Training (Does not include payroll)		\$4,000.00
Upkeep Clothing/Equipment		\$1,000.00
Total Benefits		\$41,012.97
Total Earnings and Benefits		\$109,278.57



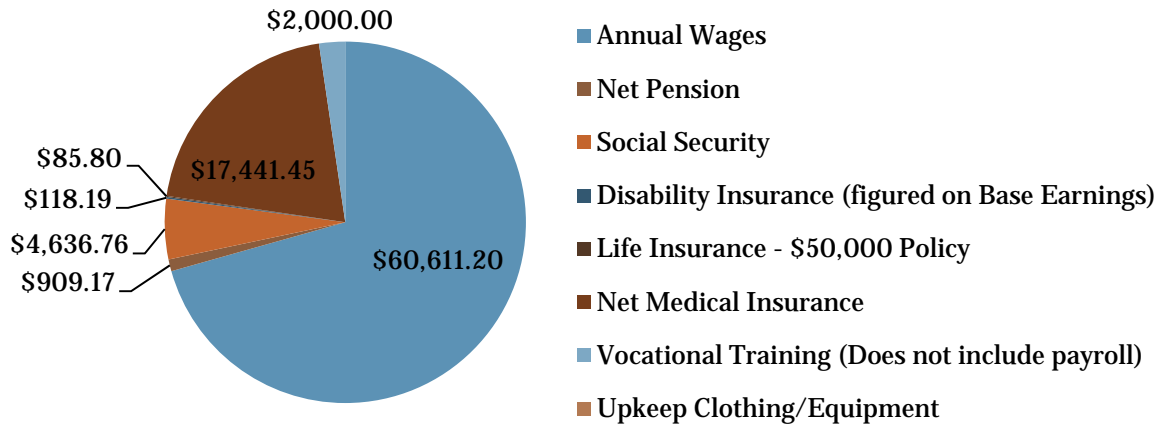
AVERAGE FIRE FIGHTER 2019 <i>Estimate Based Upon Council Action</i>		
Pay Rate	30.75	
Annual Wages	2190	\$67,342.50
<u>Benefits</u>		
Pension	12.80%	\$8,619.84
Employee Pension Contribution	5.00%	-\$3,367.13
Net Pension		\$5,252.72
Social Security	7.65%	\$5,151.70
Disability Insurance (figured on Base Earnings)	0.00195	\$131.32
Life Insurance - \$50,000 Policy	.000143*50,000 = \$7.15 * 12 Months = \$85.80	\$85.80
Medical Insurance		\$23,896.05
Medical Insurance Contribution		-\$1,901.06
Net Medical Insurance		\$21,994.99
Vocational Training (Does not include payroll)		\$2,000.00
Upkeep Clothing/Equipment		\$2,000.00
Total Benefits		\$36,616.52
Total Earnings and Benefits		\$103,959.02



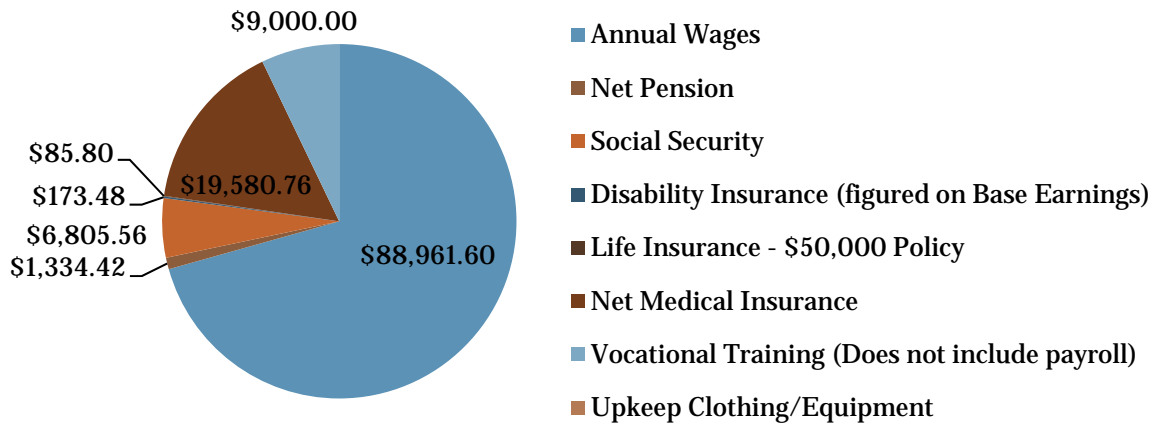
AVERAGE PART TIME FIRE FIGHTER 2019 <i>Estimate Based Upon Council Action</i>		
Pay Rate	23.73	
Annual Wages	1095	\$25,984.35
<u>Benefits</u>		
Pension	12.80%	\$0.00
Employee Pension Contribution	5.00%	\$0.00
Net Pension		\$0.00
Social Security	7.65%	\$1,987.80
Disability Insurance (figured on Base Earnings)	0.00195	\$50.67
	$.000143 * 50,000 = \$7.15$	
Life Insurance - \$50,000 Policy	$* 12 Months = \$85.80$	\$85.80
Medical Insurance		\$0.00
Medical Insurance Contribution		\$0.00
Net Medical Insurance		\$0.00
Vocational Training (Does not include payroll)		\$1,500.00
Upkeep Clothing/Equipment		\$2,000.00
Total Benefits		\$5,624.27
Total Earnings and Benefits		\$31,608.62



AVERAGE CLERICAL/TECHNICAL EMPLOYEE		
2019		
<i>Estimate Based Upon Council Action</i>		
Pay Rate	29.14	
Annual Wages	2080	\$60,611.20
<u>Benefits</u>		
Pension	7.50%	\$4,545.84
Employee Pension Contribution	6.00%	-\$3,636.67
Net Pension		\$909.17
Social Security	7.65%	\$4,636.76
Disability Insurance (figured on Base Earnings)	0.00195	\$118.19
Life Insurance - \$50,000 Policy	.000143*50,000 = \$7.15 * 12 Months = \$85.80	\$85.80
Medical Insurance		\$18,543.89
Medical Insurance Contribution		-\$1,102.44
Net Medical Insurance		\$17,441.45
Vocational Training (Does not include payroll)		\$2,000.00
Upkeep Clothing/Equipment		\$0.00
Total Benefits		\$25,191.37
Total Earnings and Benefits		\$85,802.57



AVERAGE ADMINISTRATIVE/SUPERVISORY EMPLOYEE 2019 <i>Estimate Based Upon Council Action</i>		
Pay Rate	42.77	
Annual Wages	2080	\$88,961.60
<u>Benefits</u>		
Pension	7.50%	\$6,672.12
Employee Pension Contribution	6.00%	-\$5,337.70
Net Pension		\$1,334.42
Social Security	7.65%	\$6,805.56
Disability Insurance (figured on Base Earnings)	0.00195	\$173.48
	.000143*50,000 = \$7.15 * 12 Months = \$85.80	\$85.80
Life Insurance - \$50,000 Policy		\$20,559.32
Medical Insurance		-\$978.56
Medical Insurance Contribution		\$19,580.76
Net Medical Insurance		\$9,000.00
Vocational Training (Does not include payroll)		\$0.00
Upkeep Clothing/Equipment		
Total Benefits		\$36,980.02
Total Earnings and Benefits		\$125,941.62



Personnel Changes 2019

1. **Add 1 new position to the Administrative Services – Information Technology:** Due to the increasing need for technology, cameras, networking and equipment, the 2019 Budget includes the addition of one entry level technical employee
2. **Add 1 new position to the Administrative Services – Personnel & Payroll Office:** Due to our support for community outreach, citizen engagement, to develop the next generation of municipal worker, and to encourage our current workers to think broadly, a new Diversity, Outreach, and Employment Resources (DOER) Coordinator is included in the 2019 Budget
3. **Continue the already approved 1 new position in the Sanitation & Central Garage Departments:** As already approved by Council, this 2019 Budget includes the new Assistant to the Public Works Operations Supervisor position that was recently authorized
4. **Add 1 new position to the Water and Sewer Departments:** this new utility worker is included in the 2019 Budget to further support the initiative to move towards radio-read meters, to be responsible for the installation of meters and the installation and programming of equipment, to field trouble reports from the Service Center, to assist with plumbing inspections, and to assist the water/sewer construction crew
5. **Add 1 new position to the Electric Departments:** this new utility worker is included in the 2019 Budget as a new entry level line-worker in order to begin backfilling positions by starting in one area, using training and development, and then moving through other assignments, to replace the anticipated large number of retirements in the next five years
6. **A large number of adjustments including** sufficient resources to make the necessary changes in the re-grading of the current job description of the Recreation Department Programming Assistant, not changing the job, but rather increasing the responsibilities and the compensation; and maintaining the new second part-time Recreation Programming Assistant throughout the year, remaining as part-time, not full-time, but year round; and further, to hire a new part time employee to work in the Storm Sewer Utility discussed during this year's Storm Sewer Utility Department Presentation; and further, to continue the program of using multiple part-time receptionists to cover the new lobby and other administrative tasks.
7. **Cost of living increases pursuant to existing collective bargaining agreements:** Employees represented by AFSCME Local #246, the International Association of Fire Fighters (IAFF) Local #1813, and the Chambersburg Police Officers Association, are due to receive 1.95% cost of living increases. It is anticipated in this budget that non-bargaining employees will receive the same 1.95% cost of living increases.