

11/7/2016



Internal Service Funds

As Proposed for 2017 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Internal Service Funds

As Proposed for 2017

When governments wish to allocate the cost of providing certain centralized services (e.g., motor pools, data processing, warehouses) to the other departments of the government entity that uses the services, they utilize a charge back system called Internal Service Fund accounting. Chambersburg does this for many of our operations in order to better account for utility operations.

An internal service fund is the appropriate accounting mechanism when it is the intent of the government to recover the full cost of providing the service through user charges to other departments. We call this “cost based accounting.”

The Borough of Chambersburg’s six internal service funds are used by management to charge the costs of certain activities, such as insurance, motor equipment, engineering, and others, to individual funds. A portion of these assets and liabilities of the internal service funds are included in the governmental activities and are allocated based on the usage of those funds by the governmental funds.

The Borough's internal service funds consist of:

- Stores Fund – The Stores/Warehouse Department is responsible for the purchase, storage, and disbursement of inventory which is used to support the construction and maintenance functions of the Borough utilities as well as our Customer Service Center.
- Administrative Services Fund – Administrative Services was synonymous with the Finance Department, which is responsible for the complete financial management, utility meter reading, and parking meter operations, as well as the operation and maintenance of City Hall. In 2012, the Borough expanded these services to include: the clerical pool of employees, Information Technology, management of the City Hall campus, and Personnel/Payroll.
- Motor Equipment Fund – This fund supports the activities of the Motor Equipment Department which manages a rolling stock of more than 120 vehicles and our garage operations.
- Self-insurance Fund – This fund is used for the purpose of funding risk which the Borough does not transfer to commercial insurance carriers or insurance pools.
- Engineering Fund – This fund supports the activities of the Engineering Department, which is responsible for furnishing civil engineering, surveying, drafting, and utility location information to other departments. The department also designs and inspects public works projects.
- Worker’s Compensation – This fund underwrites the risks to the Borough resulting from job-related injury or illness to its employees.

For the purposes of this narrative, this Chapter will focus only upon the Stores/Warehouse Department, the Administrative Services Department, the Motor Equipment Department, and the Engineering Department. The balances of these funds are covered in statistical format only.



Stores/Warehouse Department

The Stores/Warehouse Department provides the public with exceptional customer service for both emergency and routine calls through the Customer Service Center, as well as provides each utility operation with an efficient and effective purchasing and warehousing system.

Department Head: John Leary

	2015 Actual	2016 Budget	2017 Budget
Revenue	\$746,706	\$791,750	\$1,006,800
Expenses	\$794,994	\$791,750	\$1,006,800
Excess (Deficit)	\$48,288 Surplus	- Balanced -	- Balanced -

The Stores/Warehouse Department, located on S. Franklin Street is our customer service center for both internal and external customers. Operating around the clock, the center includes the warehouse functions of the Borough and the live customer service operators.

This department provides two key internal services for the other departments of the Borough: first, it is the centralized purchasing and inventory for parts, supplies, and utility hardware (the Stores/Warehouse) and second, it provides a 24/7/365 Customer Service Center for utility emergency and routine customer service; processing 5,691 service orders in 2015. An electric utility and a gas utility are federally required to provide this function to its customers. The facility is on S. Franklin Street and is under the supervision of Mrs. Carol Kellogg.

The Chambersburg Stores/Warehouse Department has significant equity invested in its large utility parts inventory. The purchase of supplies and the distribution to the various utilities drives the fiscal performance of the department. In general, it is just a pass-through operation, consolidating purchasing for the utilities and covering its expenses.



The Chambersburg Stores/Warehouse Department saw challenges in 2016, which will impact 2017 operations. Specifically, the Administrative Services Department requested in 2016, and the Service Center jumped to comply, that the customer service function of establishing and closing accounts in the computer system was taxing on staff (while they were attempting to handle a growing customer base visiting City Hall) but very important to insure that the calculations were being done correctly. Once the Administrative Services Department relocated this function to the Dispatchers, especially the Head Dispatcher, the Borough Finance Office was able to focus on improving their customer service. In addition, the Customer Service Center was happy to take on the stuffing of utility bill envelopes and communicating the estimation of final bills for real estate settlements. We are proud of our ability to

continue to find new ways to benefit our residents and Borough operations without adding any personnel or costs.

Dispatchers are required to work overtime to cover for other Dispatcher absences for vacation or sick leave. This has caused scheduling difficulties, especially when someone may be off work for extended periods. To assist Dispatchers with coverage in tough situations, we hired a new PT Dispatcher in 2016. This person regularly works one day per week to remain fresh with the job, and is available to work additional shifts when needed.

For the second straight year, the Stores/Warehouse Department had zero lost time workplace injuries. Safety in our operations is our most important priority.

The Stores/Warehouse Department is proud of our excellent customer service center dispatchers who work around the clock dealing with issues and concerns of our residents. We have had no employee turnover in 4 ½ years. It is in no small measure that our public feels the Borough provides excellent customer service because a “live” voice can be reached at any hour. A continuing goal for 2017 will be keeping the dispatch area free from being a social gathering place for employees during work hours.

The warehouse is responsible for:

- Purchasing off COSTARS State Contracts
- Advertising of specifications for goods associated with the warehouse
- Management of inventory
- Central stores warehouse operations
- Assists Electric Department with processing PCB removal of old transformers

The Borough operates under a hybrid centralized/decentralized procurement model. The Stores Department centralizes the policy and procedures for the Borough and assists departments, to varying degrees, administering the various competitive bid processes.



Electric Department Transformers Stored Securely at Warehouse

2017 Goals

- Warehouses items needed for Borough utility emergencies and normal operations – over \$1.1 million inventory including office supplies, janitorial supplies, wire, pipe, and transformers
- In 2017, we will purchase approximately \$600,000 of material
- Financially sound per item mark-up expected to remain constant for 2017 (No increase past 16+ years)
- No longer charging dispatchers to the utility departments by the hour, they will pay one management fee for one year's worth of dispatching support
- Eliminating excess inventory levels decreases waste due to items becoming obsolete, damaged or corroded prior to use
- Reducing inventory value frees up capital for better use
- We have a goal of identifying and adding new ways to benefit the Borough

Customer Service Center

The Chambersburg Stores/Warehouse Department is also the home of the Borough's 24/7/365 Call Center, the Customer Service Center. The Borough's utility operations require live 24/7/365 customer service for both safety and Federal Pipeline Safety law.

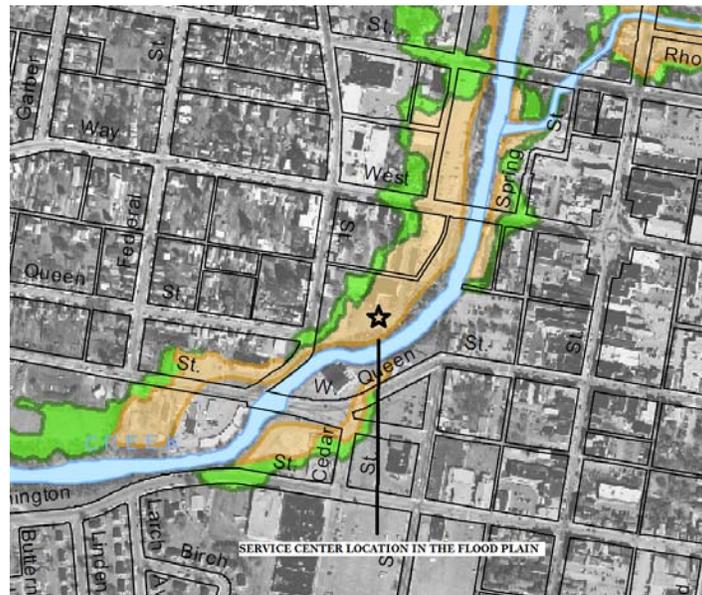
- Provides 24 hour customer support and emergency dispatch for utilities
- Provides customer service for calls made to Borough Hall when offices are closed (nights, weekends and holidays)
- Processing citizen complaints and concerns
- Regularly conducting enhanced customer service training
- Operate electronic gate at the Borough Farm
- Daily stuff utility bills in envelopes
- Calculate estimated final bills for real estate settlements and provide to settlement companies



It is our goal to continue to enhance and maximize the use of this valuable department. For example, we would like to see the Customer Service Center provide additional services for other municipal organizations, and we would like to join more collaborative purchasing programs. We also believe that our Customer Service Center is akin to a front door to our Borough operations, and the more services we can provide, the better the communications, the more inviting that front door becomes.

Future of the Franklin Street Site

The Stores Department operates the Borough's Warehouse yard operation. This Department has a number of buildings, structures, and open spaces for this purpose. In 2017, the Department will analyze the best use of the available space at the facility and determine future site functions. One advantage to the Franklin Street Site is that it has available space. One disadvantage is that some of the yard is in the floodplain.



- Warehouse exterior building walls have deteriorated and need to have some repair work done – some done in 2016, and a plan to budget \$10,000 for 2017 work
- No inside storage space for electric cable reels, wooden spools often deteriorate due to rain exposure – new building planned by Electric Dept.
- Borough phone system is unreliable – must often depend on hard wire backup line. Upgrade of system for Borough will improve reliability
- Difficulty with employees answering calls at home to assist with snow removal – Borough could pay employees to be on call or make call-in mandatory if problem persists

Administrative Services Department



Chambersburg's Administrative Services Department preserves and protects the Borough's financial, technology, and human resources, in order to attract, select and retain an effective workforce and to facilitate the effective use of City Hall, Borough staff and our community resources.

Our Goals:

- To provide accurate, timely and meaningful reports on the Borough's financial status
- To attract and retain quality team members and to assure that municipal services are provided in an effective manner
- To develop and manage cost-effective programs for loss prevention, self-insurance, compensation, and benefits
- To minimize the Borough's exposure to financial risk and overall liability
- To continually develop and enhance the professionalism and service orientation of our personnel
- To manage the data, technology, and information systems in a cost-effective manner

	2015 Actual	2016 Budget	2017 Budget
Revenue	\$4,412,392	\$5,143,830	\$15,961,795
Expenditures			
Utility Addition	-	-	\$268,040*
Personnel/Payroll	\$391,847	\$385,400	\$388,550
Information Tech	\$709,400	\$830,100	\$838,950
Finance/Accounting	\$662,827	\$740,450	\$772,300
Cust Service/City Hall	\$1,067,090	\$1,357,025	\$1,441,175
Clerical Pool	\$979,799	\$1,031,250	\$1,090,175
General Administration	\$576,932	\$623,850	\$712,605
Construction/Capital	<u>\$24,497</u>	<u>\$175,755</u>	<u>\$10,450,000**</u>
<i>Total</i>	<i>\$4,412,392</i>	<i>\$5,143,830</i>	<i>\$15,961,795</i>
Excess (Deficit)	- Balanced -	- Balanced -	- Balanced -

* - The Utility Addition has not yet been built, but there is a debt payment due (rent) in 2017. It is being paid by future tenants in their 2017 Budget. The actual amount of debt service on an annual basis will be twice as much beginning in 2018 plus there will be all the operating expenses of the building addition.

** - In 2017, the Administrative Services Fund will borrow \$9.75 million and build the Utility Departments' Addition to City Hall. This is reflected in this budget.

The Chambersburg Administrative Services Department has significant equity invested in most of the buildings and office equipment of the Borough. The management of personnel and systems drives the fiscal performance of the department. In general, it is just a pass-through operation, consolidating administrative functions for the utilities and covering all its expenses.

There is never really a surplus in this department. All expenses are billed directly back to all the other departments of the Borough. Any surplus is for non-cash items and is equity from capital equipment.

Personnel Office and Payroll Services

Under the supervision of the Borough Manager, this office has three full time staff members who process payroll for over 300 full time, part time, and season employees; does benefit administration such as health insurance, life insurance, disability insurance, workers compensation claims processing; does recruitment and retention of personnel such as job descriptions, maintaining the Pay Plan, administering the disciplinary processes, keeping paperwork on collective bargaining and labor relations issues; and, handles the travel and training of all personnel.

On September 29, 2015 John Englerth was awarded and accepted the Borough's first ever Health and Safety Program Manager position. Since then, Mr. Englerth has been visiting and observing Safety Practices at various Department locations throughout the Borough. He has been introduced to several Supervisors and has explained in summary what he will be accomplishing. His primary objective is Safety and Wellness. He will utilize and institute these objectives through communication with Supervisors and Department Heads, and implementation of policies and procedures for the improvement of the current Safety Policies. His presence on job sites will be consistent. In summary, he will assist the Personnel Supervisor by managing the day to day operations of the Borough's Health and Safety Programs including, but not limited to, overseeing management of the Borough's self administered workers compensation, loss prevention, and safety programs; and, ensuring the proper and timely compliance with personnel policies and departmental standard operating procedures pertaining to employee safety. Continually maintain an appropriate level of training, awareness, knowledge and preparedness across all Borough Departments to assist in creating a culture that prioritizes effective employee safety and health while balancing overall associated costs.

The 2017 Budget includes enough resources to grow the Personnel and Payroll Services Office by one employee sometime in mid to late 2017. That new employee would be a Diversity, Outreach and Employment Resources (DOER) Coordinator. The DOER is a new position envisioned to strategically execute a strategy to reach out into the community to expand the pool of future municipal workers; the next generation (Next Gen) of Borough employees.

Everyone who works for the Borough now will someday separate from employment – hopefully retire

- A Next Gen strategy develops the next generation of municipal workers
- A Next Gen strategy encourages young people to consider careers in local government
- A Next Gen strategy creates home grown talent from today's youth that reflects the gender and ethnic makeup of our community

How Do We Grow Future Talent?

The DOER would audit the existing the workforce of the Borough to determine what future needs are coming up and develop plans and programs to encourage:

- Young people
- Women
- People of color – fluent in other languages
- Young people without municipal employees in their families

The DOER will promote the Borough as an employer through dissemination of information and holding programs and activities in order to encourage targets to someday be the Borough's future workforce.

Examples of DOER run programming would include:

- Junior Firefighter Program for Young Women
- Civilian Police Academy
- Youth Map Makers Club by Planning & Zoning
- Summer Recreation Maintenance Program
- Diversity Outreach
- Targeted Mentorship in School Program
- Police Athletic League Participation
- Heavy Motorized Equipment Rodeo (no horses)

A job description has not yet been created for the DOER, but if approved, the process would begin in 2017. The DOER would be an employee of the Personnel Office under the supervision of the Borough Manager.



City of Vancouver Washington

Benefits Management

The Personnel Office manages relationships with the various consultants that provide the Borough benefits. For health insurance, the Borough is a member of the Pennsylvania Municipal Health Insurance Cooperative run by Benecon. For 20 years, Benecon has responded to the common healthcare issues faced by municipalities, authorities, and regional municipal entities in Pennsylvania through the PMHIC Program. This unique healthcare purchasing cooperative allows many municipalities to come together and joint purchase health insurance at a lower cost than they would pay individually. Benecon has 184 member municipalities totaling over 6,000 covered employees. The self-funding arrangement is based on achieving sustainable and competitive pricing without the financial risk encountered when smaller entities self-fund individually. In fact, members actually get money back in a refund check if they pay in more than is needed to cover their claim liability (less any Cross Share commitment). As a result, Benecon has returned over \$117,745,469 in surplus to individual cooperative members since 2006. Or, if you have a 'bad' claim year, a maximum risk for paying claims is capped off.

"As Chairman of PMHIC, I have seen first hand the value the PMHIC program provides to our members. Our members receive stability in pricing along with an annual return of surplus funds. Our members are engaged in their health care program and find that the PMHIC program is the most cost effective method to provide health benefits to their employees". -Mark Kunkle, Manager – Ferguson Township

Chambersburg is one of the top two or three largest members of PMHIC.

The Personnel Office also manages relationships with the ICMA Retirement Corporation, AFLAC, Davis Vision, and many other health and wellness program providers.

Finally, the Personnel Office provides a place where employees can bring their confidential issues. The Personnel Office provides our Health Insurance Portability and Accountability Act of 1996 (HIPAA) compliance, as well as our confidential Employee Assistance Program (EAP). The EAP provides anonymous counseling for our employees on a variety of life, family, and health issues through a third-party provider: Access EAP.

Information Technology Office

Under the supervision of the Borough Manager, this office has three full time IT staff members who do computer helpdesk, programming, hardware and software installation, backup, and maintenance, and special projects/reports programming and publishing for all the departments of the Borough. In addition, this Office has two full time data processing employees who take the utility meter reading data and transpose it digitally into the utility billing system. This office provides direct support to the Customer Service/City Hall Maintenance Office and helps do everything from run cables to move furniture. Finally, in 2014, the Office added a full time employee who is doing financial document scanning and archiving. This is a part of the organizational initiative to use technology throughout the organization and improve our work flow and document management processes through technology.

- 14 servers
- 130 Desktops
- 25 Laptops
- 72 Smart Phones
- 20 Tablets
- Server Disk Used Total 4.82 TB
- Total Server Disk Available 7.5 TB
- Average 52 support tickets a week
- Fire, Police, Service Center, Water, Sewer, Electric Plants – all supported 24x7
- 110 IP Videos Cameras
- 9 NVR camera recording systems
- 11 Police In car camera / wireless
- 2 Websites

2016 Accomplishments

- Programmed new sick leave policy into payroll system
- Implement new trash rates into the Utility Billing system
- Numerous updates/change requests/error fixes of day-to-day operations to various departments' programming needs
- Installed 72 new IP based cameras and installed 7 new NVR systems
- Fully implemented new Kaspersky AV software on all Borough PC's and Servers
- Setup and tear down new police substation
- Implemented Kerberos security for sign in and mapped drives for Power7 access
- Completed PSP router update for police department access to state data
- Re-implemented barcode scanning of utility bills and notices
- Installed new Cisco VPN/Firewall appliance for faster and more secure internet gateway
- Implemented UAC and Firewall settings with Active Directory Group Policy
- Created new chambersburgpa.gov website layout
- Programmed new pension contributions in payroll system
- Continue to fine tune radio-read technology into Utility Billing system
- Installed new Comcast fiber internet circuit for faster internet and more reliability
- Started implementation of new PoE switches, Service Center and Power plant done.
- Installed License Plate Reading camera technology

2017 Projects

- Conversion to and implementation of new Borough-wide financial, accounting, billing and human resource management software package
- Prepare for new City Hall construction and changes to current office space as construction begins

- Implement IP based telephone system at temporary office space at Kerrstown Square
- Implement fixes that came out re-grading penetration testing previous year
- Upgrade physical network to PoE switches for the rest of the Borough buildings
- Upgrade from Power7 to Power8 technology
- Explore duplication of internet service providers to create sufficient bandwidth for new cloud based applications and telephone system
- Expand current Active Directory controls for better security
- Upgrade backup nimble device as current one is running out of space
- Implement new network security appliance to protect threats on inside network
- Move Water Plant off T1 connection to a Comcast connection back to City Hall through a site to site VPN connection
- Replace older Windows 7 computers with new Windows 10 computers

2017 Challenges

Staffing: The work force at the Borough has changed significantly over the last 5 years. Employees once only had one device; usually a desktop computer. Now many employees have a desktop computer, a laptop, a smart phone, a tablet, or any combination of those devices. Regardless, all these devices need to be supported daily, weekly, and monthly with maintenance and assistance. The workload and technology demand has grown significantly over the last 5 years; with no additional IT personnel. This causes concern as there is only so much time in each workday. As technology makes our life easier, it is making the IT office more complex and time demanding. We need to evaluate personnel going forward and supplement the current staffing.

IT Security is a growing concern for every organization. There are both internal and external threats and both are becoming more numerous. Everyday our organization is being exposed and data compromise threatened. Patching and software updates have become a daily job that could be considered a job itself. Having employees who understand the risks of cyber-attacks when using Borough networked computers/devices, and their education, is crucial to the integrity of our data network. All software/hardware now has to be regularly tested for any possible exploits before integrating into the Borough's network. The end user is still the last person that can mitigate the problem. Recall, that the Borough handles valuable financial and billing data for thousands of individuals and customers daily in addition to police and other law enforcement data access issues.

New Financial Management Software in 2017: The Administrative Services Department is going to embark on the single most significant upgrade of mission critical software in the Borough's history sometime in 2017. This budget includes \$600,000 set aside for this purchase. The purchase and implementation of a new financial, accounting, billing and human resource management software package is of great concern to the IT Office. Implementing a whole new way of operating Borough business with minimal disruption of daily operation will be a critical challenge in 2017 and 2018. Employees will need to move away from their current mindset: "This is how it has to be done" and "This is how we've always done it". Many customized features of the existing software, although overall poor and outdated, were customized specifically for the Borough and may not be easily done in the replacement software. The IT Office will need to be invested heavily into the planning and implementation of this project with a huge time commitment.

Fiber Network: Over the last 5 years, the Borough has become more and more dependent on our Borough-wide fiber network. Currently we are not performing any preventative maintenance on our fiber lines. A recent issue involving fiber going down due to a rodent chewing through cables is evidence that preventative maintenance isn't being completed. Now that we are sharing fiber with other organizations, it is crucial that we maintain our fiber networks to ensure high levels of up-time. Once the traffic signals are fully integrated into this network, as well as County facility data, the network becomes even more critical to maintain this network going forward. Commitment takes resources, personnel and time.

Borough-Wide Camera and Security Project to Continue

With the 2015 Budget, Town Council authorized this very important public safety project. In keeping with our goal of a safe community, Council made a multi-year commitment to install and upgrade video surveillance technology in a number of applications. This project began in 2015 and will 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 fixes 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. This project includes associated expansion of fiber optic and electric systems to interconnect this technology. 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.



Multiple Departments' Software & Website Integration Project

In 2016, the Manager's Office, Finance and Accounting, and the IT Office sought to address three technology items that cross all departments:

1. A new Point of Sale (POS)/Accounting/Utility Billing/Code Enforcement/HR systems integrated software package
2. A new Borough-wide telephone system
3. A new Borough website update

A new Borough website was successfully created and brought on-line in 2016.

A substantial discovery process was undertaken, in lieu of an RFP process, to explore multiple software packages/vendors, in order to identify the package/vendor that staff determined to be the most beneficial to Borough operations. In 2017, the Borough will begin implementation of new Enterprise Resource Planning (ERP) software, with a planned completion date in late 2018.

Finance and Accounting

2016 was a year of minimal personnel changes for the Finance and Accounting, Customer Service and City Hall Maintenance and Personnel and Payroll Services Offices:

- Creation of the Live-In Residence Downtown Custodian & Maintenance Worker position and implementation of duties
 - Hiring of an experienced landscaper to fill this position, working under the direction of Building, Grounds, & Maintenance Supervisor
- Hiring of a new Account Clerk upon resignation of another
- Promotion of our Senior Meter Reader/Technician to Lead Meter Reader/Technician, after creating the position in 2016, as approved with the budget.

In 2016, Finance and Accounting saw the continued cross-training of several employees to mitigate department staffing issues and to continue to provide an increasingly skilled workforce. Finance Director Jason Cohen and Assistant Director Rachel Krum are proud to receive the Government Finance Offices Award for the publication of the 2015 Comprehensive Annual Financial Report (CAFR).

The needs analysis for a new Borough-wide telephone system and Point of Sale (POS)/Accounting/Utility Billing/Code Enforcement/HR systems which began in 2014, has continued throughout 2016, bringing the Borough closer to the reality of a new Enterprise Resource Planning software implementation, planned to begin in 2017. Throughout 2016, six potential ERP software vendors were closely examined via a discovery process that consisted of hundreds of questions and answers being exchanged, in order for Borough staff to best determine which software was capable of meeting our complex requirements, and subsequently narrowing the field down to the top candidates.

The top three candidates were each invited to present their software to Borough staff in June, 2016. These sessions were day-long presentations designed around real-world scenarios that were provided to the vendors in advance, so that key Borough staff was afforded the opportunity to see the software in action, and to engage in discussion with the software teams as necessary. The presentations again resulted in the narrowing of the field, down to the top two candidates, and another round of thorough questions and answers, to further determine which was better able to accommodate the needs and wants of Borough operations. Borough staff anticipates providing a recommendation to Council with respect to which software package to purchase, by the end of 2016, or very early in 2017. As such, this budget includes an allotment to begin purchasing and implementation of the software in 2017.

Finance and Accounting continues to work with Sterling Advisors toward the goal of maximizing the Borough's return on investments. Currently, the Borough has \$40.3 million under management and are realizing an average yield of 1.25% with an average maturity of only 3.3 years, and estimated annual income of \$487,000 (as of 8/31/2016).

Finance and Accounting continues to administer a prescribed collections process, staffed by the Collections/Tenants Rights Clerk, as a result of the creation of the position in 2015. Customer Service has realized year-to-date collections (as of 8/31/2016) of 36% (\$37,307) of delinquent merchandise and jobbing debt identified as collectible, as of January 1, 2016, while 76% of the still outstanding debt is related to 6 invoices that are still being pursued. The total year-to-date collections (as of 8/31/2016) of delinquent merchandise and jobbing debts equal \$370,682.

The 2017 Budget includes the purchase of a new vehicle, intended to replace a 2003 van currently being used by the Meter Reader/Technician, who is responsible for utility meter maintenance and repair. The existing vehicle was slated to be replaced in 2018, although operational issues continue to occur, and it is our intention to only replace the vehicle in 2017, if it becomes necessary and/or financially prudent to do so.

Finance and Accounting goals for 2017 include:

- Using technology to increase the efficiency & effectiveness of services provided; Particularly a POS/Accounting/Utility Billing/Codes Enforcement/Human Resources functions, via the implementation of new ERP software. This is a Borough-wide endeavor as all departments will be affected in some manner.
- Improve availability of all data to other departments & ensure that departments are tutored on how to access
- Improved inter-departmental communication and efficiency through real-time reporting technology
- Chipping away at supply costs due to increased use of technology
- Improving customer service while maintaining efficiency
- Improving collections process/results based on lessons learned in 2015-2016
- Improve meter reading operation efficiency and safety in conjunction with the utilities staff – particularly via technology integration
- Continued cross-training of department personnel to ensure that each position has at least one viable back-up

Customer Service and City Hall Maintenance

Under the supervision of the Finance Director, this office has all the full time meter readers, the parking enforcement officer, the front desk customer account clerks, the Buildings, Grounds, & Maintenance Supervisor, the Live-In Residence Downtown Custodian & Maintenance Worker, and the custodians. Responsibilities in this office include the successful reading of over 11,000 electric meters, 5,000 gas meters, and 9,000 water meters every month. The office receives payments for utilities, accounts receivables, and processes claims, complaints, challenges, and disconnections. The Buildings, Grounds, & Maintenance Supervisor maintains City Hall plumbing, electrical, and HVAC systems, while Custodians clean City Hall and other facilities, run errands, and do deliveries. This office also supervises the parking enforcement program: writing tickets, maintaining the parking meters, accepting payments, and being involved with the logistics of Borough parking.

The Success of the Downtown Custodian

2016 saw the renovation of Borough-owned house at 38 W. Queen St., making it habitable for our Live-In Residence Downtown Custodian & Maintenance Worker

Jeffrey Zeigler – an experienced landscaper – was hired to fill this position, working under the direction of Building, Grounds, & Maintenance Supervisor

This employee lives and works in Downtown Chambersburg and is responsible for a variety of public maintenance tasks involving cleaning, sweeping and general maintenance duties. Mr. Ziegler works with local civic agencies such as DCI and the DBC, as well as maintenance contractors assigned by the Borough and DCI. This employee is responsible to perform general, regular and light maintenance and repair tasks necessary to provide safe streets, alleys, walkways, plazas, parks and municipal facilities for the public. Previously, there was not one go-to maintenance person for these complex tasks. Many of the tasks performed are of a skilled nature such as maintenance and landscaping equipment operation, installing signs and fixing posts, light masonry, painting, sanding and scowling of municipal street furniture, and seeding and fertilizing grassy areas, flower boxes, and dealing with accumulated waste, vectors, and other regular nuisances in the rights of way and municipal walkways; use of advanced maintenance and repair as needed and this employee will be responsible for contacting others as needed through the chain of command. Every workday this employee does a series of walking inspections of the various public spaces downtown, the creek, Memorial Square and the side streets and alleys.

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

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

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

Richard Kasher Fire Tax Fund

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

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

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

2017 Fire Tax Yield	\$470,000	2.5 mil
2017 Fire Tax Revenue	\$487,400	includes prior year delinquency, interest, liens, and PILOTS
2016 Fire Tax Transfer	\$487,400	to the Motor Equipment Fund for ES Department Equipment
2016 General Rebate	\$520,000	to benefit the ES Department budget in the General Fund
2017 Budget	\$487,400	

Recreation Tax Fund

Beginning in 2018, Town Council decided to **begin the levy of a separate recreation tax**. This decision was tied to the sale of the Recreation Bond that occurred in 2016. Town Council’s decision to fund replacement of the Memorial Park Pool, as well as a package of other Recreation Department improvements, necessitates the levying of a new tax of 3 mil, not in 2017, but in 2018.

In the 2017 Budget, the fund is created and the first debt service payment is due. The proceeds to pay this first payment are coming from a transfer from the Recreation Department in lieu of pool operations. This will only be the case for 2017. Beginning in 2018, the tax will provide the resources to pay future debt service payments.

Clerical Pool

Under the supervision of the Borough Manager, this office provides the secretaries and the office managers for Emergency Services, Police, Land Use and Development, Recreation, and the Borough Secretary/Assistant Borough Secretary.

Miscellaneous Expenses

Administrative Services miscellaneous expenses include the cost of collective bargaining legal assistance, credit card service fees, mutual reimbursement of ambulance receipts to other ambulance companies, and facility and capital equipment purchases and reserves.



1921



1961



2005

Charge Back Calculation to Other Departments

As with all internal service funds, other Borough departments provide all the funding for the Administrative Services Department. In order to complete the 2017 proposed budget, the Administrative Services Department is proposing the enclosed charge-back formula for its expenditures. The formula results in the following shared expenses:

Electric	28.5%
Sewer	20.7%
General Fund	15.2%
Water	12.7%
Gas	9.8%
Motor Equipment	6.8%
Sanitation	3.1%
Parking Traffic & Street Lights	2.0%
Stores/Warehouse	0.8%
Engineering	0.4%
Storm Sewer (MS4)*	0.0%
	100.0%

Based upon actual 2014 expenditures by department

* - No historical data existed for the Storm Sewer (MS4) Department in 2014



Current Information Technology Data Center

Motor Equipment Department



The Motor Equipment Department maintains and repairs the Borough’s vehicle fleet, and provides safe and affordable internal services to Chambersburg Borough departments. Further, it is the Motor Equipment Department’s intention to provide these services in an efficient, economical, and safe work environment for Borough employees.

Department Head: David Finch, Assistant Borough Manager

	2015 Actual	2016 Budget	2017 Budget
Revenue	\$3,077,570	\$2,973,600	\$2,986,700
Expenses	\$2,551,047	\$3,110,750	\$3,884,550
Excess (Deficit)	\$ 526,523 Surplus	(\$137,150) Deficit	(\$897,850) Deficit

For the second year in a row, the budget includes a significant deficit in the Motor Equipment Fund. This is due in part to some significant purchases of motorized equipment. While the fund balance (accumulated equity) exists in the fund specifically for these purchases, the utilizing of fund balance, although acceptable for the purchase of assets such as trucks, is not a long term strategy. It is always best to grow fund balance rather than shrink fund balance, as was done in 2015.

The Motor Equipment Department maintains and repairs the Borough’s vehicle fleet. The Department is managed as an internal service to Chambersburg Borough departments and the program is designed to make sure that funds are available to replace all Borough vehicles when it becomes necessary to do so. Further, it is the Motor Equipment Department’s intention to provide these services in an efficient, economical, and safe work environment for Borough employees.

The Chambersburg Motor Equipment Department has significant equity invested in all of the motorized equipment of the Borough including some very large and expensive pieces of equipment (i.e. fire apparatus, dump trucks, digger derricks, etc.). The management of these assets drives the fiscal performance of the department. In general, it is just a repository operation, consolidating assets for the utilities and covering their maintenance and fuel expenses. It is the motor pool.

* - The surplus demonstrated is both cash for future vehicle replacement and equity from investment in motorized equipment. The Borough does not use credit to buy vehicles, we accumulate resources.

In 2013, the Assistant Borough Manager developed a new system to determine the correct amount that each department should be paying for their motorized equipment:

Up until now, there was not a set of procedures to describe how much money should be set aside; it has mostly been done as “educated guesses” and oral tradition of how it was done in the past. Working with staff and the Finance Office, a working formula was developed, dubbed the RENO formula:

$$X = ((R-E) / N) + O$$

“Where R is the cost to replace a vehicle, E is the equity, or how much has been retained so far, N is the number of bi-weekly payments until the anticipated replacement date, and O is operation and maintenance (such as fuel) that is also paid for by the rental rate”

$$X = ((R-E) / N) + O$$

So, if a vehicle costs \$20,000 to replace, and we've already saved \$10,000, and there are 50 bi-weekly payments left until its projected replacement date, and it costs \$100 in fuel and maintenance to operate every two weeks, the formula looks like this:

$$X = ((\$20,000 - \$10,000) / 50) + \$100$$

$$X = (\$10,000 / 50) + \$100$$

$$X = \$200 + \$100$$

$$X = \$300$$

The department will have to set aside \$300 dollars every two weeks if it wants to replace the vehicle on its expected replacement date. This formula will have to be re-calculated every year for every vehicle to account for variables, such as a vehicle wearing out more quickly than expected, etc; and the rental rate will then be adjusted accordingly.

Finally, the RENO formula is advisory only to the Borough Manager, who has final purchase authority, which is why some years the fund may show a deficit.

The point of keeping motor equipment in a separate fund and renting that equipment back to the other Borough agencies is so that sufficient equity may accumulate to acquire new equipment with cash on hand rather than debt. To that end, the Motor Equipment Fund regularly earns a surplus.

There are 129 pieces of equipment owned by the Department including everything as diverse as riding lawn mowers, bucket trucks, ambulances, and police cars. In 2017, the department will buy 15 vehicles and one piece of equipment totaling \$1,781,000 in acquisitions.

As is established by the RENO formula, this money has been accumulated and is on-account for this purpose. No borrowing or leasing is necessary to accomplish the following purchases:

<u>Dept</u>	<u>New Vehicle</u>	<u>Replace Existing</u>	<u>Est. Cost</u>
Admin Services	2017 Ford Transit Van	2003 Chevy Express Cargo Van (No. 329)	\$30,000
Electric	2017 Service Bucket Truck	2004 Ford F-750 Bucket Truck (No. 421)	\$150,000
Electric	2017 Ford F-350 Enclosed Utility Truck	1999 Chevrolet Cutaway Van (No. 957)	\$45,000
Fire	2017 Pumper Truck	1996 Spartan Pumper Engine 1-1 (No. 611) 1996 Luverne Pumper Engine 1-3 (No. 613)	\$625,000
Engineering	2017 Ford F-150 Crew Cab 4WD Pickup	2000 Dodge Dakota 4WD Pickup (No.26)	\$35,000
Gas	2017 John Deere Backhoe	2003 Case Backhoe (No. 332)	\$100,000
Highway	2017 John Deere 544K 4WD Wheel Loader	2005 Case Backhoe (No. 504)	\$160,000
Police	2017 Ford Explorer Police Interceptor	2011 Ford Crown Victoria Cruiser (No. 188)	\$45,000
Recreation	2017 Chevrolet Colorado	<i>Addition to Recreation Fleet</i>	\$30,000
Sanitation	2017 Elgin Pelican Street Sweeper	2005 Elgin Pelican Sweeper (No. 512)	\$191,000
Water/Sewer	2017 Aquatech Vacuum Vactor Truck	2006 Vactor Truck (No. 653) will be kept for Highway Department and Storm Sewer (MS4) use but 2004 Vacon Truck (No. 9453) will be sold	\$370,000
TOTAL			\$1,781,000

Engineering Department



The Engineering Department reviews the design process and inspection of all public works and utility projects. Such projects include, but are not limited to storm sewers, streets, and sidewalks. In general, the Engineering Department provides support services to all Borough departments from preliminary layout to final completion, construction inspections services and guidance for proposed internal development. In conjunction with the Borough's Land Use and Community Development Department, the Engineering Department maintains a record of all assets within the public right of way.

Department Head: Phil Wolgemuth, Assistant to the Borough Manager

	2015 Actual	2016 Budget	2017 Budget
Revenue	\$406,537	\$378,600	\$425,755
Expenses	\$289,008	\$378,600	\$425,755
Excess (Deficit)	\$117,529 Surplus	- Balanced -	- Balanced -

The Chambersburg Engineering Department has significant equity invested in most of the GIS, surveying, and engineering equipment of the Borough. The management of utility engineering and construction drives the fiscal performance of the department. In general, it is just a pass-through operation, consolidating engineering functions for the utilities and covering its expenses. In 2016 Rodney Shuman, GIS Technician, was promoted from part-time to full-time to assist with utility department mapping tasks, most notably Storm Sewer Utility. Also, the Engineering Department prepared a plan and cost estimate to implement web-based Geographic Information System in 2017.

The Engineering Office's goals and challenges for 2017 include:

- Implement web-based Geographic Information System for use by all Borough departments with an estimated cost of \$15,000;
- Work closely with Director of Finance to ensure forthcoming software relates to Geographic Information System tax parcel data;
- Continue work associated with the North Chambersburg Improvements Project implementation;
- Prepare plans and bid specifications for Elder Street Improvements Project;
- Work with Curb and Sidewalk Policy Compliance Committee and Solicitor to revise the policy statement of Town Council to address appeals, pedestrian safety and sidewalks in relation to dead-end and cul-de-sac streets.

Sidewalk and Curb Construction

The Engineering Department is responsible for enforcing Town Council's curb and sidewalk installation policy along with the Curb and Sidewalk Policy Compliance Committee. This includes the issuance of all permits, the inspection of all installations, and the management of installations when private property owners fail to comply with Town Council directives. Further, the Engineering Department is involved in Borough installation of ADA accessible curb ramps as a part of the Borough's Community Development Block Grant Program.

ENGINEERING PERMITS

Year	Curb & Sidewalk	Excavation
2014	147	215
2015	164	233
7/31/16	43	65

UTILITY LOCATOR CALLS

Year	Calls
2014	2,028
2015	3,137
7/31/16	1,874

Storm Water Engineering

In an attempt to fully comply with the responsibilities under the Municipal Separate Storm Sewer System (MS4) regulations, the Borough has engaged the assistance of ARRO Consulting. This includes the design of storm system projects and the review of development drainage plans on the Borough's behalf.

Official Map

In accordance with the Pennsylvania Municipalities Planning Code, in 2014 the Borough adopted its first Official Map. This is a planning tool to represent transportation corridor matters that the Borough would like to have addressed, as future development occurs. The Official Map depicts 18 conceptual improvements to existing roads and intersections, for better traffic flow throughout the Borough in the years ahead. It should be noted that there is NO Guarantee that any of these proposed improvements can or will ever be implemented. In fact, in 2015 amended the Official Map to remove the Monticello Court Realignment proposal. The Official Map is directly linked to the Borough Comprehensive Plan and is for Planning Purposes Only.

2017 Street Improvements

The Engineering Department, with assistance from engineering consultant Geo-Technology Associates, will conduct a street condition evaluation, laboratory testing and recommendations to determine the appropriate construction methods to be used when preparing bid specifications and contract documents for the 2017 street improvements projects:

- **Cold-In-Place Recycling (CIR):** An eco-friendly pavement rehabilitation process performed without the use of heat. 2 to 5 inches of the current road surface are pulverized down to a specific aggregate size, mixed with a rejuvenating asphalt emulsion, and then reused to pave that same road.
- **Full Depth Reclamation (FDR):** Another eco-friendly process which pulverizes the existing pavement materials and mixes a specified depth of underlying materials to create a new sub base. A recycling method where all of the asphalt pavement section and a predetermined amount of underlying materials are treated to produce a stabilized base course. Both CIR and FDR are especially efficient in saving costs on labor and transportation and finalized with a standard asphalt wearing course application.
- **Ultra-Thin Friction Course:** One of the most versatile tools in the road maintenance arsenal, Ultra-Thin Friction Course is a polymer-modified cold-mix paving system that can remedy a broad range of problems on streets and highways. Ultra-Thin Friction Course` is made and applied to existing pavements by a specialist machine, which carries all components, mixes them on site, and spreads the mixture onto the road surface. Materials are continuously and accurately measured, and then thoroughly combined in the surfacing machine's mixer. As the machine moves forward, the mixture is continuously fed into a full-width "surfacing" box which spreads the width of a traffic lane in a single pass. Or specially engineered "rut" boxes, designed to deliver the largest aggregate particles into the deepest part of the rut to give maximum stability in the wheel path, may be used. The new surface is initially a dark brown color and changes to the finished black surface as the water is chemically ejected and the surface cures, permitting traffic within one hour in most cases.



King Street Paving 2016

STREETS	
Total Project Requests	\$8,769,958
2017 Projects (General Fund: \$848,602.61/Liquid Fuels: \$578,005.39)	Estimated Cost
Liquid Fuels/General Fund: Hollywell Ave. (Industrial Dr. to South St.)	\$259,111
Liquid Fuels/General Fund: Catherine St. (Railroad Highline to Water St.)	\$205,454
Liquid Fuels/General Fund: Park Ave. (Scotland Ave. to Edgar Ave.)	\$179,822
General Fund: Montgomery Ave. (Fifth Ave. to Seventh St.)	\$150,465
General Fund: Sixth St. (Lincoln Way East to Montgomery Ave.)	\$146,527
General Fund: Norland Ave. Ultra-Thin Friction Course (Fifth Ave. to Scotland Ave.)	\$74,954
General Fund: Burkhart Ave. (Harrison Ave. to Central Ave.)	\$30,196
General Fund: Central Ave. (Lincoln Way East to Queen St.)	\$28,436
General Fund: Hollywell Ave./Industrial Dr. Intersection Reconstruction	\$28,264
General Fund: Bedington Boulevard Ultra-Thin Friction Course	\$17,666
Sub-Total General Fund/Liquid Fuels	\$1,120,895
Chambersburg Hospital MTF: Parkwood Dr. Extension	\$1,140,214
Chambersburg Hospital MTF: Norland/Fifth Ave. Intersection Improvements	\$503,541
Chambersburg Hospital MTF: St. Paul Dr. Public Street Conversion	\$236,796
Sub-Total Chambersburg Hospital MTF	\$1,880,551
Total	\$3,001,446

With a reasonable contingency, it is anticipated that the 2017 paving budget will be \$1,426,608.

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, we will again be able to scrape together some balances 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.

North Chambersburg Transportation Improvements Project:

In October 2014, 86 projects in 35 counties received funding to improve safety and mobility with \$84 million in Multimodal Transportation Fund investments from Act 89.

Chambersburg Health Services received a grant for \$2.4 million to extend St. Paul Drive to connect with Parkwood Drive, extend Parkwood Drive to connect with the Kohler Road and Grand Point Road intersection in Greene Township, in addition to improvements to Norland and Fifth Avenues in Chambersburg Borough

In order to improve the overall area, a program that promotes greater connectivity among adjacent, under-functioning roadways is proposed. Chambersburg Health Services is currently served by an under-designed, privately-owned access road, which runs from the Norland Avenue and St. Paul Drive intersection slightly north and immediately east, abruptly ending before reaching the Borough of Chambersburg line or connecting with the adjacent roadway. This limits the ingress and egress options for motorists to just one point of access, which inherently results in congested and inefficient traffic flow. Accessibility for patients and other motorists can be significantly improved by extending St. Paul Drive and providing vehicular connectivity with the neighboring municipal road, Parkwood Drive.

Phase 1 of the project involves the extension of St. Paul Drive to Parkwood Drive and the extension of Parkwood Drive to the intersection of Kohler Road and Grand Point Road in neighboring Greene Township. This will encourage inter-municipal travel and commerce, while providing enhanced road frontage for properties along the proposed alignment, which will encourage further growth within this targeted commercial area.

Finally, portions of the surrounding transportation network are under-designed for the growth that has been realized, or is contemplated, in this area. A primary intersection, Norland Avenue and Fifth Avenue, experiences regular stacking and congestion, and contributes to the deficiencies in this neighborhood. Also, there is potential for the project to be modified to include construction of Fifth Avenue from its terminus in the Borough to intersect with the section of Parkwood Drive under construction in Greene Township.

Chambersburg Health Services will be the lead agency on this project. The Electric Department, Engineering Department and Storm Sewer Utility are supporting their efforts with time and engineering.

