

11/7/2016



2017 Budget Message

As Proposed for 2017 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

2017 Budget Message

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To: Town Council

Submitted herewith for your consideration is the Borough Manager's Recommended 2017 Budget. As is required by local law, I have prepared this document in a form that can be adopted by Town Council. The proposed 2017 operating budget is balanced; revenues and cash balances cover all necessary expenses.

This budget represents another year of growth for our community and our organization. The Borough of Chambersburg has undergone significant changes in the last generation. Some of it is gradual and therefore unnoticed. To those who recall what Chambersburg once was, the community has become unrecognizable. We are tracking three trends which have had a significant impact on the transformation of our community. First, Chambersburg has undergone significant development. Despite the economic downturn of the years 2009-2014, Chambersburg over the last quarter century has seen development growth well above the average for Pennsylvania.



1996

2016

We have new neighborhoods filled with residential development and more than one hundred residential units are already approved for future construction. We have new neighborhoods filled with retail development. The Norland Avenue neighborhood has the highest per acre land value in Franklin County. Second, we have had a steady stream of new young working class families and new retirees from outside

Chambersburg relocating to our community. While our population has only grown by single digit percentage points, in and of itself that is remarkable given the demographics of our town. If not for all the new transplants, one might have seen a drop in population. Further, much of the new population is unburdened by the history and tradition of our community. They embrace the growth, the low cost of living, proximity to shopping and services, and they demand a more vibrant and responsive community government. Finally, we are seeing a growth in the demand for utilities and services that necessitate growth by the Chambersburg Borough government. 2017 will be a remarkable year with two major municipal construction projects beginning, and the completion of the largest municipal construction project in Chambersburg history. These major infrastructure improvements are a part of a trend. The Borough is positioning itself for the next century of infrastructure needs. We are not allowing lackluster leadership on the State and Federal level to derail our goals of restoring and expanding infrastructure needs (water, sewer, electric, gas, stormwater, traffic signals, municipal facilities, and recreation amenities) necessary for our community to be a regional leader for generations to come.

2017 will be another year of major municipal construction.

Finally, it cannot be stressed enough, how absurd the municipal boundaries of Chambersburg Borough have become. Whether it is economic development, municipal services, social services, emergency services, utilities, or the environment, all aspects of community identity now cross the municipal boundary. With all due respect to the laws of the Commonwealth, if there is not soon a greater effort towards the regionalization of these attributes, someday all of our citizens will cringe by the knot of different laws, policies, and decision makers that we were unable to fix.

2017 must be the year that we begin to regionalize service delivery in the greater Chambersburg area.

These recommendations are most important in planning for our future. Chambersburg is the urbanized core of a suburban/rural county. Inside the Borough, residents are not sharing in the wealth created to the same extent that wealth is being seen in our neighboring townships. However, we are one economy, one set of economic policies, and one community by identity. How many folks say they live in Chambersburg when they live outside of the Borough? These issues can only be ignored at our mutual peril.

This is my seventh 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 is adopted each 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.

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 eleventh largest in the State of Pennsylvania 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. So, 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.

Largest Municipalities in Pennsylvania (2014)	County	Total Revenue	
1	Philadelphia City	Philadelphia	\$8,122,410,000
2	Pittsburgh City	Allegheny	\$773,179,259
3	Bethlehem City	Northampton	\$250,099,539
4	Reading City	Berks	\$225,710,609
5	Lancaster City	Lancaster	\$203,438,486
6	Allentown City	Lehigh	\$172,866,522
7	Scranton City	Lackawanna	\$125,546,362
8	Erie City	Erie	\$123,069,276
9	Harrisburg City	Dauphin	\$110,421,880
10	Lower Merion Township	Montgomery	\$102,551,558
11	Chambersburg Borough	Franklin	\$94,612,447
178	Waynesboro Borough	Franklin	\$12,311,186
282	Shippensburg Borough	Cumberland/Franklin	\$7,787,495
705	Greencastle Borough	Franklin	\$2,034,164

Source: Pennsylvania Department of Community and Economic Development

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

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

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

It is likely that there will be rate increases in the near future, but no increases are recommended in 2017 for water, sewer, electric, gas, or sanitation.

In Chambersburg, our citizens pay no dedicated Recreation Tax, no dedicated Highway Tax, and no taxes at all to support the Borough's utilities or utility support departments. However, we already know this is going to change in 2018. In 2016, Council decided that the Borough will establish a first-ever Recreation Tax beginning not in this budget, but the next. No matter what, 2018 will see this new tax increase.

A look beyond 2017 reveals the need for tax increase and rate increases in the future; but not today.

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

The Borough of Chambersburg did not raise real estate taxes between 2007 and 2013; then there was an increase in 2014 and a second increase in 2016. Therefore, there have been only 2 real estate tax increases in the last 11 years. Taxes were raised by others such as Franklin County or the Chambersburg Area School District. In 2014 and 2016, the Borough raised taxes but only to fund police and fire services. As you can see, beginning a decade ago, and through 2017, there is a constant theme in our finances: real estate tax increases were rare and only dedicated to fund police and fire services.

In 2017, the Borough will continue to use real estate taxes only to fund police and fire services and nothing else done by the Borough.

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 and the Recreation Department. The Sanitation Department is a separate utility (not unlike the Electric, Gas, Water, or Sewer Departments) and they keep the streets clean, free of leaves, and well swept. Highway construction projects are done with Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels) and whatever money is left over from the previous fiscal year. Our Highway Aid grant only pays for street construction made to 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.

In 2017, the Borough will use accumulated balances from 2016 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 and Council needs to take action.

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

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 Commonwealth of Pennsylvania.

Types of Taxes Allowed for Boroughs under State Law

Real estate taxes

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 2017?

Regionalism can take many forms. In our area, Chambersburg is the only municipality with a local police department. It is a professional and successful law enforcement organization. In 2016, Town Council appointed a new Police Chief. Roland Camacho joined the Borough in mid-2016; a highly qualified law enforcement professional, he replaces Chief David Arnold who unexpectedly decided to retire in early 2016. In 2017, it will cost significant funds to operate a modern police department, but unlike our friends in the Pennsylvania State Police, the Chambersburg Police Department plays a much more proactive role in public safety within the corporate boundaries of the Borough of Chambersburg.

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

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

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

Town Council raised the Police Tax from 21 mil to 23 mil for the 2016 Budget.

In the 2016 Budget, adopted in December 2015, it was anticipated that the Borough Police Department would cost \$5,168,725 to run in 2016. In the 2016 Budget, it was our hope that the Police Tax, set in December 2015 at 23 mil, would generate \$4,509,500 and be short of paying for the Police Department by about \$659,225. We were confident that State pension aid and hopefully donations would reduce that deficit as there have always been these other sources of income in previous years.

It now appears that the 23 mil of Police Tax, adopted in the 2016 Budget in December 2015, will generate approximately \$4,725,554 in cash (including extra income collected in 2016 from old tax liens from prior years as well as our police donation request letters). In addition, this revenue is offset by much less spending in the Police Department than originally estimated at \$5,168,725. After accounting for fewer Police Officers (one early retirement and one officer on military leave) than originally anticipated as well as the unforeseen retirement of the Chief (no Chief pay or benefits for six months), the true cost dropped to \$4,577,317.

In conclusion, we estimate that the Police Department will have no deficit by the end of 2016 assuming that the addition of the three new police officers is delayed as late in the year as possible. However, it is estimated that next year, in 2017, the deficit might return. With this budget, Town Council has herein decided to hire three new police officers (effective November 2016) before future police officers retire in 2017, to add a lieutenant position, and to delete a corporal position; all sometime in 2017. This action needs no tax increase but it erased the entire cushion that was created in 2016 and therefore our estimate for 2017 is to run a significant deficit for real this time (pending other impacts in 2017).

Police Department Budget	2016	2017
Estimated cost of operations	\$5,168,725	\$5,162,275
Estimated yield of Police Tax	\$4,509,500	\$4,632,500
<i>Estimated Expense over net operating expenses</i>	(\$659,225)	(\$529,775)
Revised estimated cost of operations	\$4,577,317	
Revised estimated yield of Police Tax (including tax liens & donations)	\$4,725,554	
<i>Revised Estimated Expenses over Revenue</i>	\$148,237	

If we had known that cost of operating the Police Department would only be approximately \$4,577,317 in 2016, we would not have dedicated so much State Pension Aid to balance the cost of Police Officers' pensions. Therefore, the surplus of \$148,237 was not, in fact, a surplus of Police Tax, but rather a surplus of State Pension Aid; which could have been diverted to balance other employee's pension obligations in other funds of the Borough.

Despite 2016 turning out very well so far (although there are sixty days left), it still appears that 2017 will provide another challenging year with an operating deficit in the Police Department. It is anticipated that the gap between the Police Tax and the cost of operating the Police Department in 2017 will be \$529,775. That number will be reduced, as usual, by some amount of State pension aid, but likely a gap will persist.

It is my opinion that in 2017 the Borough Police Department budget really needs another \$100,000 in Police Tax for the Police Tax to safely pay the full cost of the Police Department. That would be an additional 1/2 mil of new Police Tax above the current 23 mil rate. In conclusion, the 2 mil added in 2016 was just not enough to pay for Police Department costs going forward, which we knew last year. That fact has not changed just because 2016 worked out well.

At some point the Police Tax should pay 100% of the cost of operating the Police Department. Undesignated revenue, which could be used for other worthwhile programs, should not be used to balance the Police Department budget. It is always better to have a little extra money in the Police Budget, than plan on a deficit and hope for assistance. Although in 2016, assistance did come through thanks to lower personnel wages and benefit expenses.

This budget does NOT contain another new 1/2 mil Police Tax increase. However, if Council waits until next year, it is likely that we cannot avoid this increase any longer. The recommended 2017 Budget contains no Police Tax increase and keeps the tax rate at 23 mil.

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.

How much does 1 mil of real estate tax yield in 2017?

Total assessed value of taxable real estate inside the Borough for 2017 is estimated to be \$200,967,140. Therefore, the cash value of 1 mil would equal \$200,967. However, when factoring in our average collection rate for any year, we should expect that same mil to yield \$186,899. 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 \$201,000 in cash.** As explained, if you assume the standard percentage of tax payers will fail to pay their taxes, 1 mil would equal \$187,000 in cash. If you assume some old outstanding tax liens from previous years may pay their debts in 2017, 1 mil might equal \$200,725 in cash. In 2016, due to old tax liens from previous years, the Borough anticipates earning \$205,458 in cash per 1 mil. The value of a mil is therefore not precise.

	<u>2014</u> <u>Actual</u>	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Estimated</u>	<u>2017</u> <u>Estimated</u>
Police Tax Yield	\$4,233,887	\$4,599,628	\$4,723,663	\$4,632,500
Mil	21	21	23	23
Fire Tax Yield	\$480,000	\$478,947	\$496,490 ¹	\$486,000
Mil	2.5	2.5	2.5	2.5
Value of 1 Mil	\$200,591	\$216,110	\$204,712 ²	\$200,725
Est. Single Family House Tax				
Police Tax	\$346.84	\$351.45	\$389	\$390
Fire Tax	\$41.29	\$41.84	\$42	\$42

1 – The rebate to the Motor Equipment Fund will be at least \$480,000 regardless of how much actual tax revenue is actually 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 Fire Tax in 2017?

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

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

The largest challenge for the Chambersburg Emergency Services Department is the unknown cost of labor. The current labor agreement with the International Association of Fire Fighters Local #1813 (the infamous Kasher Arbitration Award) is due to expire in January 2017. Contract negotiations have been ongoing for seven months with no agreement. If there is no labor pact by January 2017, the old award will be honored until a new agreement is arrived upon. It is also possible, if the parties cannot agree, just as in 2012-2013, a new neutral third party Arbitrator (Mr. Kasher has since retired) may impose a binding settlement upon the parties. The cost of a new agreement or a new arbitration award is unknown at this time. This budget assumes a 1.95% cost of living increase for Emergency Services Department employees. This is the same increase that will be given to employees represented by both of the other labor unions as well as non-bargaining employees of the Borough.

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

The recommended 2017 Budget contains no Fire Tax increase and keeps the tax rate at 2.5 mil.

What of the Utility Rates in 2017?

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 despite a significant drop in revenue from our generation side of the operation. The Sewer Department is working diligently on controlling costs to maximize the existing revenue from our customers. The Water Department has had no water rate increase since 2001 despite growing operational costs. The Gas Department has the lowest residential heat rate in the State of Pennsylvania, and successfully manages its finances.

Utility rates will rise in the future, but not in 2017.

The only exception is the Borough of Chambersburg Storm Sewer utility, which has reached the next milestone in its State/Federal mandated formation. The Storm Sewer Utility began operation in 2015 and

is dedicated to improving health, safety and welfare in the Borough of Chambersburg by providing for the safe and efficient capture and conveyance of stormwater runoff resulting from development by enforcing the Borough's Stormwater Management Ordinance, by maintaining compliance with the Borough's municipal separate storm sewer system (MS4) permit and through construction and maintenance of the Borough's storm sewer system.

On December 8, 2014, Town Council adopted an Ordinance establishing the first-ever storm sewer utility for the Borough of Chambersburg. The utility generates its revenue through a Storm Sewer Pollution Control Fee that is assessed at \$3.00 for every sanitary sewer connection to a building. Through September 30, 2016 the utility collected \$219,615.28, and will ultimately collect approximately \$295,344 in 2016, to operate the utility and fund storm sewer system capital improvements.

For 2017 the biggest news for the Storm Sewer Utility is that the Storm Sewer Pollution Control Fee is recommended to increase from \$3 to \$4 per month per sanitary sewer connection (\$36 to \$48 per year per connection), collecting approximately \$393,792 to provide additional revenue for engineering consultant services and storm sewer system maintenance.

Most importantly, the budget for legal services and consultant services will be increased to hire an engineering consultant to prepare a Storm Sewer Utility Rate Structure and Credit Program to establish a Storm Sewer Pollution Control Fee based on impervious coverage for each parcel in the Borough in relation to the demand for stormwater management services. The new rate structure will also create a credit program to reduce fees if best management practices are implemented. The evaluation project is recommended as indicated through the Storm Sewer Utility Feasibility Report that was presented to Council on October 13, 2014, and is included in the 2017 Budget.

This budget does NOT include utility rate increases for water, sanitary sewer, electric, natural gas, or sanitation. *However, the budget does call for an increase in the Storm Sewer Pollution Control Fee from \$3 to \$4 per month per sanitary sewer connection.

<u>Utility</u>	<u>2016 Cost</u>	<u>2017 Cost</u>	<u>Last Changed</u>
Electric	\$100.90 per month	\$100.90 per month	2014 (lowered)
Water	\$15 per month	\$15 per month	2001
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*	\$3	\$4	2014

Budget Goals 2017

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

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

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

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

I am often shocked when others 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.

In 2016, together with the International City Manager's Association, Chambersburg commissioned a video to promote this concept. A link to the video is on the Borough's newly redesigned website. Together, items like the video and the website expand the Chambersburg brand. In terms of economic development, managing that brand and expanding our marketing of it would lead directly to new investment and new jobs in Chambersburg. That has to be one of our goals in 2017.

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

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

Goal C – Major Municipal Construction Projects

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

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

There are a number of projects and concepts we need to explore for the Chambersburg's Borough-owned sanitary sewer and water systems, but also for the mutual benefit of the systems in the townships. First, in 2017, the Borough will continue to work with Greene Township to not only build the North Chambersburg Transportation Improvements Project, which includes a new connection at Parkwood Drive, but also to seek to encourage development just north of Norland Avenue. This neighborhood, which was recently rezoned to a mix of professional offices, highway development and residential, has the potential to provide significant mixed use development including more retail, commercial, health services, and residential uses. The neighborhood is as big as our Norland Avenue and Maple Run neighborhoods combined. The challenge was that there were no connections to Parkwood and Fifth Avenue (being addressed) and inadequate water and sanitary sewer service. In 2016, Chambersburg and Greene Township began to explore ways to encourage smart growth in this area and use our extensive utility capacity to make it happen.

Second, in 2017, we need to utilize the new Chambersburg Area Municipal Authority, our newly incorporated regional water and sewer provider, to transfer Borough water and sewer customers, who are outside of the Borough, into a new pool managed by staff, such as the Borough Manager, through the auspices of the Authority. Customers in places like Guilford Township can then be treated equally to customers inside the Borough corporate limits. Unbeknownst to many, Chambersburg Water now serves some 100 to 200 water customers along US 30 in Guilford Township. This is because our main transmission line from Caledonia runs right down US 30. We do not want to compete with the Guilford Water Authority in the same geographic area. To date, there has been no way yet found for Guilford and Chambersburg to cooperate. So the alternative is to deliver inexpensive water to as many homes and businesses in this area through our new Authority.

Third, in 2017, we need to work with the Bear Valley Joint Municipal Authority, our largest water customer, to satisfy the growing demands in Hamilton and St. Thomas townships by cooperating on a mutually beneficial future. Chambersburg has so much we can offer in terms of capital investment management, infrastructure management, and financial management, that it seems there must be a way to lower water rates in their system by a closer and more integrated working relationship.

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

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

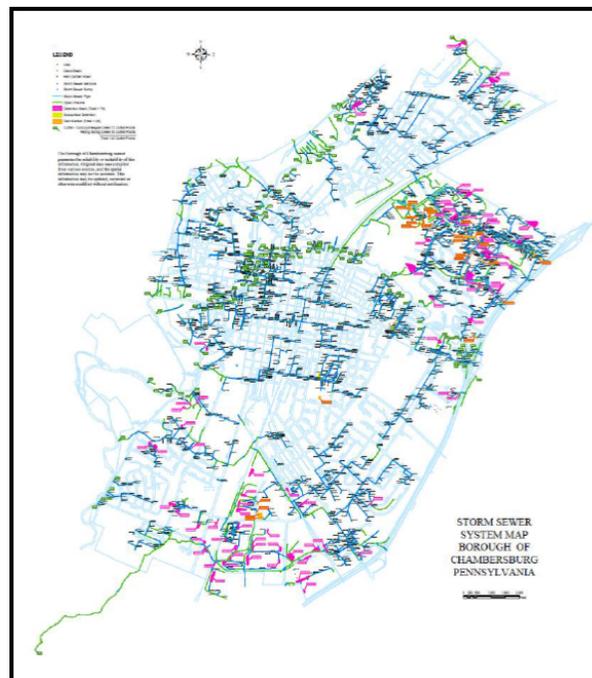
2017 will mark the third year of existence of a Municipal Separate Storm Sewer System (MS4) utility; one of the first such municipal utilities in the Commonwealth of Pennsylvania.

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 upon the amount of stormwater generated on a property; the 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. I propose those townships that currently have, or will someday have MS4 permits, contract with Chambersburg for post-construction stormwater management services.

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

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



Chambersburg Storm Sewer System

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

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

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

In 2017, we should explore whether, in exchange for the townships' boards contribution directly to our Borough Recreation Department, their residents could enjoy the lower tier rates and we could start programming activities at township facilities. Our recreation professionals can set up programs, manage volunteers and arrange seasonal help without adding the burden of new staff to township budgets. The last thing we need in Franklin County are three, four, or five separate Recreation Departments each with staff, consultants, programming, and fees.

In 2017, the process of turning the 1969-1970 Memorial Park Pool into a modern family aquatic center will be underway. We know that the pool is owned and operated by the Borough but we truly believe it exists for the mutual benefit of both Borough and township residents. Would it not be nice to regionalize this facility somehow? If the townships or Franklin County contributed funding to underwrite pool passes, the new pool could be a regional pool offering low user rates to not only Borough residents but those who live in neighboring communities. We think township residents will demand this cooperation after the new facility opens.



The Pool at Menno Haven

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

In 2017, 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 fire department, where every firefighter is a certified code inspector, do these inspections on a systematic basis. I believe that PMCA would support this plan.

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

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

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

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

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

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

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

I believe that township business owners in these commercial areas would welcome the additional patrols. In fact, they may like it so much they might be willing to underwrite the cost of the service. In 2017, we should explore whether, in exchange for the townships' boards contribution directly to our Borough Police Department, their commercial corridors could enjoy the benefit of local police patrols.

Goal A - Expanding Municipal Services

Work With Townships to Provide Expanded Sewer and Water Services

Work With Townships to Provide Post-Construction Stormwater Management Services

Work With Townships to Provide Additional Recreation Services for Their Residents

Work With Townships to Provide Commercial Fire Code Inspection Services

Work With Townships to Provide Additional Police Patrols in Commercial Areas



Fire Inspection Services

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

1. Borough-Wide Camera and Security Project Completes Phase 2

With the 2015 Budget, Town Council authorized this very important public safety project. In keeping with our goal of a safe community, Council made a multi-year commitment to install and upgrade video surveillance technology in a number of applications. This project began in 2015 and will be completed in early 2017.

The Borough has had security cameras downtown since 2004, police dash cameras since 2009, and facility security cameras as far back as 1997. This project was a series of upgrades and enhancements to existing systems, as well as an expansion of capabilities given new technology that exists. Chambersburg Borough has full time IT employees on staff to install and maintain such projects. In addition, the Borough has a fiber optic private computer network throughout much of the town to connect facilities and cameras.

The project does not include body cameras for the Police Department, as the Pennsylvania laws associated with body camera use is still not clear.

The 2015 Budget allocated \$422,909 in capital spending on a variety of security camera upgrades: specifically new police car dash cameras, downtown cameras upgrades and additions, new city hall cameras, a pilot project for an anti-vandalism camera, and installation of both mobile and fixed site license plate reading camera technology.

As you know, capital projects, unlike operations and maintenance, do not expire at the end of a budget year. They continue until the project is completed.

Phase 1, which was completed in 2015, included 11 Police Department In-Car Dash Cameras, which were bought by the Motor Equipment Fund for \$55,830. Phase 1 also included one Q-Star Anti-Vandalism Camera, which was bought by the City Hall and Customer Service Office of the Administrative Services Department for \$7,805.

Phase 2, which is mostly complete, includes a slew of cameras in public buildings, on downtown streets, and in key utility facilities.

Clarity of new camera images – with zoom clear enough to see faces



2015		No of Cameras	
Police In-Car Dash Cameras – Motor Vehicles	55,830	11	
Q-Star Anti-Vandalism Camera – Admin Services	7,805	1	
Fees & Charges	5,247		
2015 Total	68,883		

2016		No of Cameras	
Water Plant	21,399	8	
Fort Chambers Park – Recreation	14,713	7	
Water Intake Dam	15,386	2	
Memorial Park – Recreation	26,207	24	
Downtown Cameras – Admin Services	79,524	20	
Orchard Park Electric Station	30,182	12	
City Hall Teller Camera Upgrade – Admin Services	5,318	2	
Falling Spring Electric Station	17,679	6	
Service Center – Utility Warehouse	22,541	4	
License Plate Reading System – Parking & Traffic	105,840	*	
Fees, Equipment Rentals, Local Material Purchases	3,736		
2016 Total	342,524		

* - 2 Police Cars + 1 Location

So far the Borough has spent \$411,406.61 on these various systems out of the \$422,909 budget established in 2015.

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

Chief Roland Camacho is very pleased with the Borough-Wide Camera and Security Project, as well as Mayor Brown’s proposal to enhance community policing practices.

In addition, in 2017, the Police Department will continue their practice of increased walking assignments on shifts and seek additional part time officers for additional walking patrols. The Police Department is currently seeking more part time officers and anticipates that they will be needed for downtown walking in 2017.

2. Rhodes Drive Reconstruction and Stormwater BMP Implementation Project

Rhodes Drive is centrally located within the Borough, adjacent to the Coyle Free Library, residential units at the Tower 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 Fire Department. Located along 130 North Second Street, the Chambersburg Fire 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 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.

In 2015, the Borough created the Municipal Separate Storm Sewer System (“MS4”) Department. The MS4 Department has since outlined a Capital Improvements Program for 2017, a plan that includes improvements associated with Rhodes Drive. Rhodes Drive is a priority project for the MS4 Department due to the number of infrastructure-related concerns. Structurally, Rhodes Drive is in extremely poor condition. Recently, an inspection of the driving surface of Rhodes Drive revealed a significant amount of heaving, a condition that cannot be taken lightly for an emergency access route.

Additionally, Rhodes Drive includes stormwater inlets, which discharge directly into the Falling Spring Branch, a waterway flowing into the Conococheague Creek, which is a tributary of the Potomac River that ultimately empties into the Chesapeake Bay.

As a Safe, Clean, Green, and Healthy Community project, the Rhodes Drive best management practice would include environmental, stormwater and aesthetic improvements in Chambersburg’s downtown.

The Project will minimize stormwater volume that discharges into the Falling Spring Creek by disconnecting the impervious surface of the street from the existing storm sewer system and re-directing runoff to a bio-retention area adjacent to the Rhodes Drive. This will allow runoff infiltration and water quality benefits. The proposed Project is an excellent example of a municipal government setting an appropriate example by implementing storm sewer system BMPs on its own assets.

On June 29, 2016, the Borough of Chambersburg was awarded a \$115,269 grant from the Green Streets, Green Jobs, Green Towns (G3) Grant Initiative, administered by the U.S. Environmental Protection Agency, the Chesapeake Bay Trust and Maryland’s Department of Natural Resources.

The Borough’s G3 grant was the highest of seventeen projects awarded. The funds will be used for the Rhodes Drive Reconstruction and Stormwater BMP Implementation Project. The Project, which has also received grant funding support from the Franklin County Conservation District, will include the complete reconstruction of Rhodes Drive, which is a one-way emergency access road in the Borough. It will further incorporate a bio-retention area, storm inlet structure replacement and the installation of new sidewalks.

The total cost of the Project is estimated at approximately \$315,000. The Franklin County Conservation District also provided a \$50,000 leaving a local balance of up to \$ 149,731. A third grant application was submitted to the Commonwealth to fund the balance of the project, which will occur either way.



Rhodes Drive Reconstruction and Stormwater BMP Implementation Project



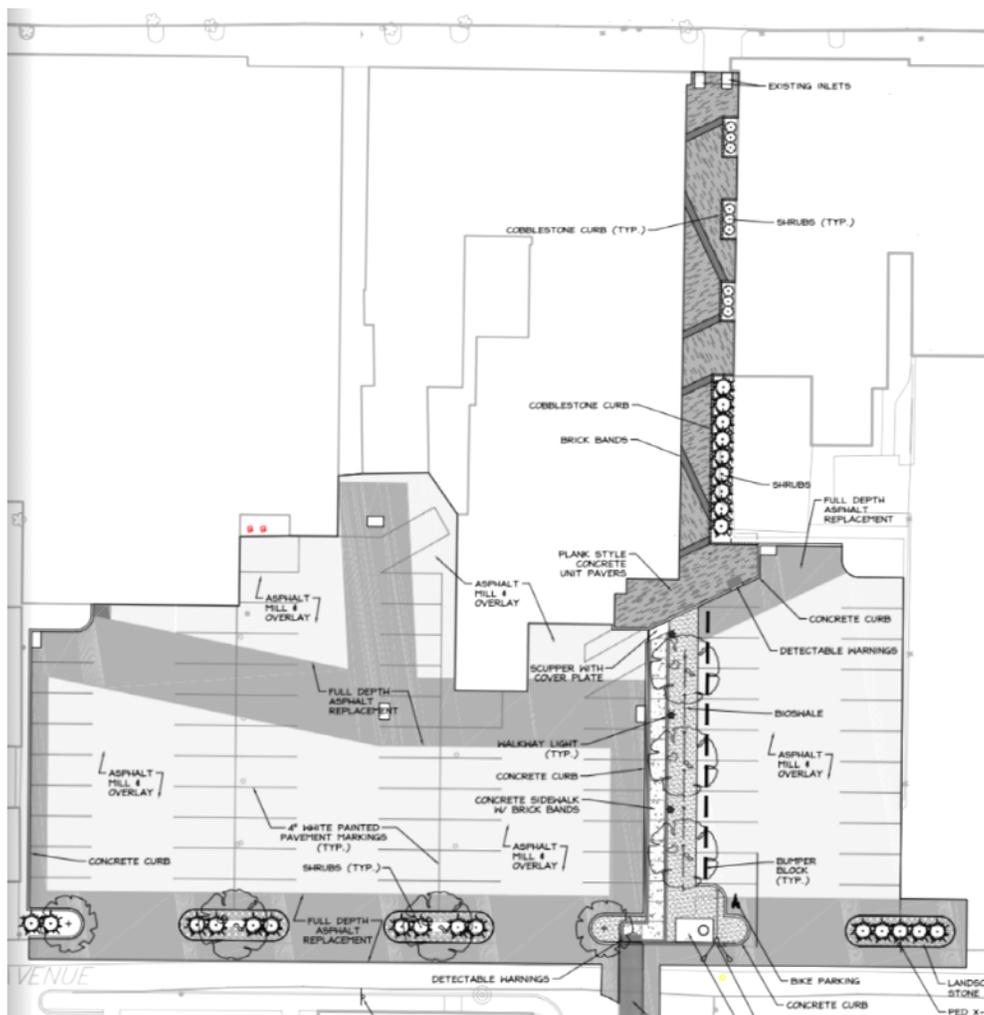
Sharrows and Bike Riders

3. *New Central Avenue Parking Lot, Downtown Sharrows, and Pedestrian Safety Initiatives*

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

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

In 2016, we entered into a design process with Derck and Edson to reimagine the Central Parking Lot for the purposes of applying for a Multimodal Transportation Fund (“MTF”) grant from the Commonwealth Financing Authority to support Central Parking Lot Multimodal and Pedestrian Safety Initiatives.



- **Downtown Pedestrian Network Integration Estimated cost: \$388,421**
 - Goal: Provide safe pedestrian linkages to downtown at and around the Central Parking Lot; create a gateway
 - Scope of work: installation of lighting, clearly delineated pedestrian walkway, curbs and ADA-curb ramps, and associated signage
 - Consistent with the Chambersburg Downtown Master Plan - Pedestrian Access and Parking Efficiency, Alley Enhancement, and Gateway Concepts
 - Other participating stakeholders: Chambersburg Area Development Corporation (CADC)
- Paving of Central Parking Lot is not covered by the grant application: \$50,000



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. This engineering study was completed and we anticipate the installation of such bicycle friendly decals and signs throughout downtown in spring 2018 and perhaps other parts of the Borough by fall 2018.

- **Bike/Pedestrian Safety Improvements (Sharrows and Crosswalks) Estimated cost: \$113,275**
 - Goal: Provide for enhanced safety of pedestrian and bicycle movement throughout town; promote cycling as an alternative form of transportation
 - Scope of work: Install 41 crosswalks with appropriate signage and 118 shared lane markings in strategic locations throughout town
 - Consistent with the Chambersburg Downtown Master Plan – “emphasiz[ing] that Chambersburg is a bike and pedestrian friendly community.”

It is our hope that the Commonwealth Financing Authority will see the value in these important projects and provide funding. We thank our partners at the Chambersburg Area Development Corporation for their financial support of these projects.

4. Wilson College Illumination Project

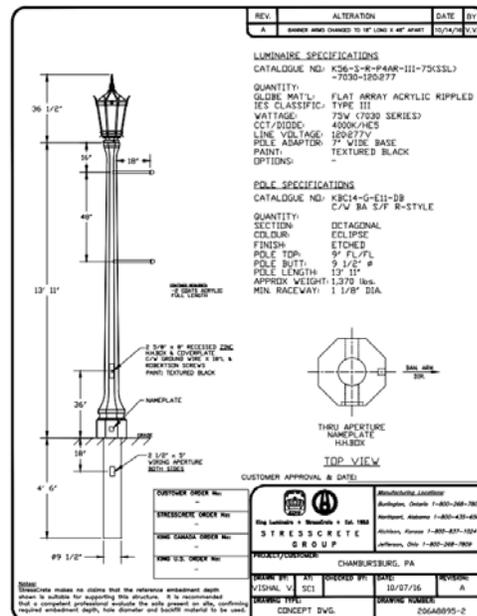
The Borough of Chambersburg and Wilson College recently completed the Wilson College Streetscape and Pedestrian Safety Initiative Project, which installed new curbs and sidewalks along the college frontage on U.S. Route 11.

To enhance the area adjacent to the new curbs and sidewalks, the Borough and College are continuing their partnership with the Wilson College Illumination Project, which will replace and increase the number of street lights along the college frontage. Specifically, up to thirty-six luminaries and light poles with banner arms will be installed along the inside of the sidewalk.

The College will prepare drawings and specifications for work to be performed by a College procured contractor to trench and install conduit for the lighting system and junction boxes and backfill for each light pole.

The Borough will purchase up to thirty-six direct embedment concrete light poles, including banner arms, with the style and color to be agreed upon by the College and Borough. The Borough will remove the existing luminaries and light poles and supply junction boxes for each new light pole along with pulling electric cables through the conduit to power the lights. The Borough will also provide the required equipment and manpower to deliver, lift and set the light poles and install and energize the luminaries.

It is estimated that the College will pay \$55,000 for their portion of the work associated with the project and the Borough will pay \$100,000 for their portion. July 4, 2017 is the estimated date of completion.



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

In 2017, the Borough of Chambersburg will complete the Pedestrian and Bicycle Improvements Plan. The plan will recommend the creation of new master plan 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 will have examined:

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

On May 11, 2015, Town Council selected Johnson, Mirmiran & Thompson (JMT) as the consultant to undertake this study. A fundraising campaign by Noel Purdy of Downtown Chambersburg, Inc. has raised enough money to pay for the project and the Borough will budget enough funding to make sure it gets done in early 2017.

When the plan is prepared, JMT will review Borough codes, such as the Bicycles and Skateboards Code, along with policies and programming related to bicycle accessibility and safety, and recommend changes and improvements. Clearly, the Borough’s commitment to expanding and planning for pedestrian and bicycle improvements within the corporate boundaries of the Borough is self-evident.



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

The Borough's continued support of the North Square Farmers Market and their connection to the organic Fulton Farm at Wilson College is a base to expand healthy food choices education among the Borough's youth. It is our hope to underwrite the development of an outreach program to community youth and school kids to encourage their commitment to a healthy lifestyle. A Healthy Community Committee was formed and Borough staff is participating.

We anticipate more healthy community initiatives in future years.

6. Elm Street Neighborhood Master Plan

In 2015, Downtown Chambersburg Inc. (DCI) completed their updated Downtown Master Plan. This document was completed with a generous grant from the Borough of Chambersburg and several other donations from area corporations and organizations. The DCI plan will become the basis for DCI to apply to the Pennsylvania Department of Community and Economic Development (DCED) for certification of the downtown as a part of the Keystone Communities program. Town Council needs to support this effort with in-kind participation in the program.

In 2017, it is envisioned that the Elm Street neighborhood and our community partner, Building Our Pride in Chambersburg (BOPIC), will undertake a similar process to update the Elm Street Neighborhood Plan.

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

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

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

BOPIC will complete an Elm Street Neighborhood Plan with a generous grant from the Borough of Chambersburg. The BOPIC plan will become the basis to apply to the Pennsylvania Department of Community and Economic Development (DCED) for certification of the Elm Street neighborhood as a

part of the Keystone Communities program. Town Council needs to support this effort with in-kind participation in the program. The hardest challenge for both DCI and BOPIC will be after certification when both must develop a model of sustainability that demonstrates that they can administer their programs without Borough financial support.

7. 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 and Shippensburg University entered into a partnership to advance this project. Dr. Claire Jantz, who is a professor in the Geography-Earth Science Department, is also the Director of the Center for Land Use and Sustainability (CLUS). In order to accomplish this goal, 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 award is based on 130 criteria in the following nine categories:

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

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

In 2017, it is our hope, to have the Borough of Chambersburg submit a certification assessment and attempt to earn a gold rating.

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

Borough-Wide Camera and Security Project Completes Phase 2
Rhodes Drive Reconstruction and Stormwater BMP Implementation Project
New Central Avenue Parking Lot, Downtown Sharrows, and Pedestrian Safety Initiatives
Wilson College Illumination Project
Pedestrian and Bicycle Improvements Plan & Healthy Communities Design Initiative
Elm Street Neighborhood Master Plan
Sustainable PA Community Certification



Platinum Certification

- [Cranberry Township](#)
- [Lancaster City](#)
- [Warwick Township \(Lancaster Co.\)](#)



Silver Certification

- [Bellevue Borough](#)
- [Brentwood Borough](#)
- [Brighton Township](#)
- [Churchill Borough](#)
- [Collier Township](#)
- [Donora Borough](#)
- [Edgewood Borough](#)
- [Etna Borough](#)
- [Findlay Township](#)
- [Heidelberg Borough](#)
- [Hopewell Township](#)
- [Lock Haven City](#)
- [Mt. Lebanon](#)
- [New Castle City](#)
- [Northampton Township](#)
- [Oakmont Borough](#)
- [Peters Township](#)
- [Robinson Township](#)
- [Shaler Township](#)
- [West Homestead Borough](#)
- [Wilkins Township](#)
- [Winfield Township](#)



Gold Certification

- [Baldwin Borough](#)
- [Castle Shannon Borough](#)
- [Connellsville City](#)
- [Dormont Borough](#)
- [Doylestown Township](#)
- [Ferguson Township](#)
- [Forest Hills Borough](#)
- [Frazer Township](#)
- [Latrobe Borough](#)
- [Middletown Township](#)
- [Monaca Borough](#)
- [Moon Township](#)
- [New Britain Borough](#)
- [O'Hara Township](#)
- [Ohio Township](#)
- [Penn Hills, Municipality of](#)
- [Philadelphia City](#)
- [Pine Township](#)
- [Reading City](#)
- [Ross Township](#)
- [Scott Township](#)
- [State College Borough](#)
- [Upper Allen Township](#)
- [Upper St. Clair Township](#)
- [Wilkes-Barre City](#)



Bronze Certification

- [Carnegie Borough](#)
- [Elizabeth Township](#)
- [Harrison Township](#)
- [North Versailles Township](#)
- [Sharpsburg Borough](#)
- [Swissvale Borough](#)
- [Tarentum Borough](#)
- [Verona Borough](#)
- [West Chester Borough](#)

Goal C – Major Municipal Construction Projects

1. Expanding City Hall

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

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

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

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

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

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

On November 23, 2015, the SGS team 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.

The bids for the project were opened by SGS on Wednesday, November 2, 2016. There were five bidders and the bids will be evaluated for compliance and awarded in early 2017. It is anticipated that total construction cost of the project will be \$9.125 million, including furnishings and a security system, which were not included in the construction bids.

The next step in the process is for Town Council to obtain debt in order to undertake this construction project. The 2017 Budget includes sufficient resources to obtain the debt, award the construction contract, and build the Utility Departments' Addition to City Hall as designed by SGS Architects Engineers.

It is anticipated that construction will begin in March 2017. The disruption to the City Hall property will be unprecedented. We hope that Council and the public cooperate to allow us to continue to use the City Hall property even during construction. There is a plan. The drive through window may not operate well during construction. The Police Department will have serious parking problems. The public will not be allowed to park behind City Hall. The dust, dirt, traffic, noise, and crowds will be disruptive to employees and patrons of City Hall.

The Borough has entered into a lease agreement with Kerrstown Square in order to relocate about 25% of the City Hall employees away from City Hall during construction. Kerrstown Square is a half a block away from City Hall, has nearby Borough owned parking, is reasonably priced, and ready for use. While moving 25% of our staff into a temporary facility is also disruptive, there is no way that this project could move forward without this temporary arrangement. The 2017 Budget includes sufficient resources for this temporary relocation.

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

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

The goal is to finish construction by the end of 2018 so that the new addition can be operational for the 2019 budget.

2. Memorial Park Family Aquatic Facility

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

The Chambersburg Pool, located at 1 Memorial Drive off of Stouffer Avenue, is inside the Chambersburg Memorial Park grounds.

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

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 Councilman-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 January 25, 2016, MKSD and Councilman-Hunsaker presented a new Aquatics Feasibility Study and 3 alternate action plans for the renovation or replacement of the Pool in 2017 or 2018. The Study presented project goals, a feasibility process, an audit of existing conditions and options for consideration. The consultants discussed both physical obsolescence (i.e. aging facility – codes and standards) as well as functional obsolescence (i.e. definition of aquatics – user expectations). The consultants gave Council three choices: repair the existing pool facility for \$2.89 million, renovate and improve the existing pool facility for \$6.3 million or replace the entire facility with a modern family aquatic facility for \$6.9 million. The consultants reviewed the three options and on February 22, 2016, Council selected a complete replacement of the entire pool facility.

On March 14, 2016, Town Council dismissed any talk of a pool bond referendum vote and instead decided to move ahead with borrowing enough money through a dedicated recreation bond issue to pay for the upgrade of the pool, as well as a dozen other recreation related infrastructure projects. It was decided that the Borough would borrow \$9.75 million and that Council would levy a dedicated recreation tax, beginning in 2018, to retire that debt. It was understood that this would be the source of the \$6.9 million to \$7.25 million needed to build a new aquatic facility and get it operational.

On September 19, 2016, Town Council approved the recreation bond sale for \$9.75 million. It is estimated that beginning in 2018, a Borough-wide assessment of 3 mil of property tax will be needed to retire this

debt. The proceeds of this sale are sitting in a dedicated account and the 2017 Budget includes the use of this money to build the new facility as well as the first of the other construction projects, the completion of the Nicholson Square Park Build Out (To Match Grant Applications) (\$266,242).

The bids for the pool project are due at MKSD on Wednesday, December 14, 2016. The total construction cost of the project is estimated to be \$7.125 million, but we will not know for sure until January 2017. The Borough will not be awarding the bid until January or February 2017. Construction is anticipated to begin by March 2017 and last throughout 2017. It is our hope to have the new aquatic facility open in 2018.

A construction management firm will also be selected sometime in 2017 to aid the project process.



SPRAYGROUND

- 1,215 SF (bather load – 48-60)
- Interactive play equipment

TOT POOL

- 715 SF (bather load – 59)
- ADA ramp entry
- Interactive play equipment
- Tot slide

ACTIVITY POOL

- 5497 SF (bather load – 458)
- Zero depth entry
- Interactive play feature
- Lazy river

LAP POOL

- 7065 SF (bather load – 515)
- Six (6) 7'-0" wide lap lanes
- Three (3) waterslides
- Waterwalk crossing activity

Total bather load = 1080-1092





3. A Need to Fund Alley Improvements

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

Further, there are not enough funds provided by our 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 and returned to the adjacent property owners (although in many cases must remain open for traffic), or can be upgraded under the following State law:

ARTICLE XVII

STREETS

(g) Improvement of Borough Streets

Section 1761. Proceedings With or Without Petition.

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

ARTICLE XXI-A

ASSESSMENTS AND CHARGES FOR PUBLIC IMPROVEMENTS

Section 2101-A. Authority to assess.

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

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

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

4. North Chambersburg Transportation Improvements Project

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

The North Chambersburg Improvements Project is comprised of the following four 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 (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. The total cost of the North Chambersburg

Improvements Project, in excess of \$4 million, couldn't be supported by the Chambersburg Health Services or its municipal partners alone. As a result, a grant application was submitted to PennDOT's Multimodal Transportation Fund, which resulted in an award of \$2,869,907 in financial assistance. On June 23, 2014, Town Council approved the project plan.

Summit Health will manage this construction project, which 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. A second approval will be needed shortly to add the fourth phase to the original three phases scope of the project.

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



Goal C - Major Municipal Construction Projects

Expanding City Hall

Memorial Park Pool

A Need to Fund Alley Improvements

North Chambersburg Transportation Improvements Project

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

On November 9, 2015, the Borough settled a new labor pact with the Chambersburg Police Officers Association (CPOA) for the years 2016 through 2020. On December 7, 2015, the Borough settled a new labor agreement between the Borough and Local #246 of the American Federation of State, County and Municipal Employees, who represent the Borough’s highway and utility workers. It is assumed that Town Council will provide those non-bargaining non-uniform Clerical, Technical, and Management employees the same wages and benefits as agreed to with AFSCME Local #246. Finally, the Borough has completed its last year of the Richard Kasher Interest Arbitration Award imposed on the Borough and Local #1813 of the International Association of Fire Fighters (IAFF). Other than the uncertainty caused by having no labor agreement with the IAFF, the balance of labor costs are known for the Borough and our employees.

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

	2016	2017
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		
The current contract was imposed by Kasher Arbitration Award		
Wages (cost of living adjustment to all steps)	+4% more	+1.95% more*
IAFF Collective Bargaining Agreement expires 12/31/2016		
American Federation of State, County and Municipal Employees Local #246		
A new contract was approved by the parties in 2015		
Wages (cost of living adjustment to all steps)	+1.95% more	+1.95% more
CPOA Collective Bargaining Agreement expires 12/31/2020		
Clerical, Technical, and Management Employees		
These employees have no contract & this represents Manager’s proposal		
Wages (cost of living adjustment to all steps)	+1.95% more	+1.95% more

* - Having no idea what will occur, the 2017 Budget guesses at 1.95% cost of living increases for IAFF employees

Pension Plan Reform

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

¹ Federal law prohibits government employees from having 401(k) accounts. They get similar 401(a) accounts. This new option went into effect in the fall of 2016 and many employees have already switched out of the pension plan system.

Conclusion

It is with great confidence that I deliver this enclosed budget. While our utility funds are in good financial condition, it is clear that there will be utility increases in 2018 or soon thereafter. It is also clear that the Police Department and the Emergency Services Department both cannot long maintain their current Police and Fire Tax levels without adjustment.

2017 will clearly be the last year without utility increases or tax increases.

We already know, by action of Town Council, that a new recreation tax of 3 mil will be established in 2018. We might as well plan for additional Police and Fire taxes at that time of some unknown amount.

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

We addressed the costs of the General Fund without reliance on shifting costs to unrelated budget areas with adding additional taxes in 2016. What Moody's will seek, is a commitment by Council to pay for the Police Department budget with the Police Tax in future years as well.

Further, we must begin to build additional cash balances. This budget is built by taking \$165,428 out of general cash reserves to build capital projects and \$413,549 out of Electric Department cash reserves to build Electric Department capital projects. Spending down cash reserves is not the direction we all agree that the Borough should follow.

The only way to add reserves is to add revenue beyond the needs of any one particular year. We are not planning on doing this in 2017.

Now, the budget seems more out of balance than it is because of the major construction projects: finishing the Waste Water Treatment Plant project, the Memorial Park Pool Family Aquatic Facility project, and the Utility Departments' Addition to City Hall. These projects make their corresponding project accounts seem out of balance because of debt financing or township cash contributions (with respect to Waste Water improvements).

Generally, all the operations of the Borough are well balanced.

In 2017, the Borough will have an ALL FUNDS BUDGET of \$129,150,590. In 2016, the ALL FUNDS BUDGET was \$122,766,453. This represents a 5.2% increase, but the budgets are likely skewed by recent large construction projects, which cause temporary inflation of budgets.

In 2017, the Borough's OPERATING BUDGET will be \$109,622,131. In 2016, the Borough's OPERATING BUDGET was \$104,497,010. This represents a 4.9% increase, but the budgets are likely skewed by recent large construction projects, which cause temporary inflation of budgets.

In 2017, the Borough's GENERAL FUND BUDGET will be \$13,960,225. In 2016, the Borough's GENERAL FUND BUDGET was \$13,466,105. This represents a 3.6% increase and is likely a realistic gauge of actual growth in the Borough's spending plan.

Use of Fund Balance 2017

	Revenue	Expenditure	Use of Fund Balance
GENERAL FUND	TOTAL \$13,960,225		
GENERAL GOVERNMENT		\$1,389,054	
HIGHWAY		\$1,274,795	
FIRE		\$3,889,875	
POLICE		\$5,162,275	
RECREATION		\$1,365,587	
LAND USE		\$630,120	
CIVIC & DOWNTOWN		\$248,519	
GENERAL FUND	TOTAL	\$13,960,225	No use
.			
ELECTRIC	TOTAL \$30,937,420	\$30,937,420	No use
GAS	TOTAL \$7,580,100	\$7,580,100	No use
WATER	TOTAL \$2,947,808	\$2,947,808	No use
SEWER	TOTAL \$5,744,100	\$5,744,100	No use
SANITATION	TOTAL \$2,981,600	\$2,981,600	No use
PARKING TRAFFIC	TOTAL \$1,864,150	\$1,864,150	No use
STORM SEWER	TOTAL \$392,800	\$392,800	No use
SWIMMING POOL	TOTAL \$199,312	\$7,324,312	Deduct \$7,125,000
.			
MOTOR EQUIPMENT	TOTAL \$2,986,700	\$3,884,550	Deduct \$897,850
ENGINEERING	TOTAL \$425,755	\$425,755	No use
STORES	TOTAL \$1,006,800	\$1,006,800	No use
.			
ADMINISTRATIVE SERVICES	TOTAL \$15,961,795		
UTILITY ADDITION OPERATIONS		\$268,040	
PERSONNEL PAYROLL		\$388,550	
INFO TECHNOLOGY		\$838,950	
CUSTOMER SERVICE/FINANCE		\$2,213,475	
CLERICAL POOL		\$1,090,175	
GENERAL ADMIN & SUPPLIES		\$712,605	
ADMIN CAPITAL PROJECTS		\$10,450,000	
ADMINISTRATIVE SERVICES	TOTAL	\$15,961,795	No use
.			
GENERAL FUND CAPITAL RESERVE	TOTAL \$936,755	\$2,964,425	Deduct \$2,027,670
.			
STORM SEWER CAPITAL	TOTAL \$381,400	\$480,000	Deduct \$98,600
ELECTRIC CAPITAL	TOTAL \$1,307,600	\$1,721,149	Deduct \$413,549
GAS CAPITAL	TOTAL \$1,499,200	\$820,000	Add \$679,200
WATER CAPITAL	TOTAL \$117,300	\$629,000	Deduct \$511,700
SEWER CAPITAL	TOTAL \$3,259,900	\$4,002,000	Deduct \$742,100
SANITATION CAPITAL	TOTAL \$3,300	\$ -	Add \$3,300
PARKING CAPITAL	TOTAL \$4,411,446	\$4,411,446	No use
.			
SELF INSURANCE TRUST	TOTAL \$882,455	\$404,300	Add \$478,155
WORKERS COMP TRUST	TOTAL \$305,150	\$294,125	Add \$11,025
SPECIAL REVENUE TRUST	TOTAL \$784,217	\$847,050	Deduct \$62,833
SECURITY DEPOSITS TRUST	TOTAL \$461,000	\$395,750	Add \$65,250
RECREATION TAX FUND HOLDING	TOTAL \$68,725	\$68,725	No use
RICHARD KASHER FIRE TAX HOLDING	TOTAL \$487,400	\$487,400	No use
LIQUID FUELS STATE GRANT HOLDING	TOTAL \$582,905	\$582,905	No use
SISTER CITY	TOTAL \$1,150	\$1,150	No use
PROJECT H.E.A.T.	TOTAL \$25,300	\$47,300	Deduct \$22,000

The General Fund Capital Reserve appears much worse than reality. While it is out of balance, it is only out of balance by \$165,428 as long as Council makes a recommended 2016 transfer of \$1,600,000 into the fund before the year ends. The difference is the Nicholson Square Park project, which passes through this fund as well.

It is the Borough Manager’s recommendation that the Borough keep the Police Tax at 23 mil in 2017.

This 2017 Budget contains no tax increase for the ninth time in the last 11 years.

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

The average single family house inside the Borough has an assessed value of \$16,896.89; for illustration purposes, the average home owned by a member of Town Council has an assessed value of \$20,970 or slightly over the Borough average.

In 2016, with a 21 mil Police Tax and a 2.5 mil Fire Tax, the average single family home paid \$388.63 in Police Tax and \$42.24 in Fire Tax; for a total annual tax bill of \$430.87 or \$1.18 per day.

The 2017 budget maintains a 23 mil Police Tax, and a 2.5 mil Fire Tax, whereby the average single family home will pay \$390.18 in Police Tax and \$42.41 in Fire Tax; for a total annual tax bill of \$432.59 (\$1.19 per day) or \$1.72 more real estate taxes (or effectively 0.4% more in total taxes).

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

This budget has no increase in the Fire Tax; which would remain at 2.5 mil for 2017 for the fourth year of its existence.

Fire Tax Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mil	0	0	0	0	0	0	0	0	2.5	2.5	2.5	2.5

Average Single Family House Inside The Borough	2016		2017	
Police Tax (to the General Fund)	\$388.63	\$1.06	\$390.18	\$1.07
Fire Tax (to the Motor Equipment Fund)	\$42.24	\$0.12	\$42.41	\$0.12
<i>Total (per year)</i>	\$430.87	\$1.18	\$432.59	\$1.19



Single Family House
\$432.59 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 or Fire Tax on their property – commercial property owners may pay more. Also, for many folks, 100% of this cost is deductible on your Federal Income Taxes, returned to you in your tax refund every year.

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

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

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

<u>Utility</u>	<u>Rate</u>	
Electric	\$100.90 per month	No change
Water	\$15 per month	No change
Sewer	\$29.50 per month	No change
Gas	\$631 per year	No change
Sanitation	\$18.75 per month	No change
Storm Sewer	\$3 to \$4 per month	Increase
Police Tax	23 mil	No change
Fire Tax	2.5 mil	No change
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

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

I propose that Town Council authorize advertisement of this Proposed Budget on November 7, 2016. I suggest that Town Council receive public comments on the Proposed Budget on November 14, 2016.

Finally, I would propose that Council adopt it on December 12, 2016. I promise staff's full cooperation as we try, together, to be fiscally prudent with the finances of our community as we plan for its future.

Sincerely,



Jeffrey Stonehill
Borough Manager/Director of Utilities