

Borough Manager's Proposed 2019 Budget

BOROUGH OF CHAMBERSBURG



As is required by local law, the budget is 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. I've prepared this document as a strategic plan for our community.

Our fiscal year, our budget year is the same as the calendar 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.

2019 Budget



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 13th largest in the State of Pennsylvania, the third highest revenue over expenditures, and the **largest Borough**; all because of the utilities.

1) Philadelphia, 2) Pittsburgh, 3) Lancaster, 13) Chambersburg

79) Carlisle, 260) Gettysburg, 274) Waynesboro, 712) Greencastle, 358) Shippensburg; in fact, Chambersburg is 1200% larger.

2019 Budget



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.

Chambersburg is unique



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.

Most everything is about utilities



The Borough Manager's Proposed 2019 Budget includes:

- For the tenth time in the last thirteen years...
- No proposed increase in taxes or tax rates



10 TIMES IN 13 YEARS
NO TAX INCREASE
NOT A TAX INCREASE EVERY
YEAR

Taxes

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.

And the Recreation Bond is debt, and not an operation of the Borough, and the Recreation Bond Tax does not pay for the Recreation Dept., just to pay off this bond.

TAXES



Chambersburg receives no sales taxes, liquor taxes, hotel tax, business taxes, or other type of local taxes and they are not an option under State law.

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.

TAXES



Of course, there are other types of taxes other than real estate taxes. However, they are set by the State, cannot be adjusted year-to-year, 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.

Details on these other taxes and these departments to follow.

TAXES



There is only one tax which the State allows to be adjusted year-to-year: the real estate tax

Why would you ever need to adjust the tax rate? Some years, the cost of providing police, fire, and EMS goes up; and in some years, the tax rate provides not enough money. And, since all of the real estate tax goes to police, fire, and EMS, sometimes you have to adjust the rate. However, not in 10 of the last 13 years; including not in 2019.

State law requires the real estate tax be re-approved every year.

TAXES



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.

TAXES



No change in 2019 – 24 mil

Pays for the operations of the Police Department

In 2018, increased from 23 mil to 24 mil

Maximum allowed by State Law is 30 mil

Perhaps this explains why Greene, Guilford, Letterkenny, and Antrim townships have no local real estate tax. 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. CPD does not cover township calls.

Police Tax – *one type of real estate tax*



No change in 2019 – 3 mil

State Law requires 2½ mil be used for fire apparatus, only ½ mil for fire fighter wages and benefits

In 2018, increased from 2½ mil to 3 mil

Maximum allowed by State Law is 3 mil

Fortunately, we can get by without an issue in 2019. This is a real problem. State sets cap at 3 mil. State believes wages and benefits should cost no more than ½ mil. Obviously, State doesn't support a paid/professional department like Chambersburg. Actual cost of firefighter wages & benefits would equal 16.5 mil

So, in Chambersburg we use the undesignated revenue to balance the fire department budget instead of using it for streets, parks, or economic development; undesignated revenue will be explained

FIRE Tax – *one type of real estate tax*



No change in 2019 – ½ mil

In 2018, started this tax at ½ mil


Maximum allowed by State Law is ½ mil

Fortunately, we can get by without an issue in 2019. This is a real problem. State sets cap at ½ mil

EMS system is in a serious crisis. Tax cap a symptom of State denial of crisis

More details about EMS and ambulance billing to follow.

AMBULANCE Tax — *one type of real estate tax*



No change in 2019 – 3 mil

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.

Recreation bond tax — *one type of real estate tax*



In 2019, it is the Borough Manager's recommendation that the Borough not change the Police Tax rate, currently at 2.4 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

Summary of real estate taxes

A mil is literally a thousandth of a dollar. When one buys gasoline and the price is \$2.499, that's "two dollars, forty-nine cents, and nine mils."

In Chambersburg, every property has an assessed value. That value, supposedly based on the 1961 value, is absolutely not the fair market value or the value that one could sell their property.

The assessed values are set by Franklin County.

The mil rate is the way we calculate the tax that a property owner must pay. There is a simple mathematical formula.

What is a mil?





For example, this is the “statistically average single family home” in Chambersburg

It has a fair market value of \$139,900; an assessed value of \$17,495

So, this “average single family home” pays the following property taxes:

Police Tax – 24 mil ($17495/1000*24$) = \$419.88 per year

Fire Tax – 3 mil ($17495/1000*3$) = \$52.49 per year

Ambulance Tax - ½ mil ($17495/1000*.5$) = \$8.75 per year

Recreation Bond Tax – 3 mil ($17495/1000*3$) = \$52.49 per year

A light blue starburst graphic with a brown outline. Inside the starburst, the text "\$534 per year Total Borough Property Taxes" is written in red. The text is centered within the starburst.

**\$534 per year
Total Borough
Property Taxes**

What is a Mil?

Your property is not the statistically average single family home. The average changes every year, but your property hasn't been reassessed in decades; mostly same rate

Average single family home in Chambersburg Borough - \$534/year

Township properties pay no Borough property taxes

Commercial & industrial properties have highest assessed values

Non-profits, schools, colleges, churches, charities, and other government buildings exempt from paying police, fire, EMS, and Recreation Bond taxes. Although many make a payment in lieu of taxes, a gift, to support police, fire, and EMS.

26.4% of all Borough properties are exempt from real estate taxes. There are 299 properties in the Borough with tax exempt status representing \$51.6 million in assessed value. Of those, 160 are owned by state, federal, or the school district. There are 139 properties owned by others with tax exempt status representing \$26 million in assessed value. If the 139 properties paid their taxes (to which they are exempt) they would contribute \$793,000 in tax revenue

What people pay in property taxes



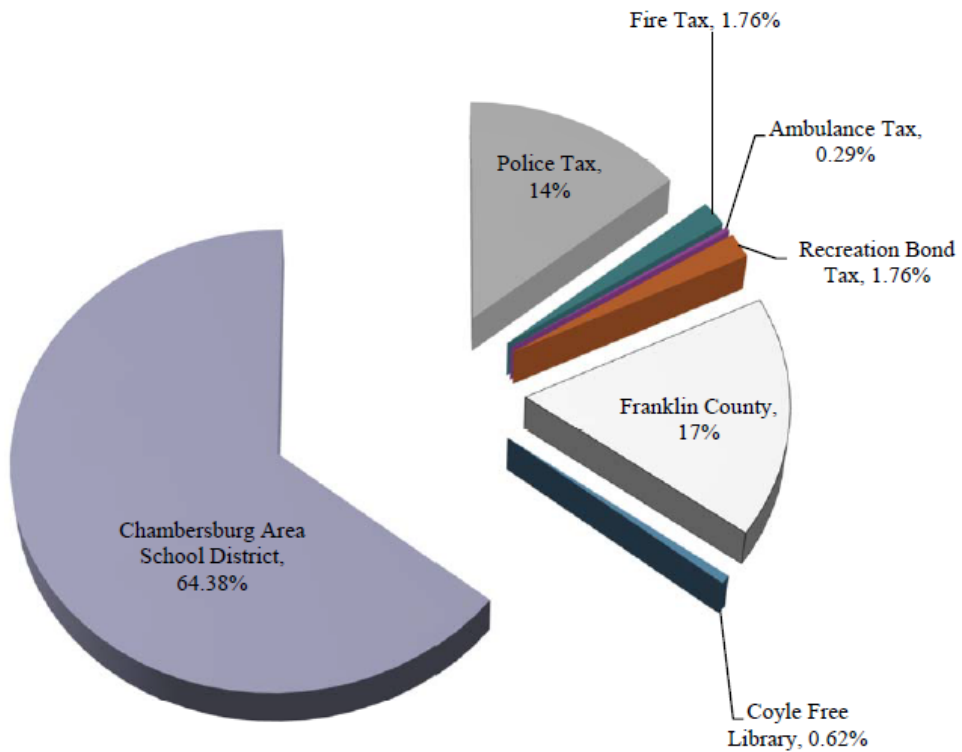
People often say: “Well the average single family home pays \$534 per year, but I pay much much more.”

Truth is most people do not pay much much more for Borough taxes; half pay less. Folks often confuse our taxes with County, Library, and School Taxes; and while we might wish those were lower too, the Borough of Chambersburg has no say on County, Library, or School Taxes.

And for many people, the Federal Gov’t returns 100% of your local real estate taxes in your tax refund check every year.

And all your Borough taxes go to support police, fire, and EMS.

Recently, someone said that they “pay \$50/month for the Recreation Bond Tax.” That is extremely unlikely. Most pay \$51/year.



In 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.

Currently 109.647 mils

Borough taxable real estate property owners pay 24 mil for 24/7 police coverage per year
 Unchanged in 2019, and
 Pay 109.647 mil to the Chambersburg Area School District

The other state mandated taxes are set by law and are not changed year-to-year. They include:

- Local Services Tax, which is a \$1 per week tax on workers inside the Borough;
- 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
- Deed Transfer Tax, which is a ½ of 1% tax when property inside the Borough is sold or transferred.
- Together, these are known as undesignated revenues.

Undesignated revenues



Local Services Tax

- 2018: \$820,032

Earned Income and Wage Tax

- 2018: \$2,080,792

Deed Transfer Tax

- 2018: \$517,099



Undesignated revenues

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

Undesignated revenues

Completely balanced

\$15,157,375 in revenue and expenses

Planned Expenditures

- Police: \$5,163,250
- Fire/EMS: \$4,781,705
- Recreation: \$1,389,275 (not aquatic center)
- Land Use & Community Development: \$809,285 (not engineering)
- Highway: \$1,128,560 (not sanitation, motor equipment, or paving)
- Admin Expenses: \$1,727,375 (not finance, I.T., or personnel)
- Civic Expenses: \$157,925

General fund



Issues

- Police: no issues – budget down 2.5%
- Recreation: no issues – budget down 6.2%
- Civic expenses: no issues – budget down 41% (fountain repairs)
- Highway: no issues – budget down 4.9%
- Land Use & Community Development: no issues – budget up due to upcoming Comprehensive Planning Project (one time expense)
 - But use of Engineering Department transfer to cover (explained later in presentation)

General Fund



Emergency Services Department Issues of Concern

The cost of operating the ES Department will go from \$4,612,540 (2018) to \$4,781,705 (2019); which is a 3.6% increase

After all the revenue attributed to the department operations, as well as a credit for state support of the fire pension plan, the ES Department use of undesignated revenue will rise from \$1,561,192 (2018) to an estimated \$2,176,686 (2019).

The Borough General Fund can absorb these expenses in 2019.

General Fund



Emergency Services Department Issues of Concern

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.

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.

General Fund



Emergency Services Department Issues of Concern

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 private insurance), those payments are significant.

The balance of the Emergency Services Department operating expenses are covered by undesignated General Fund revenue; above and beyond the Fire Tax.

This is working for 2019, but there are real concerns for future.

General Fund



Emergency Services Department Issues of Concern

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 deficit in 2019; balanced by undesignated revenues.

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.

We really do not know what the future will hold for ambulances service in Pennsylvania.

General Fund



Emergency Services Department Issues of Concern

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.

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.

General Fund



Summary

The General Fund is in good shape for 2019

No tax increases needed

No issues other than the future of the PA ambulance system

No action required

General Fund



In the 2019 budget, there is no proposed rate changes for natural gas, sanitary sewer, storm sewer, sanitation, parking, or electric.

Holding rates steady saves each customer hundreds of dollars per year.

Unfortunately, only Borough residents & businesses, with Borough utilities, enjoy this outstanding benefit.

Utility Funds

The Enterprise funds of the Borough



1. No electric rate increase in 2019; no rate change since 2014, when rate was lowered for the third time in two years; the average electric customer **saves** about as much on their electric bill, being a Borough customer, as they **pay** in Borough property taxes (average annual savings of \$480/year being an electric customer).
2. Fund balanced, \$ 30,002,953 in revenues and expenditures
3. Plan to hire new junior lineman in effort to train younger lineman in advance of future retirements – see personnel changes
4. Plan to invest in future energy projects including a plan to issue an, approximate, \$10 million capital improvements bond for upgrades to the electrical infrastructure – see budget initiatives

Electric Department



1. No gas rate increase in 2019; no rate change since 2013, the lowest residential gas rate in the State of Pennsylvania
2. Lowest gas rate means our safe, reliable, clean, and domestic natural gas supply is helping families & businesses save money and improve the quality of life in the Borough. The average residential gas heat customer in Chambersburg, who pays on average \$631 per year, **saves** approximately \$552 per year on their gas bill, when compared to the average Pennsylvania gas provider for the supply; almost as much as their entire Borough tax burden
3. Fund balanced, \$8,052,750 in revenues and expenditures
4. Plan to invest in system to transport gas to UGI Central Penn utilities in parts of Greene Township – see budget initiatives

Gas Department



1. No sewer rate increase in 2019; no rate change since 2012, when rate was increased for Waste Water Treatment Plant project
2. Fund balanced, \$6,429,775 in revenues and expenditures
3. Plan to undertake a large sewer main project, East Conococheague Interceptor; total projected cost: \$2,500,000; Borough share: 46%
4. Budget includes the hiring of a new utility worker 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 – see personnel changes

Sewer Department



1. This budget includes a very small rate increase for water. 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 (Penn)
 - Inexpensive water rates save money for each home & business
 - 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 up from \$15.75 per household per month
2. Fund balanced, \$3,478,840 in revenues and expenditures
3. The proposed budget includes \$3,450,000 in capital improvements to the Water Department infrastructure



Water Department

1. No sanitation rate increase in 2019; 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
2. Rate stays at \$18.75 per month; one of lowest in Franklin County
3. Fund balanced, \$3,325,705 in revenues and expenditures
4. No operation changes in 2019 (i.e. Bulky Waste, recycling, or Yard Waste)
5. As already approved by Council, this 2019 Budget includes the new Assistant to the Public Works Operations Supervisor position that was recently authorized – see personnel changes

Sanitation Department



1. The Storm Sewer Pollution Control Fee is recommended to not change from \$4 per month per sanitary sewer connection (\$48 per year per connection) in 2019
2. The 2019 budget includes significant legal services and consultant services costs in order to pay cost 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.
3. Fund balanced, \$511,000 in revenues and expenditures
4. Budget includes a new part time employee to work in the Storm Sewer Utility discussed during this year's Storm Sewer Utility Department Presentation; as well as, the intermunicipal efforts discussed in Hamilton and St. Thomas townships

Storm Sewer Department



As an inter-departmental agency, the Borough Manager supervises these functions with no dedicated staff. He is assisted by the Electric Department, the Engineering Department, the Customer Service Office of the Administrative Services Department, and the Police Department

2019 will see no changes to parking meters, number of parking lots, or parking permit rates*. In 2011, Council set meters at 25¢ per hour

*Before the end of 2018, Council is expected to significantly change the Tradesman Parking Permit system; including a rate increase

Borough applied to the Franklin County Metropolitan Planning Organization (MPO) committee to utilize all available funds in Federal Highway Administration (FHA) Congestion Mitigation and Air Quality (CMAQ) grant program 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; awarded in 2016, anticipated construction 2019

Parking, Traffic & Street Lights DEPT.

1. So far, 2018 operations have been outstanding for the facility. Through 9/1/18, the facility had revenue in excess of expenses of \$128,000.
2. 2019 is intended to be a more typical year financially for the fund, 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.
3. This one time transfer will finance the balance of Parks and Recreation improvements projects selected by Council (a transfer of \$842,957).
4. Therefore, in the net, it is anticipated, in 2019, that the Aquatic Center will have an operating surplus of \$67,315 (reserved for future maintenance).
5. However, due to the one-time transfer, the fund is showing a deficit of \$775,642.
6. Aquatic Center fees and policies were recently updated by Council.

Aquatic Center

A separate Enterprise Fund NOT PART OF REC Dept. IN GENERAL FUND

The Enterprise Funds of the Borough are all in good shape for 2019

In this 2019 budget, there is no proposed rate changes for natural gas, sanitary sewer, storm sewer, sanitation, parking, or electric. This budget includes a very small rate increase for water.

No major issues require immediate attention

Many capital improvement projects included in 2019

Utility Funds

The Enterprise funds of the Borough



the lowest composite residential utility monthly bill in Pennsylvania.

Utility	<u>2018 Cost</u>	<u>2019 Cost</u>	<u>Last Changed</u>
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

Utility Funds
The Enterprise funds of the Borough

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.

Therefore, most internal service funds are break-even operations

Internal Service Funds

Funds that provide services to other departments in the Borough



1. Fund balanced, \$1,295,930 in revenues and expenditures
2. 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. 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.

Stores/Warehouse Dept.



1. Fund in surplus:
 - \$3,537,805 in revenues and \$2,463,300 in expenditures
 - \$1,074,505 for future equipment purchases
2. The fund 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.

Motor Equipment Dept.



1. Fund in deficit:
 - \$488,790 in revenues and \$768,790 in expenditures
2. 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.
3. This is also the explanation of the significant increase in the Land Use & Community Development Dept. of the General Fund earlier.

Engineering Dept.



The largest internal service fund of the Borough; it is completely balanced

Revenue	6,800,670
<u>Expenditures</u>	
Utility Addition	\$700,650
Personnel/Payroll	\$459,000
Information Tech	\$1,017,200
Finance/Accounting	\$735,900
Cust Service/City Hall	\$1,461,775
Clerical Pool	\$1,017,550
General Admin	\$556,065
Miscellaneous	\$251,900
Construction/Capital	<u>\$600,630</u>
<i>Total</i>	<i>\$6,800,670</i>

Administrative Services



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

Admin Services – Utility Addition



The major expense reflected in the budget year 2019 is the last part of the payments for the construction of the \$9.7 million Utility Departments' Addition to City Hall as well as other capital expenses related to technology, City Hall, and customer service

New Enterprise Resource Planning (ERP) software installation continues in 2019: The purchase and implementation of a new financial, accounting, billing 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.


Admin services - construction



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.


Personnel Changes Summary to Follow

Admin Services – Personnel/Payroll




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.

Admin Services – Information technology



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.

Admin Services - Customer Service and City Hall



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.

Admin Services – Clerical Pool



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 2019 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%

Admin Services

Charge Back Calculation to Other Departments



For the purposes of this presentation, there is no need to review:

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.

Worker’s Compensation – This fund underwrites the risks to the Borough resulting from job-related injury or illness to its employees.

The Internal Service Funds of the Borough are all in good shape for 2019

No major issues require immediate attention

Internal Service Funds

Funds that provide services to other departments in the Borough

The 2019 Budget includes a transfer of the balance of the 2016 Recreation Bond from the Swimming Pool Fund to the General Capital Reserve for the balance of parks improvements projects

The 2019 Budget includes the addition of \$1,074,505 to the Motor Equipment fund balance for future vehicle purchases

The 2019 Budget includes a one-time transfer from the Engineering Dept. to the General Fund (\$30,000 for Operations, \$100,000 for Comprehensive Plan, \$74,000 engineering for paving, and \$76,000 engineering for sidewalks/curbs)

The 2019 Budget anticipates that Council will transfer \$1.4 million from the General Fund to the General Capital Reserve in Dec. 2018, mostly for street projects

The 2019 Budget anticipates that Council will transfer \$70,000 from the Storm Sewer Operating Fund to the Storm Sewer Capital Fund in Dec. 2018

The 2019 Budget anticipates that Council will transfer \$550,000 from the Electric Department Operating Fund to the Electric Capital Fund in Dec. 2018

The 2019 Budget anticipates that Council will transfer \$600,000 from the Gas Department Operating Fund to the Gas Capital Fund in Dec. 2018

Financial Notes of interest



The 2019 Budget includes plans to update the Comprehensive Plan

The 2019 Budget includes plans to use citizen engagement and community participation in the planning process

The 2019 Budget includes planning projects including completion of the Elm Street Neighborhood Plan, Complete Streets Policy, Healthy Community Design, adoption of the Curb & Sidewalks Master Plan/Map, and new initiatives to study crosswalks and back alleys

Projects of Note



The 2019 Budget includes plans to expand intermunicipal cooperation in the storm sewer utility, sanitary sewer utility, water utility, the Police Department, and the EMS services

The 2019 Budget includes plans to transport natural gas to UGI Central Penn in Greene Township

The 2019 Budget includes plans to keep talking with the CASD about school safety

The 2019 Budget includes plans to issue debt for capital improvements to the Borough's Electric Department infrastructure

Projects of Note



1. \$1,886,920 in street paving projects
2. \$1,960,000 in gas system projects
3. \$3,676,400 in water system projects
4. \$4,150,000 Federal CMAQ grant to upgrade traffic signals
5. \$2,823,000 in sanitary sewer system projects
6. \$795,000 in parks improvement projects
7. \$815,130 in information technology projects
8. \$150,000 in MS4 BMP projects
9. \$639,800 in electric system projects in addition to their bond issue
10. The approximate \$10 million electric system improvements bond issue

No resources included towards the planned renovation of the police station

Capital Projects included



Estimated sale of a \$10 million bond to fund capital improvements

- The future of gas power generation in the Borough system
- Upgrades to substation transformers
- New operations center building to house vehicles/equipment
- Resources to explore the interconnection of a community solar project (TBD)
- 36 months to complete projects from sale date
- Anticipate vote to proceed in January 2019

Electric Dept. improvements bond



	<u>2018</u>	<u>2019</u>
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

Personnel Changes in 2019 budget

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

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

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

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

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

A large number of adjustments including 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

**Obviously, all of these changes made with no impact on taxes or fees
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.**

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.

2019 budget summary



Tonight, I am requesting that Council:

- Authorization to publicize the “Notice of Public Inspection and Advertisement” of the 2019 Proposed Budget

On November 19, receive public comments on this proposal

On November 19, approve a Capital Improvements Plan

On December 10, approve the budget, the Tax Ordinance, and the miscellaneous resolutions regarding 2019 finances

On December 10, make the necessary Interfund transfers

Next steps



Questions?

