



2020 BUDGET

AS APPROVED BY

TOWN COUNCIL

DECEMBER 16, 2019

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BOROUGH OF CHAMBERSBURG 2020 BUDGET

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11/12/2019



2020 Budget Message

As Proposed for 2020 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

2020 Budget Message

As Proposed for 2020

To: Town Council

Submitted herewith for your consideration is the Borough Manager’s Recommended 2020 Budget. As is required by local law, I have prepared this document in a form that can be adopted by Town Council. The proposed 2020 operating budget is balanced; revenues and cash balances cover all necessary expenses.

This is my tenth 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, Town Council must adopt the budget in December. Therefore, each fall the Borough makes important decisions for the upcoming year based on forecasts, trends, analysis of revenues, and the expenses that are anticipated for the upcoming year.

| | Largest Municipalities in Pennsylvania (2017) | | County | Total Revenue | Population | Rev Over Exp |
|----|--|--------------------|---------------|----------------------|-------------------|---------------------|
| 1 | Philadelphia City | City 1st Class | Philadelphia | \$8,859,954,000 | 1.581 million | \$97,064,622 |
| 2 | Pittsburgh City | City 2nd Class | Allegheny | \$729,104,568 | 302,407 | \$51,751,660 |
| 3 | Allentown City | City 2A Class | Lehigh | \$199,375,912 | 121,300 | (\$8,837,310) |
| 4 | Bethlehem City | City 3rd Class | Northampton | \$173,458,007 | 75,710 | \$12,776,302 |
| 5 | Reading City | City 3rd Class | Berks | \$158,716,331 | 88,423 | \$21,416,992 |
| 6 | Lancaster City | City 3rd Class | Lancaster | \$157,235,692 | 59,708 | (\$3,803,658) |
| 7 | Erie City | City 3rd Class | Erie | \$1402,04,092 | 97,369 | \$1,012,476 |
| 8 | Scranton City | City 3rd Class | Lackawanna | \$105,980,353 | 77,605 | \$17,566,305 |
| 9 | Harrisburg City | City 3rd Class | Dauphin | \$102,233,552 | 49,192 | \$7,350,348 |
| 10 | Wilkes Barre | City 3rd Class | Luzerne | \$93,121,669 | 40,806 | \$5,889,434 |
| 11 | Lower Merion Twp | Township 1st Class | Montgomery | \$93,857,454 | 59,089 | \$2,613,823 |
| 12 | Upper Darby Twp | Township 1st Class | Delaware | \$91,139,236 | 82,910 | \$3,529,151 |
| 13 | York City | City 3rd Class | York | \$89,585,819 | 44,132 | \$3,916,533 |
| 14 | Chambersburg | Borough | Franklin | \$77,295,723 | 20,878 | \$4,134,466 |

Source: Pennsylvania Department of Community and Economic Development

Chambersburg Borough has the most complex budget in Pennsylvania. Unlike every other town, including big cities, Chambersburg has over a dozen separate funds (accounts) because all the utilities are kept segregated from the other operations of the Borough. Chambersburg’s fiscal size is the fourteenth largest in the State of Pennsylvania, the eighth highest revenue over expenditures, and the largest Borough; because of the utilities. We use cost-based accounting. Like a law firm or doctor, many employees bill their time and equipment to the various functions upon which they are working. Many transactions are money being spent between the separate funds, to cover expenses; back and forth, thousands of internal transactions. This makes Chambersburg a unique government organization.

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

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

This budget reflects a need by Town Council to continue to invest in infrastructure and emergency services; this is expensive. However, utilizing utility fees and charges, rather than taxes, whenever possible, provides broad-based support for Borough functions and facilities, and avoids taxes, which are regressive, oppressive, and target taxpayers based solely on real estate assessed value, which is an arcane and imprecise system.

This budget includes no tax increase. In fact, it offers a small decrease and shift of funding from a tax to a fee. With respect to taxes, it includes the same basic tax structure as all budgets in the recent past. It maintains the Police Tax, unchanged for a second straight year. It maintains the Fire Tax, unchanged for a second straight year. It maintains the Recreation Bond Tax, unchanged for its third year. Finally, it recommends the repeal of the Ambulance Tax, a small tax, which had provided some emergency medical services funding in prior years.

There will be a further explanation of the proposal for a new Ambulance Fee to replace the Ambulance Tax.

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

Chambersburg receives no sales taxes, liquor taxes, business taxes, or other type of local taxes and they are not an option under State Law. In other states, these other types of taxes are the foundation to the fiscal health of local government. In Pennsylvania, the General Assembly denies them as an option to communities like Chambersburg. Town Council has a toolbox with one tool inside (real estate taxes) and it is a dull and poorly honed tool, but that is the only tool given to them by the laws of the Commonwealth of Pennsylvania.

Borough Manager's Statement:

There is so much going on with Chambersburg Borough municipal government, it is tough to summarize it in a budget message. This organization has undergone striking changes over the last decade, shuffling employees and departments, venturing into new areas of service delivery, setting dramatic and far-reaching goals for the utility departments, re-stating several times priorities and policies, and their impact on budget and spending, and most importantly making up for decades of needed investment in infrastructure, public safety, and economic development. In summary, the message of this budget, as with many in recent history, is that there are so many projects, initiatives, plans, and processes being undertaken in the Borough, the town is booming, and our organization is in constant motion.

Constant motion requires several factors to avoid chaos. First, we are blessed with quality organizational leadership from top to bottom. According to the Organization for Economic Cooperation and Development, human capital is defined as: "the knowledge, skills, competencies and other attributes embodied in individuals or groups of individuals acquired during their life and used to produce goods, services, or ideas in market circumstances". Chambersburg Borough government is mostly about our personnel. It is about their skills to produce the services, which our community depends upon, or their skills, to organize and efficiently run the largest Borough organization in the Commonwealth.

I am not concerned that our workforce, like our community, has grown larger, more complex, more specialized, and highly productive. The services demanded by our community requires this response. Those who seek to devolve government would be the first to agree that our services, based mainly on an enterprise model of government, are highly successful, rivals our for-profit and governmental peers, and is as cost effective as any government workforce. Therefore, when our utility fees must gently rise, or a new fee for public safety is required, we can still be proud of not only the personnel, their ability to accomplish the mission, but also the frugality of the way this organization operates.

Once, the consensus was that we were undertaking a boom in infrastructure construction. I have now come to believe that the so-called "boom" is the new normal. When the Waste Water Treatment Plant Expansion Project was completed, it was the largest public works project in Chambersburg history. Since its completion, we have invested several million dollars in street projects; millions in pipes for water, sewer, and natural gas. The Borough completed the construction of a new Utility Departments' Addition to City Hall, a new Aquatic Center along with new playgrounds, one new park, and tennis courts throughout the neighborhoods of the Borough. Every year the Borough completes electric system substation upgrades, water system upgrades, traffic signal upgrades, and more. Now, the Borough is planning to upgrade the Chambersburg Police Station and soon build a new public works facility.

Therefore, I have concluded that we are "generation build." I suspect this has occurred several times in history. A generation of community leaders are challenged with the need to address many projects, all simultaneously. It must go in cycles; and this is a build-cycle.

Recently, the new Storm Sewer Utility clarified their need to undertake ten projects costing approximately \$8.6 million throughout the community in order to meet the mandated requirement to clean up the Chesapeake Bay. Their plan, approved by the Pennsylvania Department of Environmental Protection, added these construction projects to the typical mandate to maintain the storm sewer system and keep pollution from entering our creeks. The mandated development of a list of expensive construction projects imposed upon the Borough came as no surprise to staff. After all, we are "generation build."

This budget includes funding to move forward the plan to reconstruct the existing Chambersburg Police Station, built in 1971-1972. This budget includes funding to move forward the plan to someday relocate the Borough's public works facility from Loudon Street to Wayne Avenue. This budget includes funding to build a new maintenance facility for the Electric Department at the existing S. Franklin Street service center. This budget plans to build many more projects and fund many more services.

In 2020, the Borough will re-assume the Health Code/Food & Restaurant Inspection program, outsourced to a private third-party vendor years ago. This new service, like many new initiatives, forces an increase in the number of Borough employees, the human capital to produce these service outcomes. However, no increase in taxes is proposed. Fees are mostly utilized in enterprise type operations. We want the community to appreciate all the services performed by Borough employees.

The Health Code/Food & Restaurant Inspection program was one of two outsourcing experiments, which ended in 2019. The Town Council also decided to end the third party collection of residential (and residential type) recycling. Re-entering the recycling collection and processing field was a challenge for the Sanitation Department. However, both "re-integration back to Borough employee" projects lend a lesson for our community:

Chambersburg Borough employees are as well capable, well accomplished, similarly cost effective, and wildly better at customer service and dealing with the public than for-profit vendors in the area. So, this budget includes additional growth of personnel and functions.

In conclusion, the town is booming, and our organization is in constant motion. Constant motion requires human capital to avoid chaos. Our workforce, like our community, has grown larger, more complex, more specialized, and highly productive. We are "generation build," undertaking the new normal in infrastructure construction. This budget plans to build many more projects and fund many more services including returning previously out-sourced services back to be handled by Borough personnel.

Additionally, we are planning on the future, taking steps to be prepared for this rate of activity to continue. We are updating our Comprehensive Plan and integrating our other long-term planning documents into a new Comprehensive Plan. By the end of the year, a new Curb and Sidewalk Master Plan will add another chapter to our Comprehensive Plan. We have hired our first Diversity, Outreach, and Employment Resources (DOER) employee, who is developing methods of community engagement in both human resources to bolster our human capital and citizen engagement; to insure our activities meet community expectations. Finally, there is so much construction underway or soon to be underway, including supporting Franklin County, and their efforts to reshape Memorial Square and Downtown Chambersburg. So much motion.

Jeffrey M. Stonehill, Credentialed City Manager



In 11 of the last 14 budget years, the Borough of Chambersburg has not raised local Borough taxes.

This budget includes no tax increase. In fact, it offers a small decrease and shift of funding from a tax to a fee.

| Borough Real Estate Tax Increases (Historical) | | Increases |
|--|--------------------|----------------------|
| 2007 | 13 years ago | No |
| 2008 | 12 years ago | No |
| 2009 | 11 years ago | No |
| 2010 | 10 years ago | No |
| 2011 | 9 years ago | No |
| 2012 | 8 years ago | No |
| 2013 | 7 years ago | No |
| 2014 | 6 years ago | Yes |
| 2015 | 5 years ago | No |
| 2016 | 4 years ago | Yes |
| 2017 | 3 years ago | No |
| 2018 | 2 years ago | Yes |
| 2019 | Last year's budget | No |
| 2020 | This year's budget | No (slight decrease) |

Taxes

This is the eleventh budget in the last 14 years with no increase. The Borough of Chambersburg did not raise real estate taxes between 2007 and 2013; then there was an increase in 2014, a second increase in 2016, and a third in 2018. **Chambersburg has not raised the real estate tax rate in most years, in recent history.** Others often raise taxes on our taxpayers, such as Franklin County or the Chambersburg Area School District; and, that sometimes leads to confusion. In 2014, 2016, and 2018, the Borough raised the real estate tax rate, but only to fund police and fire services, and in 2018 to begin paying off the 2016 Recreation Bond. Beginning a decade ago, and through 2020, there is a constant theme in our finances: real estate tax increases were rare and only dedicated to funding police and fire services.

In 2020, this budget proposes a small tax decrease, and a shift from an Ambulance Tax to an Ambulance Fee. A fee can be charged for this service under State Law. This is not always true. A Police or Fire fee is specifically prohibited. However, emergency medical services is different. There will be a further explanation of the new proposed fee going forward. However, the fee, unlike a real estate tax, is broad-based. Utility customers of the Borough will pay this new flat Ambulance fee on their utility invoice. Similar to when the State added an E-911 service charge to telephone bills a generation ago.

Taxes, especially real estate taxes, are paid by a smaller percentage of our citizens and businesses than fees. Under State Law, 26.4% of all properties inside the Borough are exempt from paying real estate taxes. So only 73.6% of properties will pay a real estate tax. Whereas, 100% of utility accounts will pay a fee placed on utility invoices.

If there was a more broad-based tax available (i.e. a sales tax), that might be a more appropriate tax to fund an emergency service such as our struggling Ambulance Service. That is not a possibility under State Law.



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

Paying a tax for a bond issue, as was decided by Town Council, is not the same as paying a tax for the operation of the Borough. For example, it is a similar difference to opening a mortgage to buy a house or fix the roof, in contrast to using a credit card to pay the telephone bill. Debt should only be used to add asset value. Whether citizens agree with the Town Council, or their decision to not hold a referendum in 2016, the basic fact remains, the Recreation Bond Tax, the new tax started in 2018, is not to pay for any Recreation Department operations. It will pay off, over twenty-five years, the debt to build the new Chambersburg Aquatic Center at Memorial Park and other playground and park improvements. In 2020, the Town Council is asked to approve year three of this twenty-five year commitment.

In 2019, the proceeds obtained in 2016 were used to refinish new tennis courts at Henninger Field and Memorial Park, to build a new community park at Nicholson Square, to add new HVAC and a roof at the Recreation Center, and there are a few more projects coming in 2020; before the bond proceeds run out.

Debt to increase asset value is a smart use of debt, is common in business and industry, and is actually a recommended practice. In 2020, Town Council will be faced with a similar decision to the decision they made in 2016 to sell the Recreation Bond. In 2020, the Town Council needs to decide whether or not to proceed with the reconstruction of the Borough Police Station.

In the 2020 Budget, it is contemplated that SGS Architects/Engineers of Carlisle, Pennsylvania, will proceed with the final design of the Police Station renovation, including some alternatives, which may not make the final project, including a full refurbishment of the Borough's historic Clock Tower.

Once the plans are completed, they can be issued for competitive bid, to find the lowest qualified contractor to undertake the project. It is envisioned the bidding will occur in the fall of 2020. Once bidding is complete, Town Council will need to decide on funding. In 2019, the Borough was lucky to obtain, through the competent work of our consultant GMS Funding Solutions, a State grant of \$1.7 million to offset construction costs. It is estimated that an additional \$6.4 million (including technology, furniture, and security systems, and including the Clock Tower) may be necessary.

The only way to fund the balance of this project would be with a Police Station Bond. A bond would require a dedicated tax, over twenty or twenty-five years, to pay it back to the bond issuers. Similar to the 2016 Recreation Bond Tax, if Town Council proceeds, beginning in 2021, there would likely be a new 2021 Police Station Bond Tax. This will require a community discussion throughout 2020 to determine whether such an investment has Town Council and community support.

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

Until 2014, 100% of the real estate taxes collected by the Borough of Chambersburg were used exclusively to support the Chambersburg Police Department. In 2014, a small share was added to support the Chambersburg Emergency Services Department. This budget proposes a small decrease in the tax that had been dedicated to Ambulance operations.

In 2018, the Borough Manager recommended, and Town Council approved, an increase in the Fire Tax for use by the Fire Department and its Ambulance operations; as well as an increase in the Police Tax. This small increase ($\frac{1}{2}$ mil) is proposed to be reversed out, in order to shift Ambulance funding from this tax to a broad-based fee on utility invoices. In this 2020 Budget, the Borough Manager is recommending no additional changes to taxes or tax rates other than this small decrease.

Within the Borough, all the real estate taxes collected are for the Police Department and the support of the Chambersburg Emergency Services Department; none of this revenue used to support any other department or operation. As of 2020, we will still only use real estate taxes to support police and fire; and to pay off the 2016 Recreation Bond. No real estate tax will pay for any operations of the Borough of Chambersburg other than police and fire; no other department, operation, or employee; not parks or street maintenance or the Borough Manager, paid for using real estate taxes.

Of course, there are other types of taxes other than real estate taxes. However, they are set by the State, cannot be adjusted, and are currently at the maximum allowed by State Law. We use the other taxes of the Borough (such as Earned Income Tax and Deed Transfer Tax) to pay for the Highway Department operations, Land Use & Community Development, and the Recreation Department operations. The Sanitation Department is a separate utility (not unlike the Electric, Gas, Water, or Sewer Departments) and they keep the streets clean, free of leaves, and well swept. Highway construction projects are normally done with Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels) and maybe if there money is left over from the previous fiscal year. Our Highway Aid grant only pays for

construction on Borough owned streets and not much of that at all. Keeping up with all highway maintenance on Borough streets without a dedicated funding source has always been very challenging. Street repair is extremely expensive and Highway Aid is very small.

In 2020, this budget envisions a significant depletion of the Borough's capital reserve account. First, those expenses related to the design and development of the Police Station project will need to be paid for using available savings. No proposed bond sale is contemplated until 2021. Second, the Highway Department is contemplating a major repair of the Glen Street Fountain. While it may be possible to raise money for that project, the budget contemplates proceeding either way. Finally, a number of projects are necessary, or grant matches for projects are necessary, which would come from capital reserve, including matching a grant for new Fire Department radios, Highway Department bridge repairs, and new technology investment. In all, \$1.38 million in spending will reduce the capital reserve. It is our hope to end 2019 with a cash infusion into the capital reserve to offset this spending. Only time will tell, as there is significant potential expenses remaining in 2019.

Therefore, in 2020, the Borough will not use the capital reserve to have a street maintenance program, unlike previous years. Instead, the Borough will not spend more than the Highway Aid received from the State, and will have a smaller-than-typical street program in 2020. Smaller despite the growing needs for street maintenance or the need to address the condition of Borough-owned alleys. Alleys are not getting addressed at all and Council has been urged to take action.

In 2020, the Borough Manager is proposing a study to find a new way to fund alley paving with the formation of a new committee. Once the Curb and Sidewalk Master Plan is published (estimated to be before the end of 2019), the Engineering Department should transition, from the study of curbs and sidewalks, to the study of alleys. Further, staff is recommending a comprehensive funding scheme be developed to address the serious condition of back alleys. The Borough owns many (although not all) of the many back alleys. It appears we own more back alleys than communities of similar size.

In conclusion, while there is no tax rate increase contemplated by this budget, in fact a small tax reduction, it is important to acknowledge that there will be a proposal to institute a Police Station Bond Tax in the next budget, and certain expenses, such as streets and alleys are still not being addressed properly.

Finally, within the next year or two, Town Council will reopen negotiations with our labor unions for future collective bargaining agreements. If history is any indication, those agreements result in labor agreements that necessitate the increase of taxes and fees for Borough taxpayers and ratepayers. It is unlikely to be any different in this negotiation cycle. The only question remains, to what degree will labor agreements drive up taxes and fees.

Utility Rates

In 2020, there will be changes to Borough utility rates.

The Chambersburg Electric Department has had significant success driving down the cost of wholesale power. While sales have also diminished (likely due to energy efficiency by residents and businesses), costs have finally come down low enough to allow a small temporary rate decrease. This will be the third time that the Electric Department will decrease electric rates. According to our records, the department has, on average, the lowest residential electric rates in the Commonwealth, slightly lower than our surrounding investor-owned utility. A 1.9% rate reduction, on average, will result in the lowering of the average residential electric bill from \$100.90 per month to \$98.90 per month, although results will vary based on several factors including weather, and home attributes. The Electric Department envisions that the average residential customer will save \$2 per month in 2020.

The Sanitary Sewer Department and the Gas Department envision no change in rates in 2020. The Sanitary Sewer Department is working diligently on controlling costs to maximize the existing revenue from our customers. The Gas Department has the lowest residential heat rate in the State of Pennsylvania and successfully manages its finances.

As you know, in the 2019 Budget, the Sanitation Department discussed a rate increase. Every few years, the Sanitation Department has needed an increase because of rising costs for personnel, vehicles, and bulky waste/e-waste recycling. There has not been an increase in Sanitation Department rates since 2016. While we anticipate the new residential recycling plan may save money (or breakeven), that did not result in enough savings to avoid a small, necessary increase. The Borough's Sanitation Department rates remain some of the lowest in our region, but an 11% increase in fees is required.

| |
|---------------------------------|
| Other Trash Systems: |
| Chambersburg (2019): \$18.75/mo |
| Chambersburg (2020): \$20.81/mo |
| Waste Management (2019): |
| \$46.55/mo |
| Progressive Waste (2019): |
| \$29.33/mo |
| Parks (2019): |
| \$25.33/mo |

A required 11% increase will raise the average residential trash fee from \$18.75 per month since 2016 to \$20.81 per month in 2020 (an increase of \$2.06 per month). These would still be lower than every other trash service in our area.

Once again, the Water Department needs a very small rate increase this year; as envisioned and presented to Town Council in previous years, this will be the third small increase in consecutive years, and the series of small increases will likely continue for several years as water infrastructure improvements are made.

The Water Department envisions a 1¢ per unit increase for 2020, which would result in an increase for the average single-family house of 0.75¢ per month in their water bill. The Chambersburg Water Department still has some of the lowest rates in the region, this increase will vary based on several factors including weather, and home attributes.

The Chambersburg Storm Sewer Utility has undergone a two-year process to change their rate structure. As originally contemplated by the 2014 study that necessitated their establishment, in 2020, the utility will switch what has been a flat rate, per sanitary sewer connection, to a rate based upon impervious area. This new methodology will result in a significant change for commercial, industrial, and institutional customers (shopping centers, schools, churches, the hospital, etc.), which will all see significant changes in their Storm Water Pollution Control Fee. The change for single-family residential customers will not be

as dramatic. Under the old system, only single-family residential customers were paying a fair fee. Now, every type of property will pay their fair share based upon their relationship to the impervious area of a single-family residential home. Customers will need to obtain from the Borough, if their property is not a single-family residence, “how-many-single-family-homes is my property equivalent?” Beginning in 2020, the new rate will be expressed in single-family resident equivalent units or ERU.

In July 2020, half way through the calendar year, the Storm Sewer Utility envisions the ERU value being set at \$5 per single-family home equivalent. Therefore, the average single family home will see their Storm Water Pollution Control Fee rise from \$4 per month to \$5 per month in July 2020. The results for commercial, industrial, and institutional customers may be much more significant; based on the size of their lot and their structures. For example, if your commercial building is the equivalent of five single-family homes, your rate may increase from \$4 per month to \$25 per month (\$4 x 1 sanitary sewer connection to \$5 x 5 ERU). This budget contemplates this transition in July 2020. It is suggested that commercial, industrial, and institutional customers determine their ERU values now.

These utility fees will be in addition to a proposed new Ambulance Fee on every utility invoice. This is a flat per invoice fee, which will appear on each bill, in order to fund EMS services. We are not permitted to use utility fees to underwrite the cost of General Fund operations. However, there are exceptions. A town is permitted to charge a fee in exchange for a service. So, we charge fees for Recreation Department programs in the General Fund. We charge fees for the Code Office’s Residential Rental Inspection Program in the General Fund. We charge fees for using the Borough’s ambulance service in the General Fund. Since the ambulance service writes off over \$1.6 million per year in these fees, due to Federal law, we believe it is legally sustainable to charge every utility customer a flat fee of \$7 per month, in support of the Ambulance Service, which is in the General Fund.

Can we not raise utility rates and fees, and pay for police officers and firefighters in the General Fund? Unfortunately, no, because the Borough cannot wholesale move funds from utilities, which are kept in separate accounts, to the General Fund to pay for fire, police, or parks. Further, we cannot charge a fee for regular Police Department or Fire Department operations in the General Fund. Finally, to raise a utility fee (i.e. water fees) not to pay for a utility service (i.e. water consumption) would be unfair to utility customers. Staff has determined that we should charge a fee for every service in the General Fund that we can reasonably ask for a fee. The Ambulance service, in the General Fund, can have an additional fee to support it.

Finally, the Electric Department and the Gas Department already make a Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth; as such, they are tax exempt. So instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities. State Law does not allow the Sewer Department to make similar payments. We could ask the Water Department to pay taxes but we have not done so in years.

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

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

Water rate increase proposal:

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



- The average residential customer uses 185 gallons of water per day
- This usage equates to 75 “units” per month (1 “unit” = 74.8 gallons)
 - 2019 usage charge: \$.14/unit
 - 2019 average monthly billing: \$16.50
 - 2020 usage charge: \$.15/unit
 - 2020 average monthly billing: \$17.25

Other Water Systems:

Chambersburg (2019): \$16.50/mo
 Chambersburg (2020): \$17.25/mo
 Shippensburg: \$30.39/mo
 Guilford Water: \$30.86/mo
 Waynesboro: \$32.37/mo
 Washington Twp: \$36.59/mo
 Greencastle: \$53.43/mo
 Bear Valley: \$69.06/mo
 LIDA: \$78.00/mo

Make note of the Storm Sewer Utility Pollution Control Fee Proposal:

- What is the current Pollution Control Fee?
 Every sanitary sewer customer pays \$4 per month per sanitary sewer connection although there is no relationship between sanitary sewer connections (toilets, sinks, etc.) and the storm sewer system.
- What is impervious area (IA) and why use IA to figure what customers should pay?
 Impervious Area is the actual amount of paved or building area on a tax parcel. Using IA to measure your property is a “fair” way to distribute the costs associated with the system.
- Does not every property have a different amount of impervious area?
 Yes, but for single-family homes (regardless of whether rental or owner occupied) the Borough will use the typical (or average house) instead of measuring each house. For non-single family homes, the Borough will measure every lot. For multi-family buildings, one ERU per apartment.
- Why should every house pay the single-family residence (SFR) IA calculation whereas commercial, industrial, and institutional uses pay actual IA?
 First, 80% of utility customers will pay the same rate as each other, making it simpler to figure things out. Second, most homes in Chambersburg are actually almost the average, so there is little to be gained by breaking SFR into tiers or measuring their actual IA.
- One (1) ERU to be set at whatever per ERU rate per month. This 2020 Budget envisions the ERU rate to be set at \$5 for July 2020. This per ERU will change in the future.
- What will commercial, industrial, and institutional customers pay?
 They will pay a multiple of ERUs. Each property has been measured in order to figure out their equivalent ERUs, how many equivalent homes are their property. Call to find out yours.

| Utility | 2018 Cost | 2019 Cost | 2020 Cost | 2020 Change | Last Changed |
|--|--------------------|--------------------|-------------------|------------------|----------------|
| Electric | \$100.90 per month | \$100.90 per month | \$98.90 per month | \$2.00 less | 2014 (lowered) |
| Water | \$15.75 per month | \$16.50 per month | \$17.25 per month | \$0.75¢ more | 2019 |
| Sewer | \$29.50 per month | \$29.50 per month | \$29.50 per month | No change | 2012 |
| Gas | \$631 per year | \$631 per year | \$631 per year | No change | 2013 |
| Sanitation | \$18.75 per month | \$18.75 per month | \$20.81 per month | \$2.06¢ more | 2016 |
| Storm Sewer | \$4 | \$4 | \$5* | \$1 in July 2020 | 2017 |
| *The Storm Sewer Fee will change in July 2020 to a Per ERU fee. This will result in \$1 more per month for single family residential customers, but maybe significant changes for commercial, industrial, and institutional customers. | | | | | |

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

Other Tax Details:

Types of Taxes Allowed for Boroughs under State Law

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

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

What of the Police Tax in 2020?

In our area, Chambersburg is the only municipality with a full service, round the clock, local police department. It is a professional and successful law enforcement organization. In 2016, Town Council appointed a new Police Chief. Ron Camacho joined the Borough in mid-2016; a highly qualified law enforcement professional, he has installed a series of upgrades in the organization and their standard operating procedures since joining Chambersburg. In 2020, it will continue to be very expensive to operate a high performing police department, but unlike our neighbors who have chosen to rely on the Pennsylvania State Police, the Chambersburg Police Department plays a much more proactive role in public safety within the corporate boundaries of the Borough of Chambersburg.

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

Until 2014, 100% of the real estate taxes collected by the Borough of Chambersburg were used exclusively to support the Chambersburg Police Department. In 2014, a small share was added to support the Chambersburg Emergency Services Department. While the Police and Fire tax rate grew in 2018, this remains the sole operational use of real estate taxes.

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

In December 2017, Town Council raised the Police Tax from 23 mil to 24 mil. **In this 2020 Budget, Council is not being asked to raise it at all.** By keeping the rate at 24 mil, Council is committing to a steady, but manageable, rate of growth in the Police Tax rate. Overall, since December 2006, the Police Tax rate has risen from 20 mil to 24 mil. When averaged out over the fourteen years, that is a growth rate of a little over 1.4% per year. While no one wants to see taxes go up, this overall growth rate seems reasonable for such an important tax, which pays for such an important service.

In 2020, it is estimated that the Chambersburg Police Department will cost \$202,925 more to operate than the revenues collected.

| Police Department Budget | 2019 | 2020 |
|---|--------------------|--------------------|
| Estimated cost of operations | \$5,163,250 | \$5,379,360 |
| Reimbursement from CASD for School Crossing Guards (estimated) | -\$52,000 | -\$54,000 |
| Estimated Yield from Fines and Fees | -\$159,000 | -\$159,000 |
| State Grant for Police Pension Costs | -\$318,538 | -\$358,435 |
| Subtotal | \$4,633,712 | \$4,807,925 |
| Tax Rate | 24 mil | 24 mil |
| Estimated yield of Police Tax (including tax liens & donations) | \$4,637,000 | \$4,605,000 |
| <i>Estimated Expenses over Revenue</i> | \$3,288 | (\$202,925) |

Therefore, in 2020, we are programming a deficit for the Police Department of \$202,925; with no increase in the Police Tax. In 2019, for the first time in decades, the Police Tax generated enough revenue to pay for approximately 100% of the Police Department (when including other police related revenues). As was pointed out in this budget, it will be impossible to avoid next year's Police Tax rate increase.

Please keep in mind that we are operating the Police Department with very little margin for error. Unforeseen costs such as a major detective caseload, a major public safety event, additional unforeseen overtime, additional training, or adding more employees in advance of other future retirements, can easily throw the Police Department budget into a more unstable place.

What of the Fire Tax in 2020?

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

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

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

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

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

So far, this has not happened. In 2018, finding and recruiting enough part time firefighters has been a significant challenge. Despite generous pay offers and advertising, only a handful of qualified part timers has been identified. As a result, and due to the new work schedule, overtime has increased and ambulance revenue has not kept pace. In 2018, the Borough added a small (½ mill) Ambulance Tax to supplement the existing Fire Tax.

Unfortunately, we have now concluded, the Fire Tax is insufficient to pay for the cost of the Emergency Services Department. Unfortunately, there is no method to suggest raising it. The Fire Tax, currently set at 2.5 mil and the Ambulance Tax, currently set at 0.5 mill at are the maximum allowed under State Law. Therefore, in 2020, the Borough Manager is suggesting that Town Council repeal the ½ mil Ambulance Tax in its entirety.

This budget envisions a \$7 per month per utility invoice Ambulance Fee rather than any Ambulance Tax. This cannot be done with Fire services. State Law does not permit a fee to pay for Fire services. Therefore, it is the proposal to properly use the Ambulance service to collect the fee, thereby allowing the Fire service to consume as much of the Fire Tax as possible. In the end, even the combination of the Fire Tax and the new Ambulance Fee is insufficient to pay to support this department's operations.

This proposed 2020 Budget, therefore, includes a decrease to the Fire Tax. It will drop from the State Maximum of 3.5 mil for 2019 to 3.0 mil for 2020. This is because the Borough Solicitor advises us that we should not have both an Ambulance portion of the Fire Tax and an Ambulance Fee; and this budget proposes an Ambulance Fee.

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

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

| | 2019 Budget | 2020 Budget |
|--|----------------|----------------|
| Fire Code Permits & Fees | \$65,000 | \$60,000 |
| Contributions For Ambulance Service | \$43,000 | \$43,000 |
| New Ambulance Fee on Utility Invoices | - | \$847,000 |
| Ambulance Service Receipts | \$1,109,000 | \$1,402,100 |
| Ambulance Club Membership Fees | \$110,000 | \$110,000 |
| <i>Total Revenue from ES Department Operations</i> | \$1,327,000 | \$2,462,100 |

The world of EMS is in such flux, we do not see any reason to not stay the course, and give the process another year to unfold. Many believe the entire EMS system is on the verge of catastrophic failure.

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

How this may impact us is both in an increased demand for our ambulance(s) to leave the Borough and provide regional mutual aid; and, second, by seeing a need to once again explore with whom the Borough contracts for Advance Life Support (ALS) paramedic services. As you know, the Chambersburg Emergency Services Department provides only Basic Life Support (BLS) services. Currently, Holy Spirit EMS, a division of the Geisinger Health System, provides ALS paramedic services for the Borough of Chambersburg. During the drafting of this budget, we found out that the Geisinger Health System has recently merged with the Penn State Hershey Medical System. While that entity operates the Life Lion and University EMS systems, the future of our ALS partnership remains unclear.

In 2020, we hope that these relationships, and our partnership, and the other BLS providers in our neighboring communities, all remain strong and stable. We hope, but we are prepared to act, just in case someone falters, and we must act to protect the emergency medical systems in Chambersburg. Therefore, while no one wants to pay a new fee to support Ambulance services, please understand that such a fee is increasingly important, there are no alternatives, and if there is a regional or statewide collapse of the EMS system, it will be Chambersburg, and our commitment to funding, which will allow us to weather the storm.

In 2020, it is suggested that Town Council support initiatives in Harrisburg to reform and change the EMS system in Pennsylvania. Support reforms that bring resources, clarify billing rules, increase billing options, and force regionalism of ambulance systems. In addition, urge Washington to fix EMS billing rules in Medicaid and Medicare. These rules, debated often by professionals and Congress, are hurting systems throughout our country.

How much does 1 mil of real estate tax yield in 2020?

The total assessed value of taxable real estate inside the Borough for 2020 is estimated to be \$205,607,440 by Franklin County; down very slightly from last year. Therefore, the cash value of 1 mil would equal \$205,607. However, when factoring in our average collection rate for any given year, we should expect that same mil to yield \$201,929. This difference is a result of the average amount of taxes remitted on time, annually, versus the total that is levied.

Therefore, for budget purposes, **1 mil is equal to approximately \$205,353 in cash.** As explained, if you assume the standard percentage of taxpayers will fail to pay their taxes, 1 mil would equal \$201,929 in cash. If you assume some old outstanding tax liens from previous years may pay their debts in 2020, 1 mil might equal \$205,353 in cash. The value of a mil is therefore not precise.

| | <u>2017</u> <u>Actual</u> | <u>2018</u> <u>Actual</u> | <u>2019</u> <u>Estimated</u> | <u>2020</u> <u>Estimated</u> |
|------------------------------|------------------------------|------------------------------|---------------------------------|---------------------------------|
| Police Tax Yield | \$4,706,641 | \$4,920,552 | \$4,894,483 | \$4,960,600 |
| Mil | 23 | 24 | 24 | 24 |
| Fire Tax Yield | \$505,848 | \$604,370 | \$609,914 | \$610,000 |
| Mil | 2.5 | 3 | 3 | 3 |
| Ambulance Tax | - | \$95,757 | \$101,454 | - |
| Mil | - | 0.5 | 0.5 | - |
| Recreation Bond Tax | - | \$574,443 | \$600,485 | \$590,000 |
| Mil | - | 3 | 3 | 3 |
| Value of 1 Mil | \$204,411 | \$203,119 | \$203,486 | \$205,353 |
| Est. Single Family House Tax | | | | |
| Police Tax | \$388.20 | \$406.14 | \$407 | \$410 |
| Fire Tax | \$42.20 | \$50.77 | \$51 | \$51 |
| Ambulance Tax | - | \$8.46 | \$8 | - |
| Recreation Bond Tax | - | \$50.77 | \$51 | \$51 |

With the elimination of the Ambulance Tax, the typical single-family home in Chambersburg will see a cumulative decrease in taxes. The decrease will be about \$5 per year or 42¢ per month in real estate taxes. Your house will likely see that decrease, but each year, the median house (the average house by measure) shifts a little bit. In 2020, there will be a \$3 increase as a result of the increased value of assessed property (shifting the median house), which also impacts the assessed value of the Average Single Family Home, being offset by an \$8 reduction to the median home as a result of eliminating the Ambulance Tax. Of course, your payment of taxes for your property, rather than the average home, is based on Franklin County's determination of your home's assessed value. The median home may change, but your home is an actual home, not a statistical median home, and your taxes will likely drop by around 1%.

What of the Utility Rates in 2020?

From time to time, utility rates need to be adjusted. This is a requirement in 2020. **In the proposed 2020 budget, there is a proposed decrease in the electric rate.** There is no proposed change for the sanitary sewer or natural gas rates. **In the proposed 2020 budget, there is a proposed small increase in the water rate and a timely increase in the trash rate. In the proposed 2020 budget, the Storm Water Pollution Control Fee will change the method in which it is calculated.**

In addition to these rate changes, a flat \$7 per utility invoice Ambulance Fee will be added to each bill.

Budget Project Highlights 2020:

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

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

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

The Comp Plan includes elements such as:

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

Continuing into 2020, this 2007-2008 Comp Plan will be updated. Chambersburg is undergoing significant growth and changes. These are exciting times. Projects include downtown redevelopment, the new Franklin County Judicial Center on North Main Street, the Central School Project, on West Queen Street, and development growth along the Grant Street Corridor. These areas, and the continued growth on Norland Avenue, on Wayne Avenue, and plans for additional residential development in Laurich Meadows, along Hollywell Avenue, along Progress Avenue, around the South Gate Shopping Center, and near Maple Run, will ensure that Chambersburg will dramatically grow and change over the next twenty years.

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

According to Denny Puko, from the PA DCED Governor's Center for Local Government Services, creating a new Comp Plan must follow the basic guidelines of the State Law, the Municipalities Planning Code; but, within that code, there exists flexibility to develop a creative comprehensive examination of the

municipality. The Municipalities Planning Code (MPC) is the enabling law that gives local governments the powers and procedures for planning, zoning, subdivision, and land development. It also enables local governments to create planning commissions, departments, and hire staff. The MPC is not a comprehensive plan template.

According to Michael Chandler in his analysis “Preparing an Implementable Comprehensive Plan”, community planning is a part of a continuum of community action, not a snapshot in time. An “implementable comprehensive plan” is a plan for innovation and action to better the community. This is the type of plan that the Borough began exploring in 2019.

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

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

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

The goal is to develop this plan that provides action and results for our community. The 2020 Budget contains a planned expenditure of up to \$100,000 in total costs, including internal and legal costs, to develop a new Comprehensive Plan for Chambersburg.

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

By the end of 2019, it is our plan, that a consultant/partner will be selected by Town Council. Therefore, in 2020, most of the work developing the plan will take place.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



4. Exploring the Next Steps for Downtown Chambersburg

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 2020, it is envisioned that the Borough and DCI will explore what initiatives are needed to move the Downtown forward. Following construction of the new Franklin County Judicial Center, on Memorial Square, in 2021, the Downtown will be at a crossroads. A plan is needed to address certain goals and objectives:

- Expansion of Downtown Chambersburg events and event spaces
- Need for Downtown Chambersburg Class A office space
- Integration of Downtown Chambersburg with Wilson College
- Long-term plan to provide either Replacement or Rehabilitation of older building stock
- Sustainable financial model that does not rely on taxpayer funding for Downtown

While many of these concepts are already in the works, including the recent acquisition of the F&M Bank building by the Chambersburg Area Development Corporation, the long-term planning of a strategy for economic development success in the Downtown needs to begin in 2020.

It cannot be a top-down Borough or DCI planning process. It should include stakeholders including potential guests and customers for the Downtown. Finally, a future discussion regarding Downtown aesthetic guidelines and a carrot/stick approach to building rehabilitation/replacement must be had with property owners.

It would be the goal of this project to develop a consensus strategy for Downtown Chambersburg to be implemented by the time the new courthouse is completed.

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

In 2018, the Borough of Chambersburg adopted the Pedestrian and Bicycle Improvements Plan. The plan recommended policies, including:

- A new complete streets initiative for all future sidewalk installations
- Pedestrian street-crossing safety enhancements
- Development of a network of bicycle routes to include extension of the existing Rail Trail, and connections between the network and existing public areas such as parks, downtown, community centers, government facilities and streams
- Creation of a public education campaign designed to encourage walking and bicycling as alternative modes of transit, and at the same time, making those activities safer

The plan recommended projects, including:

- Expanding the Rail Trail
- Creating bicycle friendly connections to places of interest and commerce, for example Memorial Park, to Downtown and Third Ward to Norland Avenue

- Review current policies on sidewalk use for bicycles
- Look for opportunities for bicycle/pedestrian “shared use” when expanding or re-configuring sidewalks or adding bicycle lanes to existing streets
- Developing bicycle friendly areas in existing recreation facilities
- A bicycle self-guided tour of Chambersburg
- Bicycle furniture, public drinking fountains, and bicycle rental resources

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

Local Complete Streets Policy shall provide:

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

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

- Provide adequate public facilities such as parks, bike trails, recreation centers and outdoor plazas that give people a place to be active and encouraging outdoor physical activity.
- Finding creative ways to address health issues through the design and retrofit of neighborhoods and streets.
- Improve the health of vulnerable populations and access to health care.

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

In 2020, the Borough needs to move forward the implementation of these goals. This 2020 Budget envisions that the Borough will adopt a Complete Streets Policy as a part of the Comp Plan process. In addition, the plan to address alleys might also provide an opportunity to address bicycle and pedestrian issues throughout the community.

Finally, as the issue of driverless cars becomes more prominent in community dialogue, the issue for Chambersburg may be less about parking issues and more about how to encourage citizens to use the existing street infrastructure in different ways.



6. Sustainable PA Community Certification

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

In 2016, the Borough formed a partnership with the Shippensburg University Center for Land Use and Sustainability. The Center's vision is to become a nationally recognized interdisciplinary center that leverages the expertise of faculty, staff, and students to promote sustainable land use, economic development, and communities at local, regional, and global scales. The evaluation is based on 130 criteria in the following nine categories:

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

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

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

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

In 2020, the Borough of Chambersburg will begin to implement policy and program changes to be consistent with the goals of the Sustainable PA Community Certification Program. We need to formalize our relationship with Shippensburg University, aim for Platinum certification, and make this a goal in 2020. **The 2020 Budget sets this as one of our priorities.**

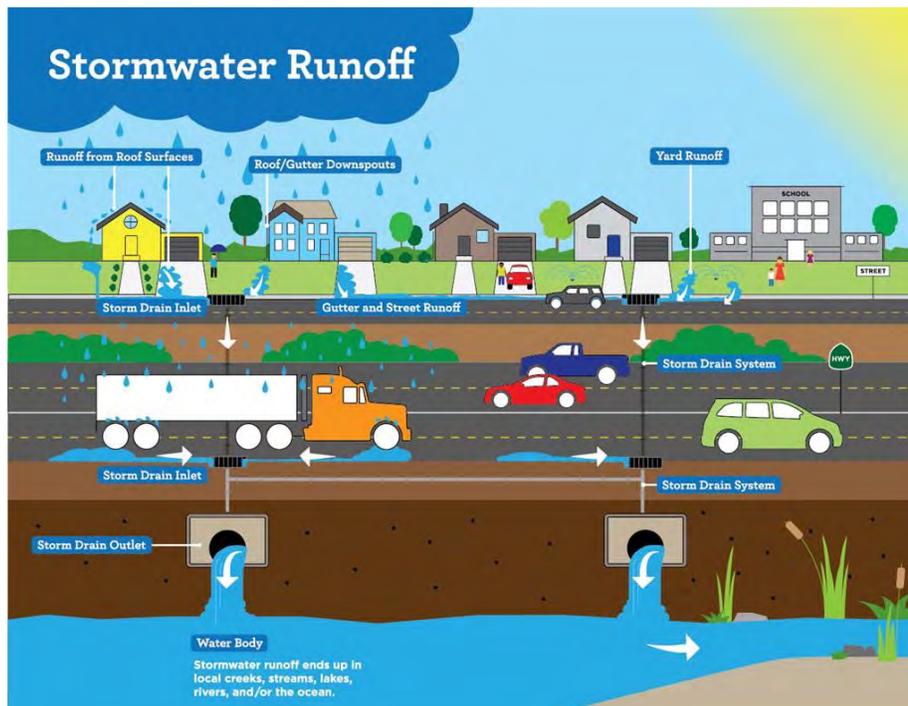
7. Expand Post-Construction Stormwater Management to Prevent Pollution in Our Streams

2020 will mark the sixth 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, the storm sewer utility will generate revenue through user fees that beginning in 2020 will be based on the amount of stormwater generated on a property; which is determined by an impervious surface calculation.

The last thing we need in Franklin County is three, four, or five separate storm sewer utilities. We do not need to have as many storm sewer utilities as we currently have water systems or sanitary sewer systems. We need to encourage intermunicipal cooperation. In 2019, the Borough began working with Hamilton Township and St. Thomas Township to migrate this program beyond the borders of the Borough of Chambersburg. It is our hope to add more communities to our program, joining to work towards compliance with their MS4 permit from the Department of Environmental Protection.

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

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



8. Expand Fire Safety Programs into the Townships

In 2020, we should continue to push my proposal that Hamilton, Guilford, and Greene Townships adopt the International Fire Code and contract with the Borough ES Department as a third party Code Agency for Commercial Fire Code Inspection Services. This would be just like when the townships adopted the Uniform Construction Code in 2004 and contracted with Commonwealth Code Inspection Services (CCIS) to provide third party Code Agency services for those codes.

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

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

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

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

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

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

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

The 2020 Budget includes a commitment to this goal. Finally, the Mayor has offered to carry the torch, to reach out to the townships, and to help promulgate the lifesaving program, in 2020.

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

As the construction of the Utility Departments' Addition for City Hall finished at the end of 2018, a second Building Committee formed to discuss Phase 2 of the project originally conceived in 2013. The Second Phase would be a return to the old Borough Hall building and discussion on the future of the space utilized by the Chambersburg Police Department. Originally, the first priority was the Police Department. However due to several reasons, including the lack of available physical space, as well as funding, the issue of how to provide the Police Department with adequate space was placed on the back burner.

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

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

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

Beginning in 2020, Phase Two project development will include development of a final design and bidding in order to determine actual costs. However, even by the end of 2020, we will not have an exact decision on how to pay for construction. In 2019, our partner GMS Funding Solutions was able to obtain for the Borough a \$1.7 million Redevelopment and Capital Assistance Program (RCAP) Grant from the Commonwealth Financing Authority. This is a great achievement. In 2019, Town Council accepted the grant, obligating the Borough to spend, no less than three times this amount on the project.

The balance of the cost of this project will be beyond the ability of the General Fund (home of the Police Department) or the General Capital Reserve (home of Police Capital Projects) to afford in cash. Avoiding real estate tax impact from the construction of a renovated Chambersburg Police Station is next to impossible. For example, just for capital project budgeting perspective, the deferment of one year of street paving frees approximately \$500,000 in cash (in exchange for little or no street paving for that calendar year). Highway construction projects are done with Highway Aid grant money (a grant from the State

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

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

The architect estimates the total cost of Phase Two would be approximately \$6.4 million.

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

At this point, the price tag is just an educated estimate. Over the course of 2020, we want public input into the project, a discussion of the project details, and research into ways to fund this project. We do not anticipate any action until the 2021 budget year.



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

10. UGI Gas Transportation Partnership and Other Energy Projects

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

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

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

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

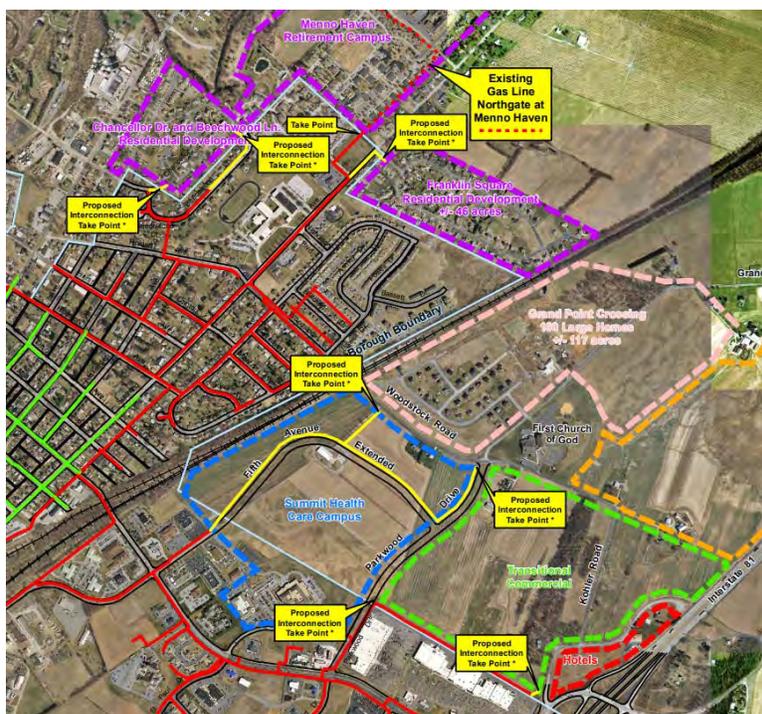
While working out this arrangement for Menno Haven, the Borough of Chambersburg decided a similar arrangement could work for dozens of homes and businesses in Greene Township. The Borough suggested, and UGI Central Penn Gas agreed, that gas could be made available to: the Grand Point neighborhood, the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

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

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

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

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



11. Wagner Supply Building and New Wayne Avenue Public Works Facility

At the end of 2019, the Borough had the opportunity to acquire a vacant commercial building at 366 Wayne Avenue in order to plan the relocation of the Loudon Street Sanitation Department, Motor Equipment Department, and Highway Department facility.

The site, recently the home of Wagner Supply Depot, will be renovated over time to eventually replace the existing Borough public works facility located on Loudon Street, at the corner of S. Franklin Street. The existing facility on Loudon Street is reaching the end of its useful life, has a number of problems, including vehicle maintenance bays that are too small for today's modern trucks, poor equipment and materials storage, no room to grow, and is along the Conococheague Creek, in the floodplain.

The facility at 366 Wayne Avenue is owned by the Wagner Family and the Borough has entered into a conditional sales agreement for the Chambersburg Sanitation Department to acquire the site, which

includes the building and several adjacent parcels, for a sales price of \$1.2 million. A valuation recently completed by Apex Valuation Services of Shippensburg, Pennsylvania, indicated that the 3.78 acre site has an “as-is” market value of \$1.2 million.

The plan is to have the Sanitation Department buy the site and renovate it over time to include facilities for their use as well as the motor equipment maintenance operation of the Borough, and some facilities for the Highway Department. This is the same basic function as now housed at the Loudon Street facility, which will be relocated sometime in the future, after renovations are completed. Once the move is over, the Borough plan is to someday sell part of the existing Loudon Street facility, and to build a creek access park adjacent to the Loudon Street Bridge on a remaining parcel now used to store motor equipment, such as dump trucks.

The facility at 366 Wayne Avenue has “good bones”. The Borough did a facility review by SGS Architects/Engineers of Carlisle, Pennsylvania, and according to their principal, Dennis Sowers, the facility is in very good shape and can be renovated to accommodate the eventual uses as proposed by the Borough.

The Chambersburg Sanitation Department intends on using an upcoming bond sale in early 2020 to finance the acquisition costs. Town Council had already given tentative approval for the Chambersburg Water Department to sell a bond in early 2020 to finance a Water Department construction project at the Julio D. Lecuona Water Treatment Plant in Greene Township. The Sanitation Department will add this site acquisition on to that same bond and pay it off using trash fees, and no taxes, over the next twenty years.

This building is being purchased with no impact on taxes. It provides a much needed new home for the Sanitation Department and public works, and provides a site, which over time, we hope to expand to add other adjacent facilities. It is also very exciting that at the end of this project, a new park, near the Conococheague Creek will encourage access to the creek near downtown.

Currently, the property is improved with a one-story light industrial building. In total, the building is 18,348+/- square feet which includes a total of 1,370+/- square feet of office space. There is approximately 5,000 square feet of conditioned space including office area, showroom, conference room (which is located in a small mezzanine area), small kitchenette and restrooms. The majority of the square footage is considered to be warehouse space which contains two (2) loading docks and a 14-foot drive-in door. The structure was reportedly constructed in 1918 with a comprehensive renovation and the loading dock addition completed in 2002. The Borough Gas Department already owns an adjacent site along the railroad tracks and there is a truck entrance to the facility off a State Highway, Wayne Avenue. The site is zoned for commercial uses including government operations.

It is anticipated that SGS Architects/Engineers will be engaged in 2020 and a building committee will develop a concept plan to update the site. Construction would not begin until at least 2021 and full occupancy is estimated to be in 2023. The decommissioning of the Loudon Street facility and construction of the new Conococheague Creek Park is estimated for 2024. The new Borough recycling transfer station nor any trash storage will be at this site. Those type of functions, with trash and recycling, would not be appropriate at this location. We want the neighbors to know that we do not foresee this location housing, even on a temporary basis, trash or recycling. This facility will be used for offices, trucks, truck

maintenance, equipment, equipment repair, and the storage of dumpsters and other Sanitation Department items.

We hope that we can improve this neighborhood and be a good neighbor to the homes and businesses around Wayne Avenue and S. Fourth Street. I am confident the Sanitation Department facility will be screened from neighbors' backyards and we will work with the neighborhood to clean up some other area issues.



The 2020 Budget includes sufficient resources to pay the architect/engineer to develop conceptual plans for how this site will be utilized after renovations.

12. In 2020, Bringing Enforcement of the Health Code and Restaurant/Food Inspection In-House

On Monday, August 26, 2019, the Chambersburg Town Council selected a plan to bring restaurant, food service licensing, and health code enforcement in-house, to be managed by Borough employees, beginning in January 2020. At the meeting, there were four options presented by staff to Council. A large group of citizens and restaurant owners weighed in on the discussions, which lasted over an hour, as Council deliberated on what to do with this system going forward.

There are almost 200 municipalities throughout Pennsylvania, which manage their own restaurant, food service licensing, and health code enforcement systems; including most major cities and two counties. Chambersburg has been unique in that since 2005, the system developed by the Borough, included management by a third-party private code enforcement agency. In June 2019, Council, in response to objections about the customer service experience at the third-party private code enforcement agency, decided to issue a Request for Proposals, to determine whether any other private company would like to provide these services on the Borough's behalf.

The existing contractor, the Pennsylvania Municipal Code Alliance (PMCA) of Chambersburg, was the only respondent to the Request for Proposals. However, staff outlined several options for Council to consider. The status quo was not an option going forward as the current contractor had put in a proposal, but their response would have changed the current system to one managed by Borough staff, where the contractor would for a fee, provide only inspection services, and not manage the permit and licensing system.

In the arrangement in place through 2019, PMCA managed the entire system, collected the fees directly from the local food service businesses, and the Borough set the fee schedule, but was otherwise not involved in the management of the system, the collection of fees, or paying for the cost of the system. This was to end in 2020 regardless of what option Council selected.

One option outlined by staff was turning the entire system over to the Pennsylvania Department of Agriculture. That is the system in 90% of municipalities in Pennsylvania. There was some concern that Borough residents and visitors would be disappointed with the level of enforcement provided by the State, given that for the last forty years the Borough has been dedicated to local enforcement. In the end, it was pointed out that the Borough staff can run a system that is fair and equitable for businesses and safe for consumers.

Some citizens voiced concern about the cost of managing the system. This 2020 Budget includes costs associated with the need to hire new personnel. Council considered that impact when deciding whether to bring the program back in-house, as it once was managed, from 1976 to 2005. However, there is a "synergy" as the personnel added in this budget to the Land Use and Community Development Department would also help with other functions. Those functions include the Borough's increasing responsibilities as host to dozens of street fairs and community events; and, administration of Chambersburg's growing Storm Sewer Utility, which had also indicated the need for more personnel in 2020 regardless of the decision on the health code.

The additional personnel costs are reflected in this proposed 2020 Budget.

There are currently 320 permittees in the system, including restaurants, school cafeterias, churches, food stores, special events, food trucks, and farmer's market booths. Staff estimates the system will cost

approximately \$161,580 per year to manage in-house and generate income of about \$50,000. However, with the addition of other functions, such as inspection scheduling and permitting for the storm sewer utility, the Borough could spread the cost of the employees on other revenue sources, such as storm sewer fees.

After considerable discussion, Town Council approved the concept to bring the system in-house beginning in January 2020.

13. 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. As such, a CPOA negotiation must begin in Spring 2020. On December 7, 2015, the Borough settled a new labor agreement between the Borough and Local #246 of the American Federation of State, County and Municipal Employees, who represent the Borough’s highway and utility workers. On Wednesday, May 3, 2017, representatives of the fire union executed a landmark proposed labor contract to fix the wages and benefits between the Borough and our professional fire fighters for the years 2017 through 2021. It is assumed that Town Council will provide those non-bargaining non-uniform Clerical, Technical, and Management employees the same wages and benefits as agreed to with AFSCME Local #246.

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

| | 2019 | 2020 |
|---|-------------|-------------|
| Chambersburg Police Officers Association | | |
| A new contract was approved by the parties in 2015 | | |
| Wages (cost of living adjustment to all steps) | +1.95% more | +1.95% more |
| CPOA Collective Bargaining Agreement expires 12/31/2020 | | |
| International Association of Fire Fighters (IAFF) Local #1813 | | |
| A new contract was approved by the parties in 2015 | | |
| Wages (cost of living adjustment to all steps) | +1.95% more | +1.95% more |
| IAFF Collective Bargaining Agreement expires 12/31/2021 | | |
| American Federation of State, County and Municipal Employees Local #246 | | |
| A new contract was approved by the parties in 2015 | | |
| Wages (cost of living adjustment to all steps) | +1.95% more | +1.95% more |
| CPOA Collective Bargaining Agreement expires 1/10/2021 | | |
| Clerical, Technical, and Management Employees | | |
| These employees have no contract & this represents Manager’s proposal | | |
| Wages (cost of living adjustment to all steps) | +1.95% more | +1.95% more |

Pension Plan Reform & Health Insurance

For the first time in generations, all non-uniform employees will have a choice, stay in the traditional government pension plan and contribute money to the plan for its fiscal health or withdraw from the traditional plan and open a new 401(k) style individual retirement account. Federal law prohibits government employees from having 401(k) accounts. They get similar 401(a) accounts. This new option went into effect in the fall of 2016 and many employees have already switched out of the pension plan system. The addition of 401(a) accounts is logical. They will continue to grow in popularity in the future.

In addition, with respect to health care in the 2020 Budget, the Borough continues our successful relationship with the self-insurance trust called the Pennsylvania Municipal Health Insurance Cooperative (PMHIC) operated by Benecon Benefit Administrators. Unfortunately, we had a serious

number of ill employees in 2019, thereby affecting our rates in 2020. In 2020, our contributions to the PMHIC pool will rise approximately 6.2%. That is an above average growth rate. United Concordia, our provider for dental insurance, anticipates a 2.5% premium rate increase in 2020. OneAmerica, our provider for life insurance and long-term disability coverage confirmed that they will have no increase in premium costs for 2020 coverage.

Conclusion

It is with great confidence that I deliver this enclosed budget. In 2020, it is necessary to adjust some of our utility rates, with the electric rate slightly dropping and other rates increasing. We will still have the lowest aggregate utility rates in the Commonwealth.

In the proposed 2020 Budget, I have included a \$7 per month per utility invoice Ambulance Fee. It is a flat broad-based fee, which would hit every utility customer fairly and equally. This is highly recommended and very necessary. It is far better than a tax increase and our very low utility bills would remain very low. The average Borough Electric and Gas customer saves over \$1000 per year by having Borough utilities, when compared to other utility providers' rates.

This budget includes no tax increase. In fact, it includes a small tax decrease with the elimination of the Ambulance Tax (shifted instead to an Ambulance Fee).

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020 Proposed</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|--------------------------|
| Police Tax Mil | 21 | 23 | 23 | 24 | 24 | 24 |
| Fire Tax Mil | 2.5 | 2.5 | 2.5 | 3 | 3 | 3 |
| Ambulance Tax Mil | - | - | - | 0.5 | 0.5 | 0 |
| Recreation Bond Tax Mil | - | - | - | 3 | 3 | 3 |
| Total Real Estate Tax Mil | 23.5 | 25.5 | 25.5 | 30.5 | 30.5 | 30 |

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

By adding additional taxes in 2016 and 2018, Council addressed added costs in the General Fund without reliance on transferring money from unrelated budget areas. What Moody's will seek is a commitment by Council to pay for the Police Department and Emergency Services Department budgets with Police Tax, Fire Tax, and now a new Ambulance Fee sufficient to those needs. Unfortunately, the 2020 Budget includes a continuing deficit in the operation of the Fire Department and Police Department operating budgets.

Finally, the 2020 Budget contains a dramatic drawdown in our Capital Reserves. Unless replenished, this would mark a near fatal blow to our capital account used for General Fund departments.

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

To that end, the 2020 Budget includes a recommendation for the Water Department and Sanitation Department to issue jointly a bond in early 2020.

The Water Department will need to issue this bond in order to fund the upgrades necessary at the Julio D. Lecuona Water Treatment Plant in Greene Township. The Sanitation Department will use this bond to acquire the property at 366 Wayne Avenue for a future public works facility. These are both worthwhile uses of debt. Approval of the proposed 2020 Budget, includes approval of this debt financing.

This 2020 Budget is balanced and there is a small tax decrease. It does add additional personnel and make personnel changes to the Borough staff; and, it continues staffing changes previously approved. It is true that our organization has become larger and more complex than in the past. Yet, as demonstrated by our ability to conservatively control the increase in needs for taxes and the increase in utility rates, the budget demonstrates that adding staff, if done smartly, can be done with little or no impact on painful tax increases or rate increases. One might say, we manage the staffing within the margins of the growth allotted to us by the success of the community, and the controlling of other expenses.

The 2020 Budget includes the additional personnel to manage the enforcement of the health code and restaurant/food inspection in-house. It also includes the additional Sanitation Department employees needed to reintegrate the residential (and residential type) recycling program back into Borough operations. The 2020 Budget includes the recent promotion of the Assistant to the Borough Manager to Deputy Borough Manager. The 2020 Budget includes the recent classification upgrades to the Police Chief and Fire Chief positions. The 2020 Budget includes several changes for the Electric Department, including provisions to add a new Assistant to the Electric Superintendent for Maintenance and Operations, an additional Line Worker Trainee and Diesel Maintenance Mechanic Trainee, to supplement the youth of the workforce. The Electric Department budget also includes a plan to transition the current Maintenance Supervisor into a lower position slot once the incumbent employee retires. The Parking Fund includes the addition of a Part Time Parking Enforcement Officer. The Administrative Services Department includes the addition of a new Full Time Accounting Technician, to increase the size of the bookkeeping staff. Finally, there will be an additional clerical employee helping with food inspection and storm sewer system rate maintenance. A request for a second clerical employee in the Fire Department and a clerical employee in the Personnel Office were not included in this budget.

In 2020, the Borough will have an ALL FUNDS BUDGET of \$113,856,095. In 2019, the ALL FUNDS BUDGET was \$123,111,370. This represents a 7.5% decrease, resulting from a change in budgeting format, in which the Payroll Fund and Trust Fund & Utility Deposits Fund is no longer included in Operating Budget figures, as it does not accurately reflect unique revenue or expenditures.

In 2020, the Borough's OPERATING BUDGET will be \$100,287,127. In 2019, the Borough's OPERATING BUDGET was \$104,415,418. This represents a 3.9% decrease, resulting from a change in budgeting format, in which the Payroll Fund and Trust Fund & Utility Deposits Fund is no longer included in Operating Budget figures, as it does not accurately reflect unique revenue or expenditures.

In 2020, the Borough's GENERAL FUND BUDGET will be \$16,079,970. In 2019, the Borough's GENERAL FUND BUDGET was \$15,157,375. This represents a 6.0% increase, and is likely a realistic gauge of actual growth in the Borough's spending plan, given the expansion of the Emergency Services Department revenue plans.

Use of Fund Balance 2020

| | 2020 Revenue | 2020 Expenditures | Withdrawal/Deposit from Fund Balance | |
|-----------------------------|-----------------|----------------------|--------------------------------------|---|
| General Fund Total | \$16,079,970 | | | Balanced with a new \$7 per month per utility invoice Ambulance Fee |
| General | | \$1,689,135 | | |
| Highway | | \$1,335,205 | | |
| Fire/Ambulance | | \$5,176,245 | | |
| Police | | \$5,379,360 | | |
| Recreation | | \$1,351,390 | | |
| Land Use/Community Dev | | \$831,220 | | |
| Community Functions | | \$317,415 | | |
| General Fund | \$16,079,970 | \$16,079,970 | - | Balanced |
| Electric | \$29,711,437 | \$29,711,437 | - | Balanced with \$2 rate decrease |
| Gas | \$9,218,080 | \$9,218,080 | - | Balanced |
| Water | \$4,234,390 | \$4,234,390 | - | Balanced with 1 cent rate increase |
| Sewer | \$6,563,825 | \$6,563,825 | - | Balanced |
| Sanitation | \$3,574,140 | \$3,574,140 | - | Balanced with \$2.06 rate increase |
| Parking Traffic | \$1,850,840 | \$1,850,840 | - | Balanced |
| Storm Sewer | \$1,007,090 | \$1,007,090 | - | Balanced with a switch to \$5 per ERU in July 2020 |
| Swimming Pool | \$1,153,125 | \$1,203,125 | -50,000 | Withdrawal from the balance of the 2016 Recreation Bond transferred to the General Capital Reserve Fund |
| Motor Equipment | \$4,007,725 | \$2,977,725 | +1,030,000 | Addition to fund balance for future motorized equipment purchases |
| Engineering | \$539,040 | \$739,040 | -200,000 | General Fund Transfer in 2020 |
| Stores/Warehouse | \$1,287,150 | \$1,287,150 | | Balanced |
| Admin Services Dept | \$6,892,940 | | | Balanced |
| Utility Addition Operations | | \$626,825 | | |
| Personnel & Payroll | | \$470,675 | | |
| Info Technology | | \$993,575 | | |
| Finance/Customer Service | | \$775,400 | | |
| Clerical Pool | | \$1,532,725 | | |
| General Admin & Supplies | | \$1,115,325 | | |
| Admin Cap Projects | | \$1,378,415 | | |
| Admin Services Dept | | \$6,892,940 | - | Balanced |
| General Capital Reserve | \$1,306,640 | \$2,686,640 | -1,380,000 | End of 2018 transfer scheduled \$1 million |
| Storm Sewer Capital | \$684,140 | \$693,173 | -9,033 | Use of accumulated fund balance to pay for capital projects in 2020 |
| Electric Capital | \$- | \$6,782,860 | -6,782,860 | Use of accumulated fund balance/2019 Bond to pay for capital projects in 2020 |
| Gas Capital | \$1,365,330 | \$2,015,000 | -649,670 | Use of accumulated fund balance to pay for capital projects in 2020 |
| Water Capital | \$10,383,090 | \$5,012,000 | 5,371,090 | Deposit of balance from 2020 Bond to pay for future capital projects |
| Sewer Capital | \$1,028,730 | \$575,000 | 453,730 | Deposit of funds into fund balance to pay for future capital projects |
| Sanitation Capital | \$890 | \$1,312,000 | -1,311,110 | Use of accumulated fund balance/2020 Bond to pay for capital projects in 2020 |
| Parking Capital | \$3,362,750 | \$3,442,750 | -80,000 | Use of accumulated fund balance to pay for capital projects in 2020 |
| Self-Insurance Trust | \$700,955 | \$1,585,595 | -884,640 | Use of fund balance for claims due to poor health insurance performance in 2019 |
| Workers Comp Trust | \$471,935 | \$428,935 | 43,000 | Deposit of funds into fund balance for future claims |
| Special Revenue Trust | \$352,125 | \$352,125 | - | Balanced |
| Security Deposits Trust | \$25,820 | \$25,820 | - | Balanced |
| Recreation Tax Fund Holding | \$595,100 | \$595,100 | - | Balanced |
| Fire/Ambulance Tax Holding | \$621,080 | \$621,080 | - | Balanced |
| Liquid Fuels Holding | \$625,685 | \$625,685 | - | Balanced |
| Sister City | \$1,500 | \$1,500 | - | Balanced |
| Project H.E.A.T. | \$25,120 | \$25,120 | - | Balanced |
| | \$107,670,642 | \$112,120,135 | | |
| | | -4,449,493 | | |
| | | \$9,750,000 | | Water Department and Sanitation 2020 Bond Issue |
| | | \$5,300,507 | | Revenue Over Expenditure |

All governmental funds are balanced and capital funds are making a significant drawdown on reserves

Use of Taxes to Fund 2020

In 2020, it is the Borough Manager’s recommendation that the Borough not change the Police Tax rate, currently at 24 mil.

| Police Tax Rate | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Mil | 17 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 21 | 21 | 23 | 23 | 24 | 24 | 24 |

In doing so, this means that since 2006, the Police Tax will have increased 7 mil in 14 years. An understandable rate of growth for such an important tax and such an important service.

In 2020, it is the Borough Manager’s recommendation that the Borough not change the Fire Tax rate, currently at 3 mil; and eliminate the Ambulance Tax rate, currently at 0.5 mil.

| Fire Tax Rate | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Fire | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2.5 | 2.5 | 2.5 | 2.5 | 3.0 | 3.0 | 3.0 |
| Ambulance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.5 | 0.5 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2.5 | 2.5 | 2.5 | 2.5 | 3.5 | 3.5 | 3.0 |

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

| Emergency Services Department Budget Deficit | 2019 | 2020 |
|---|--------------|--------------|
| Estimated cost of operations | \$4,781,705 | \$5,176,245 |
| Local Services Tax Yield (set at State Maximum) | -\$835,000 | -\$840,000 |
| Fire Code Inspections | -\$65,000 | -\$60,000 |
| Ambulance Fees | -\$1,262,000 | -\$2,402,100 |
| State Grant for Fire Pension Costs | -\$234,219 | -\$382,800 |
| <i>Subtotal</i> | \$2,385,486 | \$1,491,345 |
| Tax Rate | 3.5 mil | 3.0 mil |
| Estimated yield of Fire/Ambulance Tax (excluding tax liens & donations) | \$713,660 | \$618,580 |
| Less required transfer to the Motor Equipment Fund (State Law) | -\$504,860 | -\$510,000 |
| <i>Net Fire Tax Revenue for Operations</i> | \$208,800 | \$108,580 |
| <i>Emergency Services Department Deficit Before New Ambulance Fee</i> | -\$2,176,686 | -\$1,310,765 |
| New \$7 PER UTILITY INVOICE AMBULANCE FEE | N/A | \$847,000 |
| <i>Emergency Services Department Deficit</i> | -\$2,176,686 | -\$463,765 |

Even with the new Ambulance Fee, the Emergency Services Department is anticipated to run a deficit of \$463,765, requiring the use of general revenues to cover additional expenses. We are lucky that our General Fund has enough undesignated miscellaneous revenue to close this gap. However, long term, we need to explore ways to increase funding for Fire and EMS. The system is truly broken.

| Recreation Bond Tax Rate | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Mil | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 3 | 3 |

2020 will be the third year of the Recreation Bond Tax. It was approved by Council in 2016. It was structured to be delayed to begin until 2018. This tax is earmarked only to pay off the 2016 Recreation Bond, but no operations of the Borough. This was a bond sold for the capital investment in assets (the Aquatic Center, the playgrounds, and other parks projects). In the 2020 Budget, the remaining proceeds of the 2016 Recreation Bond are scheduled to be spent on a small list of park improvement projects.

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

In Chambersburg, in 2019, the average single-family home has a Franklin County assessed value of \$17,097.69; obviously, that is the assessed value and not the single-family home market value.

| Average Single-Family House Inside The Borough | 2019 | | 2020 | |
|---|-------------|--------|-------------|--------|
| Police Tax (to the General Fund) | \$407.05 | \$1.12 | \$410.34 | \$1.13 |
| Fire Tax (to the Motor Equipment Fund) | \$50.88 | \$0.14 | \$51.29 | \$0.14 |
| Recreation Bond Tax (to the Swimming Pool Fund & General Fund) | \$50.88 | \$0.14 | \$51.29 | \$0.14 |
| Total (per year) | \$508.81 | \$1.40 | \$512.92 | \$1.41 |

When asked, some citizens wildly inflate the dollar value of the real estate taxes that they pay per year. Recently, a citizen said to me that the Recreation Bond Tax equated to \$50 per month. That is not likely unless their house was the most expensive house in Franklin County. The median single family home pays a total (of all types of Borough real estate taxes) of \$512.92 per year.

The average house has increased in value over the last year, so their tax bill changed as well.



Single Family House

\$512.92 per year*



Schools

No tax



Non-profits

No tax



Government

No tax



Commercial/Industrial

More

No government buildings, schools, charities or township property owners pay any Police, Fire, or Recreation Bond Tax on their property – average commercial or industrial property owners may pay more. Also, for many folks, 100% of this cost is deductible on your Federal Income Taxes, returned to you in your tax refund every year. Please understand the importance of the SALT (State and Local Tax) deduction, and when your Congressman talks of its elimination from Federal tax policy, understand the impact.

The other state mandated taxes are set by law and are not changed year-to-year. They include the Local Services Tax, which is a \$1 per week tax on workers inside the Borough; the Earned Income and Wage Tax, which is a ½ of 1% tax on wages (not investments or retirement benefits) earned by those who live inside the Borough; and the Deed Transfer Tax, which is a ½ of 1% tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues.

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

The Borough's finances are sound and I respectfully request you adopt my proposed spending plan.

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

I would also like to thank Council Members Herb Dolaway and Samantha Bietsch who will be leaving Council at the end of 2019. It was a pleasure working with them and I thank them for their service to our community.

I propose that Town Council authorize advertisement of this Proposed Budget after my presentation on November 12, 2019. I suggest that Town Council receive public comments on the Proposed Budget on November 18, 2019. If necessary, there can be an extra Town Council meeting to hear comments on November 25, 2019.

Otherwise, I would propose that Council adopt it on December 16, 2019. I promise staff's full cooperation as we try, together, to be fiscally prudent with the finances of our community, and as we plan for its future.

Sincerely,



Jeffrey Stonehill
Borough Manager/Director of Utilities

11/12/2019

Mission, Policies, and Organization

As Proposed for 2020 by Jeffrey Stonehill, Borough Manager

The Borough of Chambersburg

Mission, Policies, and Organization

As Proposed for 2020

The Borough of Chambersburg is a full service municipality organized under the Pennsylvania Borough Code to serve the citizens and businesses of Chambersburg. The Borough maintains a staff of over 230 full-time and well over 100 part time employees to serve the community. Most Borough operations are conducted at offices located at 100 South Second Street, in Chambersburg's historic City Hall and the adjacent Utility Departments' Addition. The staff's overall mission is dedication to serving your needs.

As a full service municipality, Chambersburg supplies a wide variety of services; more services than any other municipality in the Commonwealth. In addition to typical municipal services such as highway, with over 59 miles of streets, Chambersburg Borough has a Land Use and Community Development Department with planning, zoning, development, economic development, property-maintenance code-enforcement, with systematic rental inspections. Chambersburg operates our own Police force, an all-hazard Fire Department, a Basic Life Support EMS service, a recreation department with acres of parkland, and a municipal parking and traffic department. Chambersburg owns all their own streetlights and traffic signals, a community revitalization effort including a Main Street downtown revitalization program and a separate Elm Street neighborhood preservation program. Chambersburg has more municipal utilities than any other town in Pennsylvania.

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

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

Situated as the County Seat of Franklin County, Chambersburg is a large and diverse community. Sometimes dealing with city issues, Chambersburg Borough still maintains a small-town quality of life. According to the PA Department of Community and Economic Development, boroughs are the second most common form of municipal government in Pennsylvania, their number exceeded only by the number of second class townships. The 962 boroughs represent 37.5% of all general-purpose municipal governments in Pennsylvania. Chambersburg has a 2017 population (U.S. Census Bureau: State and County QuickFacts) of 20,878 residents up from 17,842 in 2005; a 17% increase in twelve years.

In 2020, we will assist with the Federal Census in efforts to uncover more citizens living in our community. Having accurate statistics leads directly to additional grants for the Borough.

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

A municipal election just occurred in November 2019. Half the elected seats on Town Council were chosen. In January 2020, Town Council will hold its bi-annual reorganization meeting, and Council will select a President of Council, a Vice President, and other members of Boards, Commissions, and Committees. There is no municipal election in 2020, and therefore no reorganization meeting needed until 2022.

The Mayor is independently elected at large by all the wards of the Borough. Pursuant to the Pennsylvania Borough Code, the Mayor is the supervisor of the Borough Police Department, joins Council meetings as a non-voting member, and may approve local laws adopted by Council. The Mayor also serves as a dignitary representing the community. In November 2017, Walter Bietsch was elected to serve a full four year term as Mayor, which began in January 2018 and will end in December 2021.

Why is Chambersburg a Borough and Not a City?

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

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

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

Finally, Chambersburg could adopt a Home Rule charter; a customized form of our Borough government. The concept of home rule is relatively simple. The basic authority to act in municipal affairs would be transferred from the Pennsylvania Borough Code, as set forth by the General Assembly, to a local charter, adopted and amended by the voters. This basic point has been explained by the PA Local Government Commission as “Home rule means shifting of responsibility for local government from the State Legislature to the local community a borough choosing home rule can tailor its governmental organization and powers to suit its special needs.” Home Rule is done by a citizen commission and approved by referendum like a local constitution for the municipality. “It is a body of law, a framework within which the local council can adopt, adapt and administer legislation and regulations for the conduct of business and the maintenance of order and progress.” There are positive and negative consequences to a reexamination of our foundational organization that might make home rules less attractive. For example, elected officials, staff, or even experts could not do the drafting of a proposed charter. Therefore, one does not know what might be in the proposed charter. Not that they are all bad, just unknown.

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

Budget Calendar 2020

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

Borough Fiscal Calendar

| Fiscal Year: | Jan. 1 through Dec. 31 |
|---|--|
| Prepare Proposed Budget: (Borough Code Section 1307 - Borough Code is cited as B.C. below) | Beginning at least 30 days prior to adoption of budget. |
| Publish Notice of Proposed Budget: (B.C. Section 1308) | Before a 10-day public inspection period. |
| Public Inspection of Proposed Budget: (B.C. Section 1308) | For 10 days after notice. |
| Adopt Budget and Tax Ordinance: (B.C. Section 1310 & 1310.1) | Budget must be adopted not later than Dec. 31; tax ordinance to be adopted after adoption of budget. |
| Amending budget in years following municipal election (November of the odd numbered year): (B.C. Section 1311) | During month of January. |
| Proposed amended budget available for public inspection: (B.C. Section 1311) | 10 days after notice is published. |
| Adopt amended budget – <i>Even numbered years only</i> (B.C. Section 1311) | On or before Feb. 15. |
| Issue tax duplicate to tax collector: (B.C. Section 1305) | Within 30 days after budget adoption or receipt of assessment roll, whichever is later. |

Source: Pennsylvania State Association of Boroughs

| | |
|---|---|
| Tax billing by tax collector: (Local Tax Collection Law) | Within 30 days after receiving tax duplicate, or 15 days if received after June 16. |
| Completion of audit by auditors or controller: (B.C. Section 1059[a]) | Within 90 days after close of fiscal year. |
| File copies of audit report with borough secretary, clerk of court of common pleas, Department of Community and Economic Development and Department of Transportation: (B.C. Section 1059.1 [b.1]) | Not later than 90 days after close of fiscal year. |
| Auditors publish concise financial statement: (B.C. Section 1059.1 [a]) | Within 10 days after completion of the audit. |
| Appeal to court of common pleas from report: (B.C. Section 1059.4) | Within 40 days after filing of the auditor's report in court of common pleas. |

Source: Pennsylvania State Association of Boroughs

BOROUGH TAXES

Under the Borough Code and Act 511 boroughs have authority to levy a number of taxes. The types of levies, statutory authority, description, and rate limits are provided in the tables below.

Borough Code Taxes

| Tax | Type | Section | Rate Limit |
|--|------------|---------------------------------------|--|
| General Purposes | Property | 1302(a) | 30 mills - up to an additional 5 mills with court approval |
| Interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act | Property | 1302(a)(1) | Sufficient for purpose |
| Pensions and retirement | Property | 1302(a)(2) | 0.5 mill |
| Shade Trees | Property | 1302(a)(3) | 0.1 mill |
| Lighting | Property | 1302(a)(4) | 8 mills |
| Gas, water and electric | Property | 1302(a)(5) | 8 mills additional millage with referendum |
| Purchase of fire equipment, fire apparatus, fire training, fire training schools, fire suppression employee compensation | Property | 1302(a)(6); 1302(a)(6)(i) and (ii) | 3 mills additional millage with referendum |
| Building fire house, lock-up or municipal building | Property | 1302(a)(7) | 2 mills additional millage with referendum |
| Library | Property | 1302(a)(8) | No limit specified |
| Support of ambulance and rescue squads | Property | 1302(a)(9); 1302(e) | 0.5 mills or 2 mills by referendum |
| Recreation | Property | 1302(a)(10) | No limit specified |
| Special levy for debt by permission of court of common pleas | Property | 1303 | No limit |
| Street improvements | Property | 1304 | 5 mills |
| Occupation Tax | Occupation | 1302(b) | 30 mills |

Act 511 Taxes – Local Tax Enabling Act

| Tax | Description | Rate Limit |
|----------------|--|---|
| Occupation Tax | Tax levied as a flat rate on classes of occupations or as a millage rate on assessment value of occupation | No limit if on assessment value; \$10 flat rate* |
| Per Capita Tax | A flat tax levied on each adult within the borough | \$10* |

Source: Pennsylvania State Association of Boroughs

| | | |
|---|--|--|
| Occupational Privilege Tax ¹ | This tax may be levied on residents and non-residents employed in the borough. Only one occupational privilege tax may be levied against an individual, even though he is employed in more than one community. (See Act 511 for priority of collection of this tax). | \$10* |
| Local Services Tax | Tax on any wage earned within the borough by both residents and non-residents. At least 25% of the revenues from this tax must be dedicated to public safety/EMS. Persons earning less than \$12,000 must be exempted from this tax. | 52* |
| Earned Income Tax | A tax on wages and net profits and may be levied on both residents and non-residents. The taxpayer's residence takes precedence over his place of occupation if both have the tax. The tax may be split with the school district in any portion that is agreed upon. In case no agreement is reached, each may collect one-half of 1%. Should a school district levy an earned income tax pursuant to Act 50 of 1998, the borough may not claim the school district's share of the tax under Act 511 | 1%* |
| Mercantile or Gross Receipts Tax ² | Taxes on wholesale and retail transactions generally limited to wholesale dealers, retail dealers and restaurants | 1 mill wholesale and 1.5 mills retail on gross receipts* |
| Business Privilege Tax ² | This tax may be levied on professions and services doing business in the borough. It may be imposed at a flat rate and is usually applied to professional persons, service occupations, merchants, vendors and similar businesses. | No limit |
| Real Property Transfer Tax | Tax on the transfer (sale) of real property | 1%* |
| Amusement (Admissions Tax) | Tax on admissions to certain amusements within the Borough | For taxes first levied after Dec. 31, 1997 – 5%*; otherwise 10%* |

Source: Pennsylvania State Association of Boroughs

Fees vs. Taxes

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

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

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

Ambulance Fee

In 2020, this budget proposes the foundation of a \$7 per month per utility invoice fee to support the Ambulance services. Nothing under the law prevents a fee in support of the Ambulance service, but a fee cannot collect fees for general Fire Department operations. Further, this is a Borough operation utilizing Borough employees and Borough equipment. Utility customers will pay their fair share under this fee program.



BOROUGH OF CHAMBERSBURG

Our Mission

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

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

**BOROUGH OF CHAMBERSBURG
FINANCIAL POLICY STATEMENT**

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

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

BOROUGH OF CHAMBERSBURG FINANCIAL GOALS

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

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

BOROUGH OF CHAMBERSBURG OPERATING POSITION POLICY

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

- The Borough will pay all current operating expenditures with current operating revenues. Budgetary procedures that fund current expenditures at the expense of future needs will be avoided.
- The Borough will establish a contingency reserve in the annual operating budget to: a) provide for non-recurring unforeseen expenditures of an emergency nature; b) provide orderly budgetary adjustments when revenues are lost through the actions of other governmental bodies; c) provide the local match for public or private grants that may become available; and d) to meet unexpected small increases in service delivery costs. This reserve will be maintained at one percent (1%) of the general operating budget.
- The Borough will strive to maintain a total available fund balance (includes committed, assigned, and unassigned General Fund balance, as well as restricted funds in the Liquid Fuels and Capital Reserve Funds) at a level equal to at least twenty percent (20%) of the General Fund budget.

If the Town Council, upon the recommendation of the Borough's Manager and Finance Director, wishes to appropriate available fund balance such that the amount would fall below the Borough's target of 20% of the General Fund budget, such an appropriation would require a majority action of the Council.

If the Town Council should appropriate available fund balance such that the amount would fall below the Borough's target of 20% of the General Fund budget, such an appropriation must be accompanied by a reserve replenishment plan that restores the fund balance to its minimum level within the subsequent two fiscal years.

- The Borough will use fund balances for one-time capital or emergency expenditures only if: a) they are surplus balances remaining after all reserve and fund allocations are made; or b) the Borough has made a rational analysis with justifying evidence that it has an adequate level of short- and long-term resources.
- The Borough will prepare a cash-flow analysis of all funds on a regular basis. Disbursements, collections and investments will be managed to provide sufficient cash for daily financial needs.
- The Borough will prepare quarterly reports summarizing operating revenues and operating expenditures, as well as major balance sheet items to the extent practical.
- If the General Fund ends the fiscal year with an operating surplus, it is the Borough's intention to transfer at least a portion of that surplus to the Capital Reserve Fund to help support the Borough's capital needs. The size of the annual transfer will be recommended by the Borough's Manager and Finance Director to help ensure the strong financial position of the General Fund is maintained. In addition, any funds that are transferred to the Capital Reserve Fund could be re-appropriated by Town Council to help support General Fund operations, if needed.

BOROUGH OF CHAMBERSBURG REVENUE POLICY

Revenues determine the Borough's capacity to provide services.

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

BOROUGH OF CHAMBERSBURG EXPENDITURE POLICY

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

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

BOROUGH OF CHAMBERSBURG DEBT POLICY

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

- The Borough will not use short-term borrowing to finance operating needs except in the case of extreme financial emergency. Short-term borrowings include budget, tax and revenue anticipation notes.
- The Borough will use long-term debt for only those capital improvements that cannot be readily financed from current revenues.
- The final maturity date for any long-term debt will not exceed the expected useful life of the capital improvement so financed.
- The net (non-self supporting) general obligation debt of the Borough should not exceed 2.5% of the total full value of taxable property. The Borough's annual tax-supported debt service expenditures as a percentage of operating expenditures (General and Capital Reserve Funds) should not exceed 10%.
- The net (non-self supporting) general obligation debt of the Borough will not exceed 5% of the total assessed value of taxable property; or \$500 per capita.
- The Borough will use special assessments, revenue bonds, and/or any other available self-liquidating debt instruments instead of general obligation bonds whenever possible and appropriate.
- The Borough will encourage and maintain good relations with Finance and Bond rating agencies, and will follow a policy of full and open disclosure on every financial report and bond prospectus.

BOROUGH OF CHAMBERSBURG CASH POLICY

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

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

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

BOROUGH OF CHAMBERSBURG LIQUID INVESTMENTS POLICY

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

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

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

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

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

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

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

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

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

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

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

Order of Spending

Restricted and unrestricted funds

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

1. Restricted
2. Unrestricted

Unrestricted - Unassigned, Assigned, Committed

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

1. Unassigned
2. Assigned
3. Committed

Delegation of Responsibility

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

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

Minimum Fund Balance Requirements

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

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

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

**BOROUGH OF CHAMBERSBURG
SELF INSURANCE CASH BALANCE POLICY**

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

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

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

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

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

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

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

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

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

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

I. Purpose

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

II. The Post-Issuance Compliance Coordinator

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

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

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

III. *Identifying Required Monitoring Activity and Schedule Reviews*

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

IV. *Record Retention Program*

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

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

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

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

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

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

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

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

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

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

VI. Expenditure of Proceeds

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

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

VII. *Arbitrage Yield Restriction and Rebate Requirements*

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

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

The Coordinator or the designated Team Member, when completed and placed in service, will review use of bond-financed property.

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

IX. Investments

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

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

X. Refundings

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

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

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

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

XI. *Correction of Violations*

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

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

XII. *Continuing Disclosure Activity*

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

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

XIII. *Other Required Reporting*

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

BOROUGH OF CHAMBERSBURG COLLECTIONS POLICIES & PROCEDURES

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

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

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

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

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

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

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

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

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

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

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

If insurance is applicable

- The Borough Secretary will immediately contact the third party's insurance company and begin the claim process by opening a claim in the name of the Borough.
- In conjunction with the work necessary to repair the damage, a Job Order will be created.
- Upon completion of the work, the department(s) responsible for the work will notify the Finance Department that the project is complete.
- The Finance Department will verify that all large Purchase Orders (over One Thousand Dollars (\$1,000.00) associated with the Job Order have been closed.
- Upon completion of the Job Order, as determined by the Finance Department, the Borough Secretary will be notified accordingly, and provide the third party's insurance company with the claim amount, equivalent to all costs incurred, including labor and materials as required to repair or replace the damage, plus ten percent (10%) (if labor/materials are provided by Borough) (\$10 per invoice is added if a vendor does the work, invoices the Borough and the Borough passes along the invoice).
- At the conclusion of the insurance claim process (if the claim is not satisfied in full by the insurance company), but no longer than six (6) months from the date of damage, the Finance Department will issue an invoice for the outstanding amount to the responsible party.
- Responsible party has thirty (30) days from date of invoice issuance to make a payment in full or enter into a payment agreement with the Borough.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a final notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into within sixty (60) days of invoice issuance, the outstanding amount will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than thirteen (13) months from the date of damage, a certified notice will be sent to the responsible party, informing them of the Borough's intent to assess attorney's fees within thirty (30) days. Should the certified mailing not be accepted within thirty (30) days, a notice will be sent to the responsible party, via USPS, informing them of the Borough's intent to assess attorney's fees within ten (10) days. After the certified notice is accepted, or ten (10) days after issuing the notice via USPS (whichever occurs first) the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas if the outstanding amount is greater than twelve thousand dollars (\$12,000.00) or the minimum monetary threshold for the Court of Common Pleas as adjusted. Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.

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

If insurance is not applicable

- In conjunction with the work necessary to repair the damage, a Job Order will be created.
- Upon completion of the work, the department(s) responsible for the work will notify the Finance Department that the project is complete.
- The Finance Department will verify that all large Purchase Orders (over One Thousand Dollars (\$1,000.00) associated with the Job Order have been closed.
- Upon completion of the Job Order, as determined by the Finance Department, the Finance Department will issue an invoice for the outstanding amount to the responsible party, equivalent to all costs incurred, including labor and materials as required repairing or replacing the damage, plus ten percent (10%) (if labor/materials are provided by Borough) (\$10 per invoice is added if a vendor does the work, invoices the Borough, and the Borough passes along the invoice).
- Responsible party has thirty (30) days from date of invoice issuance to make a payment in full or enter into a payment agreement with the Borough.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a final notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into within sixty (60) days of invoice issuance, the outstanding amount will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than thirteen (13) months from the date of damage, a certified notice will be sent to the responsible party, informing them of the Borough's intent to assess attorney's fees within thirty (30) days. Should the certified mailing not be accepted within thirty (30) days, a notice will be sent to the responsible party, via USPS, informing them of the Borough's intent to assess attorney's fees within ten (10) days. After the certified notice is accepted, or ten (10) days after issuing the notice via USPS (whichever occurs first) the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas if the outstanding amount is greater than twelve thousand dollars (\$12,000.00) or the minimum monetary threshold for the Court of Common Pleas as adjusted. Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.

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

Intentional Damage (Statute of Limitations: 1 yr. from date of damage to file civil claim)

(This process is to be followed regardless of criminal charges/restitution until we receive notice that restitution has been granted)

- Examples of intentional damage include: graffiti, vandalism, arson etc. and will cover actual Borough owned property.
- Note: For non-Borough owned real or personal property damage where the Borough has remedied or repaired the damage, invoices to the actual property owners are categorized as a 4 year contract claim.
- Upon investigating the incident, the Police Department will provide the Finance Department and Borough Secretary with a copy of the Incident Report immediately upon its completion.
- In conjunction with the work necessary to repair the damage, a Job Order will be created.
- Upon completion of the work, the department(s) responsible for the work will notify the Finance Department that the project is complete.
- The Finance Department will verify that all large Purchase Orders (over One Thousand Dollars (\$1,000.00) associated with the Job Order have been closed.
- Upon completion of the Job Order, as determined by the Finance Department, the Finance Department will issue an invoice for the outstanding amount to the responsible party, equivalent to all costs incurred, including labor and materials as required to repair or replace the damage, plus ten percent (10%) (if labor/materials are provided by Borough) (\$10 per invoice is added if a vendor does the work, invoices the Borough, and the Borough passes along the invoice).
- Responsible party has thirty (30) days from date of invoice issuance to make a payment in full or enter into a payment agreement with the Borough.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a final notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into within sixty (60) days of invoice issuance, the outstanding amount will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than eight (8) months from the date of damage, a certified notice will be sent to the responsible party, informing them of the Borough's intent to assess attorney's fees within thirty (30) days. Should the certified mailing not be accepted within thirty (30) days, a notice will be sent to the responsible party, via USPS, informing them of the Borough's intent to assess attorney's fees within ten (10) days. After the certified notice is accepted, or ten (10) days after issuing the notice via USPS (whichever occurs first) the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than \$150.00, or with the 39th Judicial District Court of Common Pleas if the outstanding amount is greater than twelve thousand dollars (\$12,000.00) or the minimum monetary threshold for the Court of Common Pleas as adjusted. Related court costs, filing fees, and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.
- Should the outstanding amount be less than one hundred and fifty dollars (\$150.00), the Borough is unable to file a lien, and the third party collection agency reports that they have exhausted all efforts, the debt will be written off as bad debt and removed from the outstanding receivables listing, as the amount is less than the cost of the filing fee for filing suit with the Magisterial District Justice's office.
- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing, in an attempt to acquire a judgment against the third party.

- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment.
- In the event of receiving payment in full, the third party collection agency will be notified accordingly.

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

- Examples of personal property related merchandise and jobbing claims include but are not limited to: store purchases / requisitions, parade/event related work, and invoices relating to non-Borough owned personal property damage where the Borough has remedied or repaired the damage.
 - For EMS Billing claims:
 - The Ambulance Billing Specialist will first attempt to recover all associated costs via any applicable insurance procedures.
 - Upon exhausting all efforts to receive payment via insurance, the Finance Department will issue an invoice for the outstanding amount to the responsible party.
 - For personal property related merchandise and jobbing claims:
 - The Finance Department will issue an invoice for the outstanding amount to the responsible party.
 - For personal property related merchandise and jobbing invoices relating to non-Borough owned personal property damage where the Borough has remedied or repaired the damage:
 - In conjunction with the work necessary to complete the project, a Job Order will be created.
 - Upon completion of the work the department(s) responsible for the work will notify the Finance Department that the project is complete.
 - The Finance Department will verify that all large Purchase Orders (projects over One Thousand Dollars (\$1,000.00) associated with the Job Order have been closed.
 - Upon completion of the Job Order, as determined by the Finance Department, the Finance Department will issue an invoice for the outstanding amount to the responsible party, equivalent to all costs, including labor and materials, incurred plus ten percent (10%) (if labor/materials are provided by Borough) (\$10 per invoice is added if a vendor does the work, invoices the Borough, and the Borough passes along the invoice).
- Then, for both EMS Billing and personal property related merchandise and jobbing claims, the responsible party has thirty (30) days from date of invoice issuance to make a payment in full or enter into a payment agreement with the Borough.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a final notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into within sixty (60) days of invoice issuance, the outstanding amount will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than thirteen (13) months from the date of damage, a certified notice will be sent to the responsible party, informing them of the Borough's intent to assess attorney's fees within thirty (30) days. Should the certified mailing not be accepted within thirty (30) days, a notice will be sent to the responsible party, via USPS, informing them of the Borough's intent to assess attorney's fees within ten (10) days. After the certified notice is accepted, or ten (10) days after issuing the notice via USPS (whichever occurs first), the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas if the outstanding amount is greater than twelve thousand dollars (\$12,000.00) or the minimum monetary threshold for the Court of Common Pleas as adjusted. Related court costs, filing fees, and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.

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

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

- Examples include but not limited to: water and sewer line extensions, sidewalks, tap fees, opening or vacating streets, real property service order, code violations including rubbish, mowing, and invoices relating to non-Borough owned real property damage where the Borough has remedied or repaired the damage.
- In conjunction with the work necessary to complete the project, a Job Order will be created.
- Upon completion of the work, the department(s) responsible for the work will notify the Finance Department that the project is complete.
- The Finance Department will verify that all large Purchase Orders (over One Thousand Dollars (\$1,000.00) associated with the Job Order have been closed.
- Upon completion of the Job Order, as determined by the Finance Department, the Finance Department will issue an invoice for the outstanding amount to the responsible party, equivalent to all costs, including labor and materials, incurred plus ten percent (10%) (if labor/materials are provided by Borough) (\$10 per invoice is added if a vendor does the work, invoices the Borough, and the Borough passes along the invoice).
- The responsible party has thirty (30) days from date of invoice issuance to make a payment in full, enter into a payment agreement. In addition, The Borough may offer the debtor an option to enter into a loan agreement for curbs and sidewalk replacement / repair projects.
- If payment in full is not received, no payment agreement is entered into, or no Borough loan is issued, within thirty (30) days of invoice issuance, a final notice will be sent to the responsible party.
- If payment in full is not received, no payment agreement is entered into, or no Borough loan is issued within sixty (60) days of invoice issuance, but no later than six (6) months from the time any work was completed or assessed, the Finance Department will file a lien against the property, and the outstanding amount (including the costs associated with the filing of the lien) will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than thirteen (13) months from the date of invoice issuance, a certified

notice will be sent to the responsible party, informing them of the Borough's intent to assess attorney's fees within thirty (30) days. Should the certified mailing not be accepted within thirty (30) days, a notice will be sent to the responsible party, via USPS, informing them of the Borough's intent to assess attorney's fees within ten (10) days. After the certified notice is accepted, or ten (10) days after issuing the notice via USPS (whichever occurs first), the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas as a *scire facias* action if the outstanding amount is greater than \$3,000. Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.

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

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

If utility service is under a tenant's name

- The Final Invoice shall be issued to the responsible party as listed on the account.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a delinquent notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into within sixty (60) days of invoice issuance, the Final Invoice shall be issued to the property owner.
- If payment in full is not received, or no payment agreement is entered into, within thirty (30) days of invoice issuance to the property owner, a final notice will be sent to the property owner.
- If payment in full is not received, or no payment agreement is entered into, between sixty (60) days of invoice issuance to the property owner and no more than six (6) months from the date the service was supplied, a lien will be filed against the associated property parcel, and the outstanding amount (including the costs associated with the filing of the lien) will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than thirteen (13) months from the date of invoice issuance, a certified notice will be sent to the responsible party, informing them of the Borough's intent to assess attorney's fees within thirty (30) days. Should the certified mailing not be accepted within thirty (30) days, a notice will be sent to the responsible party, via USPS, informing them of the Borough's intent to assess attorney's fees within ten (10) days. After the certified notice is accepted, or ten (10) days after issuing the notice via USPS (whichever occurs first), the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas as a *scire facias* action if the outstanding amount is greater than \$3,000.00. Related court costs, filing fees, and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.
- Should the outstanding amount be less than one hundred and fifty dollars (\$150.00), the Borough is unable to file a lien, and the third party collection agency reports that they have exhausted all efforts, the debt will be written off as bad debt and removed from the outstanding receivables listing, as the amount is less than the cost of the filing fee for filing suit with the Magisterial District Justice's office.
- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing, in an attempt to acquire a judgment against the third party.
- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment.
- In the event of receiving payment in full, liens will be satisfied, and the third party collection agency will be notified accordingly.

If utility service is under the property owner's name

- The Final Invoice shall be issued to the responsible party as listed on the account.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a final notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into, between sixty (60) days of invoice issuance to the property owner and no more than six (6) months from the date the service was supplied, a lien will be filed against the associated property parcel, and the outstanding amount (including the costs associated with the filing of the lien) will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than thirteen (13) months from the date of invoice issuance, a certified notice will be sent to the responsible party, informing them of the Borough's intent to assess attorney's fees within thirty (30) days. Should the certified mailing not be accepted within thirty (30) days, a notice will be sent to the responsible party, via USPS, informing them of the Borough's intent to assess attorney's fees within ten (10) days. After the certified notice is accepted, or ten (10) days after issuing the notice via USPS (whichever occurs first), the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas as a *scire facias* action if the outstanding amount is greater than \$3,000.00. Related court costs, filing fees, and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.
- Should the outstanding amount be less than one hundred and fifty dollars (\$150.00), the Borough is unable to file a lien, and the third party collection agency reports that they have exhausted all efforts, the debt will be written off as bad debt and removed from the outstanding receivables listing, as the amount is less than the cost of the filing fee for filing suit with the Magisterial District Justice's office.
- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing, in an attempt to acquire a judgment against the third party.
- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment. Matters resulting in the filing of a lien for invoices not amounting to \$150.00, which will have since been written off as bad debt, will also be forwarded to the Borough's Collections Committee.
- In the event of receiving payment in full, liens will be satisfied, and the third party collection agency will be notified accordingly.

BOROUGH OF CHAMBERSBURG CONFLICT OF INTEREST POLICY

I. PURPOSE

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

II. DEFINITIONS

- A. **The Ethics Act** shall mean the Public Official and Employee Ethics Act, 65 Pa.C.S.A. § 1101 *et seq.*
- B. **The Borough** shall mean the Borough of Chambersburg.
- C. **Business partner** shall mean a person who, along with another person, plays a significant role in owning, managing, or creating a company in which both individuals have a financial interest in the company.
- D. **Confidential information** shall mean information not obtainable from reviewing a public document or from making inquiry to a publicly available source of information.
- E. **Conflict or Conflict of interest** shall mean use by a public official or public employee of the authority of his office or employment or any confidential information received through his holding public office or employment for the private pecuniary benefit of himself, a member of his immediate family or a business with which he or a member of his immediate family is associated. The term does not include an action having a de minimis economic impact or which affects to the same degree a class consisting of the general public or a subclass consisting of an industry, occupation or other group which includes the public official or public employee, a member of his immediate family or a business with which he or a member of his immediate family is associated..
- F. **De minimis economic impact** shall mean an economic consequence, which has an insignificant effect of less than \$1,000.
- G. **Financial interest** shall mean any financial interest in a legal entity engaged in business for profit, which comprises more than five percent (5%) of the equity of the business or more than five percent (5%) of the assets of the economic interest in indebtedness.
- H. **Honorarium** shall mean payment made in recognition of published works, appearances, speeches and presentations, and which is not intended as consideration for the value of such services which are nonpublic occupational or professional in nature. The term does not include tokens presented or provided which are of de minimis economic impact.
- I. **Immediate family** shall mean a parent, parent-in-law, spouse, child, spouse of a child, brother, brother-in-law, sister, sister-in-law, or the domestic partner of a parent, child, brother or sister.

III. DELEGATION OF RESPONSIBILITY

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

IV. GUIDELINES

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

A. Disclosure of Financial Interests

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

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

B. Standards of Conduct

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

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

The Borough shall not enter into any contract with a Town Council member, elected official, or employee, or his/her spouse or child, or any business in which the person or his/her spouse or child is associated valued at \$500 or more, nor in which the person or spouse or child or business with which

¹ 65 Pa.C.S.A. § 1104(b)(2).

² 65 Pa.C.S.A. § 1104.

³ 2 CFR § 200.318(c)(1).

⁴ Id.

associated is a subcontractor unless the Town Council has determined it is in the best interests of the Borough to do so, and the contract has been awarded through an open and public process, including prior public notice and subsequent public disclosure of all proposals considered and contracts awarded. In such a case, the Town Council member, elected official, or Borough employee shall not have any supervisory or overall responsibility for the implementation or administration of the contract.

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

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

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

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

C. Improper Influence

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

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

D. Reporting

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

⁵ 8 Pa.C.S.A. § 1402(b).

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

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

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

E. Investigation

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

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

F. Disciplinary Actions

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

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

The Borough Manager, of his designee, shall have the sole right to impose, or not impose, disciplinary action, which is deemed to be a reasonable response to enforcement of this policy.

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

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

I. GENERAL PROCUREMENT GUIDELINES AND STANDARDS

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

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

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

1. The Borough will use their own procurement procedures, which reflect applicable State and Borough laws and regulations, provided that the procedures conform to applicable Federal Law and standards identified below. In the event of any conflict between Borough, state, and federal law, the Borough shall abide by the strictest requirement imposed. For example, if the Borough Code provides for a lower monetary threshold to trigger competitive bidding than federal regulations, the Borough will use the lower threshold.
2. The Borough will maintain contract administration systems, which ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.⁶

⁶ 2 C.F.R. § 200.318(b).

3. The Borough will maintain written standards of conduct governing the performance of Borough employees engaged in the award and administration of contracts. No employee, officer, or agent of the Borough shall participate in the selection, award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when a) the employee, officer or agent, b) any member of his or her immediate family, c) his or her partner, or d) an organization which employs, or is about to employ, any of the above, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. Employees, officers, or agents of the Borough will neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. To the extent permitted by the Borough Code and other state or local laws and regulations, these standards of conduct will provide for penalties, sanctions, or other disciplinary actions for violations of these standards by the contractors or their agents. The Borough may, in regulations, provide additional prohibitions relative to real, apparent, or potential conflicts of interest.⁷
4. Proposed procurements must be reviewed to avoid duplicative or unnecessary purchases.⁸ This review should include an analysis of the following considerations:
 - i. whether breaking out or consolidating procurements would be more economical,⁹
 - ii. whether a purchase or lease would be more economical,¹⁰
 - iii. whether procurement of common goods or services with other State or local entities would be more economical, including but not limited to state and local government cooperative purchasing opportunities for the procurement or use of common goods or services provided by law,¹¹
 - iv. whether use of Federal excess or surplus property in lieu of purchasing new equipment is feasible and economical,¹²
 - v. the feasibility of “value engineering” for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.¹³

⁷ 2 C.F.R. § 200.318(c).

⁸ 2 C.F.R. § 200.318(d).

⁹ Id.

¹⁰ Id.

¹¹ 2 C.F.R. § 200.318(e).

¹² 2 C.F.R. § 200.318(f).

¹³ 2 C.F.R. § 200.318(g).

5. Contracts should only be awarded to responsible contractors possessing the ability to perform the proposed procurement. The Borough shall consider contractor integrity, compliance with public policy, record of past performance, and financial and technical resources in determining whether a contractor is suitable to perform.¹⁴
6. The Borough alone will be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, A) source evaluation, B) protests, C) disputes, and D) claims. These standards do not relieve the Borough of any contractual responsibilities. Federal funding agencies will not substitute their judgment for that of the Borough unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.¹⁵
7. Protest procedures will be maintained by the Borough to handle and resolve disputes relating to their procurements, and shall, in all instances, disclose information regarding the protest to the awarding agency. A protestor must exhaust all administrative remedies with the Borough before pursuing protest with the Federal Agency. Reviews of protests by the Federal Agency will be limited to violations of Federal law or regulations.
8. The Borough may only use “time and materials type” contracts only (1) after a determination that no other contract is suitable, and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk.¹⁶
9. The Borough shall maintain a financial and records management system that allows it to connect any federal funds received to goods or services purchased with those funds. For any such purchases, the Borough should maintain records that sufficiently detail the relevant history of the procurement including, but not limited to: (A) the rationale for the method of procurement; (B) the selection of contract type; (C) the contractor selection or rejection; and (D) the basis for the contract price.¹⁷

II. COMPETITION

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

¹⁴ 2 C.F.R. § 200.318(h).

¹⁵ 2 C.F.R. § 200.318(k).

¹⁶ 2 C.F.R. § 200.318(j).

¹⁷ 2 C.F.R. § 200.318(i).

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

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

¹⁹ 2 C.F.R. § 200.319(a)(1-7).

²⁰ 2 C.F.R. § 200.319(b).

²¹ 2 C.F.R. § 200.319(c).

²² 2 C.F.R. § 200.319(d).

III. METHODS OF PROCUREMENT TO BE FOLLOWED

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

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

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

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

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

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

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

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

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

²⁷ 2 C.F.R. § 200.321(a).

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

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

V. CONTRACT COST AND PRICE

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

1. Price and Cost Analysis is required for all proposals submitted by offerors for evaluation and negotiation. The Borough should make independent estimates before receiving bids or proposals.³² Contents of the cost proposal should be in consonance with the contractor's accounting system which must be operationally capable of segregating costs by contract. Offerors should certify that individual elements of cost are true, correct and verifiable from the contractor's accounting system. The Borough shall compare graphically each contractor's cost proposal using spreadsheets.
2. Costs or prices based on estimated costs for contracts under grants will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices are consistent with

²⁹ 2 C.F.R. § 200.321(b)(1-6).

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

³¹ 2 C.F.R. § 200.323.

³² 2 C.F.R. § 200.323(b).

Federal cost principles (2 C.F.R. § 200.403, *et seq.*). Grantees may reference their own cost principles that comply with the applicable Federal cost principles.³³

3. The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.³⁴

VI. CONTRACT ADMINISTRATION

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

1. Delegations of administrative responsibility to designated personnel who are selected for their technical and administrative capability to administer the contract effectively.
2. Inspection and acceptance of all contractor deliverables.
3. Demand for and review of progress reports to determine whether contract delivery milestones are being met or appropriate corrective action.
4. Invoice processing.
5. Subcontracting review and consent procedures.
6. Contract close-out procedures and administration.

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

VII. BONDING REQUIREMENTS

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

1. A Bid Security from each bidder in the amount of ten (10%) percent of the bidder's maximum bid price. The "Bid Security" must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will,

³³ 2 C.F.R. § 200.323(c).

³⁴ 2 C.F.R. § 200.323(d).

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

³⁶ 2 C.F.R. § 200.325.

upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

2. A Performance Bond on the part of the contractor for One Hundred percent (100%) of the contract price. A Performance Bond is one executed in connection with a contract to assure performance as required by law of all persons supplying labor and materials in the execution of the work provided for the contract.
3. A Payment Bond on the part of the contractor for One Hundred percent (100%) of the contract price. A Payment Bond is executed in connection with a contract to assure payment as required by law of work provided for the contract.
4. Ultimately, the Borough Manager is empowered to make the final decision on the form, quantity, term, and rules associated with all securitization.

VIII. CONTRACT PROVISIONS

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

1. Contracts for more than the simplified acquisition threshold currently set at Two Hundred Fifty Thousand (\$250,000.00) dollars, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. § 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
2. All contracts in excess of Ten Thousand (\$10,000.00) dollars must address termination for cause and for convenience by the Borough including the manner by which it will be effected and the basis for settlement.
3. Equal Employment Opportunity—Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”
4. Davis-Bacon Act, as amended (40 U.S.C. §§ 3141-3148)—When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by the Borough must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. §§ 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor

³⁷ 2 C.F.R. § 200.326.

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

parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

9. **Byrd Anti-Lobbying Amendment (31 U.S.C. § 1352)**—Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. § 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.
10. **Procurement of recovered materials (2 CFR § 200.322)**—The Borough and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds Ten Thousand (\$10,000.00) dollars or the value of the quantity acquired during the preceding fiscal year exceeded Ten Thousand (\$10,000.00) dollars; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

Glossary

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

Administrative - Pertaining to management of functions and activities, as opposed to legislative and judicial decision-making. Administrative functions are often under the control of the Borough Manager or his designee; rather than Council.

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

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

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

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

The property assessment for the Borough of Chambersburg, as calculated by the Franklin County Board of Assessment, as of September 30, 2019, is \$205,607,440.

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

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

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

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

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

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

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

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

Capital Improvements Plan - A schedule of purchase or construction of items of high cost, over \$10,000, such as fire apparatus, streets and buildings, with a useful life over five years, together with a plan for spending and receiving the money to pay for the items. Each year Town Council reviews and adopts such a plan contemporaneous with the budget.

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

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

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

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

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

Developer - Any landowner, agent of such landowner, or tenant with the permission of such landowner, who makes or causes to be made a subdivision of land or a land development including but not limited to construction.

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

to the adjacent land and the easement rights are relinquished when the public or quasi-public use ceases. Chambersburg utilities own, maintain, and require the establishment of many easements.

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

Eminent Domain - The concept of the power of certain governmental entities to acquire, for public use, privately owned real estate by means of legal processes and adjudicated compensation to the private owner. In such cases, the private proper is always paid compensation for the acquisition of their property.

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

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

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

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

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

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

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

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

Governing Body - The Town Council.

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

Health Code – With respect to Pennsylvania Act 106 of 2010, which established Chapter 57, Food Protection, in Title 3 of the Consolidated Statutes, which set statewide standards for retail and all other food safety inspections through two laws to be known as The Retail Food Safety Act as well as those related sections of Chapter 65, Food Employee Certification Act, which together are known as The Food Safety Act, and as referred to collectively in municipality local laws as the Health Code.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Plat - The official map of a subdivision of land.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Which is not a combined sewer; and

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

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

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

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

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

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

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

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

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

2019 Functions and Departments (Sorted by Department)

| Department | Cost Center | Department Head |
|----------------|--|-------------------------|
| ADMIN SERVICES | UTILITY ADDITION OPERATIONS | Finance Director |
| ADMIN SERVICES | PERSONNEL PAYROLL | Borough Manager |
| ADMIN SERVICES | INFO TECHNOLOGY | Borough Manager |
| ADMIN SERVICES | CUSTOMER SERVICE/FINANCE | Finance Director |
| ADMIN SERVICES | CLERICAL POOL | Borough Manager |
| ADMIN SERVICES | GENERAL ADMIN & SUPPLIES | Finance Director |
| ADMIN SERVICES | ADMIN CAP PROJECTS | Finance Director |
| ELECTRIC | DIESEL PRODUCTION OPERATION | Electric Superintendent |
| ELECTRIC | DIESEL PRODUCTION MAINTENANCE | Electric Superintendent |
| ELECTRIC | PURCHASE POWER OPERATION & MAINTENANCE | Electric Superintendent |
| ELECTRIC | TRANSMISSION SYSTEM OPERATION MAINTENANCE | Electric Superintendent |
| ELECTRIC | DISTRIBUTION SYSTEM OPERATION | Electric Superintendent |
| ELECTRIC | DISTRIBUTION SYSTEM MAINTENANCE | Electric Superintendent |
| ELECTRIC | CUSTOMER ACCOUNTING & COLLECTING | Electric Superintendent |
| ELECTRIC | GENERAL & ADMINISTRATIVE | Electric Superintendent |
| ELECTRIC | CAPITAL OUTLAY - PURCHASE POWER FACILITIES | Electric Superintendent |
| ELECTRIC | CAPITAL OUTLAY - DIESEL PLANT | Electric Superintendent |
| ELECTRIC | CAPITAL OUTLAY - TRANSMISSION SYSTEM | Electric Superintendent |
| ELECTRIC | CAPITAL OUTLAY - DISTRIBUTION SYSTEM | Electric Superintendent |
| ELECTRIC | CAPITAL OUTLAY - GENERAL EQUIPMENT | Electric Superintendent |
| ENGINEERING | FIELD EXPENSES | Deputy Borough Manager |
| ENGINEERING | GENERAL & ADMINISTRATIVE | Deputy Borough Manager |
| ENGINEERING | CAPITAL OUTLAY - ENGINEERING EQUIPMENT | Deputy Borough Manager |
| GAS | PURCHASE GAS OPERATION & MAINTENANCE | Gas Superintendent |
| GAS | TRANSMISSION OPERATION | Gas Superintendent |
| GAS | TRANSMISSION MAINTENANCE | Gas Superintendent |
| GAS | DISTRIBUTION OPERATION | Gas Superintendent |
| GAS | DISTRIBUTION MAINTENANCE | Gas Superintendent |
| GAS | CUSTOMER ACCOUNTING & COLLECTING | Gas Superintendent |
| GAS | GENERAL & ADMINISTRATIVE | Gas Superintendent |
| GAS | CAPITAL OUTLAY - TRANSMISSION SYSTEM | Gas Superintendent |
| GAS | CAPITAL OUTLAY - DISTRIBUTION SYSTEM | Gas Superintendent |
| GAS | CAPITAL OUTLAY - GENERAL EQUIPMENT | Gas Superintendent |

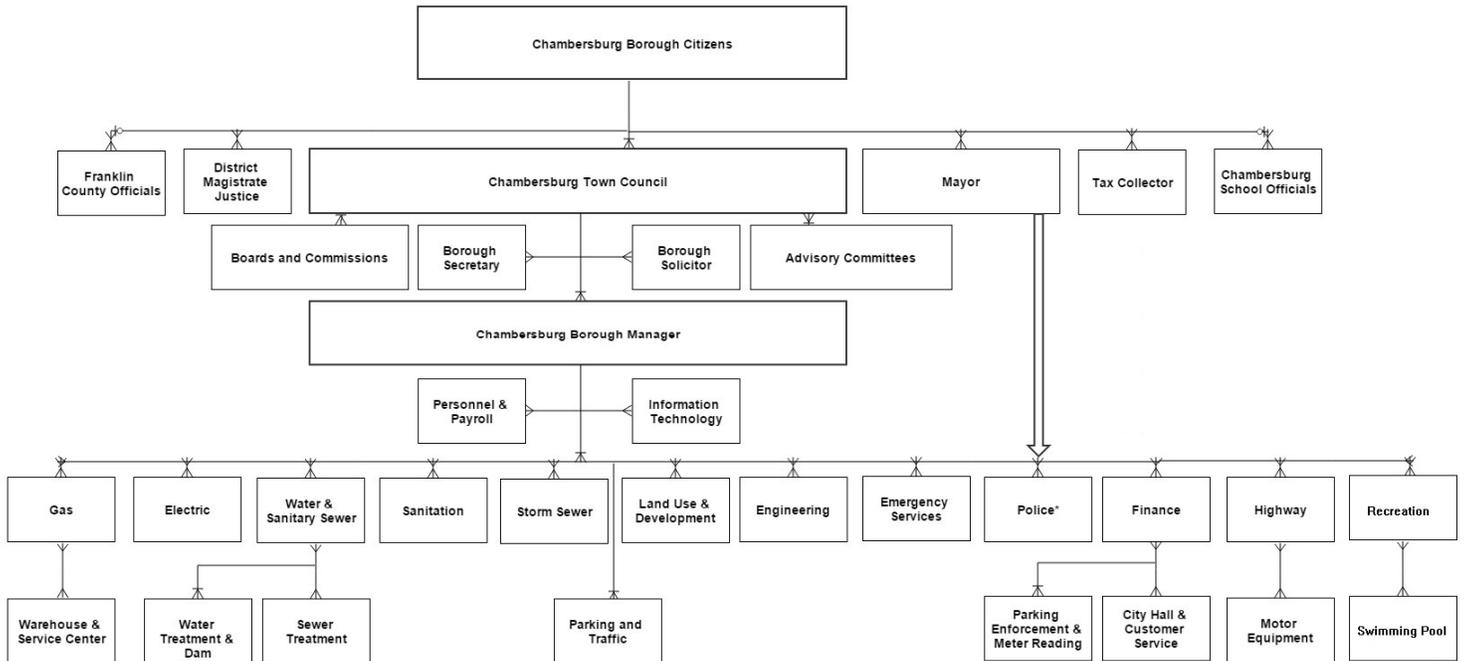
| Department | Cost Center | Department Head |
|-----------------|--|------------------------------|
| GENERAL | GENERAL GOVERNMENTAL & COUNCIL | Borough Manager |
| GENERAL | HIGHWAY | Assistant Borough Manager |
| GENERAL | FIRE & EMS | ES Chief |
| GENERAL | POLICE | Police Chief |
| GENERAL | RECREATION | Recreation Superintendent |
| GENERAL | LAND USE & COMMUNITY DEVELOPMENT | Deputy Borough Manager |
| GENERAL | CIVIC & COMMUNITY AFFAIRS | Borough Manager |
| SWIMMING POOL | FACILITY OPERATING EXPENSES | Recreation Superintendent |
| SWIMMING POOL | GENERAL & ADMINISTRATIVE | Recreation Superintendent |
| SWIMMING POOL | CAPITAL CONSTRUCTION | Recreation Superintendent |
| LIQUID FUELS | STATE GRANT PROGRAM | Borough Manager |
| MOTOR EQUIP | GARAGE OPERATION | Assistant Borough Manager |
| MOTOR EQUIP | MOTOR VEHICLE UPKEEP | Assistant Borough Manager |
| MOTOR EQUIP | GENERAL & ADMINISTRATIVE | Assistant Borough Manager |
| MOTOR EQUIP | CAPITAL OUTLAY - GARAGE EQUIPMENT | Assistant Borough Manager |
| PARKING TRAFFIC | METERED PARKING OPERATION & MAINTENANCE | Borough Manager |
| PARKING TRAFFIC | PARKING & TRAFFIC | Borough Manager |
| PARKING TRAFFIC | STREET LIGHTING | Borough Manager |
| PARKING TRAFFIC | GENERAL & ADMINISTRATIVE | Borough Manager |
| PARKING TRAFFIC | CAPITAL OUTLAY - GENERAL | Borough Manager |
| PROJECT HEAT | OPERATING EXPENSES | Borough Secretary |
| FIRE TAX | REAL ESTATE TAX FOR FIRE EQUIPMENT & WAGES | Finance Director |
| AMBULANCE TAX | REAL ESTATE TAX FOR AMBULANCE WAGES | Finance Director |
| RECREATION TAX | REAL ESTATE TAX FOR THE RECREATION BOND ONLY | Finance Director |
| SANITARY SEWER | TREATMENT PLANT | Sewer & Water Superintendent |
| SANITARY SEWER | COLLECTION SYSTEM | Sewer & Water Superintendent |
| SANITARY SEWER | CUSTOMER ACCOUNTING & COLLECTING | Sewer & Water Superintendent |
| SANITARY SEWER | GENERAL & ADMINISTRATIVE | Sewer & Water Superintendent |
| SANITARY SEWER | CAPITAL OUTLAY - TREATMENT PLANT | Sewer & Water Superintendent |
| SANITARY SEWER | CAPITAL OUTLAY - COLLECTION SYSTEM | Sewer & Water Superintendent |
| SANITARY SEWER | CAPITAL OUTLAY - GENERAL EQUIPMENT | Sewer & Water Superintendent |
| SANITATION | DISPOSAL SYSTEM | Assistant Borough Manager |
| SANITATION | COLLECTION SYSTEM | Assistant Borough Manager |
| SANITATION | RECYCLING PROGRAM | Assistant Borough Manager |
| SANITATION | GREEN YARD WASTE RECYCLING CENTER | Assistant Borough Manager |
| SANITATION | STREET SWEEPING & ALLEY CLEANING | Assistant Borough Manager |
| SANITATION | MOWING, WEED CONTROL & VECTOR CONTROL | Assistant Borough Manager |
| SANITATION | CUSTOMER ACCOUNTING & COLLECTING | Assistant Borough Manager |
| SANITATION | GENERAL & ADMINISTRATIVE | Assistant Borough Manager |
| SANITATION | CAPITAL OUTLAY - GENERAL | Assistant Borough Manager |
| SANITATION | CAPITAL OUTLAY - GREEN WASTE RECYCLING CNR | Assistant Borough Manager |

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

In 2020, there are anticipated to be no organizational changes of the Borough of Chambersburg, however two outsourced functions were reintegrated into existing Borough operations:

First, enforcement of the Health Code/Restaurant Inspections was reintegrated in the Codes Office from a third party code enforcement vendor. Second, residential recycling was reintegrated into the Sanitation Department from a third party sanitation vendor.

Organizational Chart



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

Act 37 of 2014 Revised the Pennsylvania Borough Code

The Borough Code was in one form from 1966 to 2014; and, contained many provisions that were archaic or in conflict with other statutes. Some might say it still does. When the Pennsylvania State Association of Boroughs (PSAB) established the Borough Code Revision Committee as an ad hoc committee in 2003, it set about to modernize the State Law. The committee formally requested the ongoing participation, technical advice, and expertise of the Local Government Commission staff in their comprehensive Code revision, based on the Commission's experience with the Second Class Township Code Recodification in 1995 and efforts on the Third Class City Code Recodification (introduced as Senate Bill 497 in the 2013-2014 Legislative Session, and enacted as Act 22 of 2014).

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

Act 37 of 2014 incorporated the provisions of the Borough Code, the act of February 1, 1966 (1965 P.L. 1656, No. 581), as amended and reenacted by Act 43 of 2012, into Title 8 (Boroughs and Incorporated Towns) of the Pennsylvania Consolidated Statutes. Act 43 was a several year effort of PA State Association of Boroughs and the Local Government Commission to modernize the Code.

Working with the Legislative Reference Bureau, Act 37 places the language of the Borough Code into Consolidated Statute format and incorporates a number of technical and substantive changes. House Bill 1719, Printer's Number 3275, became Act 37 of 2014 when it was signed into law by the Governor on April 18, 2014. The new consolidated statute is effective on June 18, 2014.

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

Chambersburg Non-Bargaining Employees Pay Plan

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

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

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

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

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

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

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

When Town Council offers cost of living adjustments (the COLA in 2020 will be 1.95%), the entire table moves up by the cost of living adjustment. Council has been very generous with cost of living adjustments to the tables.

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

11/12/2019



General Fund Budget

As Proposed for 2020 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

General Fund Budget

As Proposed for 2020

The General Fund is not the largest account of the Borough, it does not employ the most employees, it does not handle the largest amount of revenue, nor is it as complex to manage as the other funds of the Borough. However, the General Fund is the main “GOVERNMENTAL” fund and the home of the most basic municipal operations of the Borough; it therefore, gets the most scrutiny. In many towns, the General Fund is the primary fund. In most boroughs in Pennsylvania, the General Fund would house almost all municipal employees and operations. That is not true in Chambersburg. However, the General Fund must house our most basic municipal operations. The General Fund is comprised of six (6) departments:

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

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

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

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

Land Use & Community Development – The Land Use & Community Development Department, affectionately known as “Lu Com Dev”, combines Planning, Zoning, Property Maintenance, Economic Development, and Code Enforcement, which now includes residential rental and restaurant inspections. Engineering and Storm Sewer are closely related, but are not in the General Fund. “Lu Com Dev” is under the supervision of the Deputy Borough Manager/Land Use & Development Director, and the Administration of the Borough Manager.

Highway Department – The maintenance and street crew handles street maintenance, signs, some landscaping, cleanup, moving, hauling, mounting, snow/ice/rain/wind storm response, fountains, and other street related functions. It is under the supervision of the Assistant Borough Manager/Public Works Director, and the Administration of the Borough Manager.

Unlike the utilities or the internal service funds, the General Fund receives all of its revenue from either taxes, as established by State Law, fees (land use, recreation, ambulance, etc.) or transfers from other funds. The General Fund is the fund that engenders the most complex analysis of revenues and expenditures. The General Fund balances every year, cannot run a deficit, and the Borough will not use debt to balance its budget per adopted financial policies. Finally, we should not use savings to balance the General Fund either; as that shows bad financial planning. Those are poor practices exhibited in Harrisburg and Washington.

Revenues



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

No taxes used to supplement utility operations. In fact, just the opposite, our Electric and Gas utilities pay taxes (similar to private companies) to the General Fund. The Water Department paid through 2013, but we ceased that practice. A possible change in State Law that would prohibit water utilities from making payments for general government operations caused it to stop in anticipation. These payments are Payments in Lieu of Gross Receipts Taxes or PILOTs. In 2017, there was a law introduced in the General Assembly to end this practice in principle (although it talks of transfers and not PILOTs) from Borough electric departments. That change would be catastrophic for the Borough of Chambersburg’s General Fund finances. Therefore, we have actively fought to oppose it. We need to protect the right of Town Council to manage the finances of the Borough.

The Borough is very careful to keep our utilities and our General Fund separate. Those functions that are multi-department functions (such as the Finance Department or the Motor Equipment Fund) are also kept out of the General Fund because they are shared departments; known as internal services. Therefore, the only functions that remain in the General Fund are the functions that are required to be there by generally accepted accounting principles (GAAP). Our system of clearing all shared services out of the General Fund is a very unusual practice among municipalities and reflects the importance of utilities (in separate enterprise funds) in our budget. In Chambersburg, in order to follow our use of cost based accounting, back office operations (clerical, information technology, personnel, accounting, etc.) are not in our General Fund.

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

Based on a property’s appraised value rather than the resources of the property owner, real estate or property taxes are regressive, non-elastic, and are generally unfair ways to raise revenue. In Chambersburg, we have historically used property taxes for one purpose only: to fund the Chambersburg Police Department.

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

In this 2020 Budget, the Borough Manager has proposed the repeal and elimination of the ½ mil ambulance tax. Therefore, that tax is no longer included in these estimates.

The remaining real estate tax is split: first, a general levy, which is used exclusively for the Police Department; second, a fire levy, which must be shared with about 80% going exclusively to provide fire equipment and vehicles in the Motor Equipment Fund, with 20% of the fire levy used for the Emergency Services Department operations in the General Fund. Police and Fire will be the only use of real estate

taxes in the General Fund budget. **No real estate tax will pay for any operations of the Borough of Chambersburg other than police and fire services.**

While this 2020 Budget reflects the decision made by Town Council to invest in the recreation infrastructure of our community, the establishment of the Recreation Bond Tax in 2018 is key to the explanation that *it does not support the operations of the Recreation Department*. To make the debt payments annually for the 2016 Recreation Bond, which is debt, not held by the General Fund (as the General Fund holds no debt), all the proceeds from that tax are used. The Recreation Bond Tax does not affect the General Fund, but the Recreation Department operations *are* in the General Fund. As a result, it remains true that in Chambersburg, our citizens pay no dedicated Recreation Tax, no dedicated Highway Tax, and no taxes at all to support any of the Borough’s operations, employees, utilities, or utility support departments other than police and fire.

The 2020 Budget recommends no change in the Police and Fire Tax, with elimination of the Ambulance Tax. These are the real estate taxes that impact the General Fund:

| Type of Real Estate Taxes | 2020 | Destination |
|--|-------------|-----------------------------|
| Police Tax – Real estate tax levy (24 mil for Police operations) | \$4,605,000 | General Fund |
| Fire Tax – Real estate tax levy (3 mil for Fire Department) | \$618,580 | |
| Required deduction of 2.5 mil to transfer for Fire apparatus per State Law | -510,000 | To the Motor Equipment Fund |
| <i>Net Fire Tax for General Fund Operations</i> | \$108,580 | General Fund |
| Recreation Bond Tax – Real estate tax levy (3 mil for 2016 Rec Bond) | \$594,200 | To the Recreation Bond Fund |

Used for operations, only the Police Tax (\$4.6 million) and ½ mil of the Fire Tax (\$108,500) accrue to the General Fund. Further, the Fire Tax is at a State imposed cap of 3 mil with a State mandated 2.5 mil transfer to Motor Equipment.

Almost all employees of the Borough and most of the equipment of the Borough, is owned and operated by our utility departments (Electric, Gas, Water, Sanitary Sewer, Storm Sewer, and Sanitation Departments) and our utility support departments (engineering, motor equipment, and administrative services). Your taxes do not support any utility operations, personnel or equipment.

This budget includes no tax increase. In fact, it offers a small decrease and shift of funding from a tax to a fee. With respect to taxes, it includes the same basic tax structure as all budgets in the recent past. It maintains the Police Tax, unchanged for a second straight year. It maintains the Fire Tax, unchanged for a second straight year. It maintains the Recreation Bond Tax, unchanged for its third year. Finally, it recommends the repeal of the Ambulance Tax, a small tax, which had provided some emergency medical services funding in prior years.

Who works in the General Fund?

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

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

In the Recreation Department, the four parks and recreation maintenance employees work in the General Fund. The Recreation Superintendent (except when she works on Aquatic Center issues), works in the General Fund. Half of the Aquatic Center and Sports League Coordinator (for about half the time when he works on sports leagues) and half of the Recreation Programs and Office Assistant (for about half the time when she works on Recreation Department programming). All the referees and part time sports program

employees work in the General Fund. None of the Aquatic Center employees nor the Aquatic Center maintenance supervisor work in the General Fund.

In Land Use and Community Development, all the codes office employees work in the General Fund. The food inspector, economic development specialist, and the quality of life code inspector work in the General Fund. However, unless billing his or her time to a General Fund department, there is no pay through the General Fund for any Engineering Department employee. There is no pay through the General Fund for any of the clerical employees. The Deputy Borough Manager works partially in the General Fund, but also in Engineering and in the Storm Sewer Utility.

In the Highway Department, all the maintenance crew employees work in the General Fund. The mechanics in the garage work for the Motor Equipment Fund. The Sanitation Fund is where you would find the collection crew including the street sweeper. The supervisory staff works mostly for the Motor Equipment Fund and the Sanitation Fund, but not the General Fund. The Assistant Borough Manager splits his time. There is no pay through the General Fund for any of the clerical employees.

In the end, public safety is the source of most General Fund employees and expenses.

Further, when adding personnel, it is done deliberately when in the General Fund, as taxes generate most of the revenue. We do not have personnel-flexibility as in the utilities and other funds. In the 2020 Budget, it is proposed that while there will be additional personnel, only 1.5 additional employees are added to the General Fund, the new Food Inspector and the expansion of the Quality of Life Code Enforcement Officer from part-time to full-time status.

Fees

As one can tell, we try whenever possible to use fees to supplement the cost of operation of the General Fund. One interesting accounting point, all the revenue, no matter the source, can be cross-shared between General Fund departments. Our earmarking of revenue is to encourage transparency in government.

The Police Department earns a small amount of income from fines and fees. The Emergency Services Department brings in significant revenue from their operation of the Ambulance services, but not much from the Fire Code Enforcement program. The Land Use & Community Development Department does not generate much income as many services they provide are free or near free. The Recreation Department generates reliable income from their programming, but Recreation Departments do not generally cover their expenses.

The business model for the General Fund is poor. It is a governmental fund and it exists to improve the quality of life in the community. Even with the fees it collects, it is not a strong financial leader. Certainly, not like the utilities.



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

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

This is the eleventh budget in the last 14 years with no increase. The Borough of Chambersburg did not raise real estate taxes between 2007 and 2013; then there was an increase in 2014, a second increase in 2016, and a third in 2018. Chambersburg has not raised the real estate tax rate in most years, in recent history. Others often raise taxes on our taxpayers, such as Franklin County or the Chambersburg Area School District; and, that sometimes leads to confusion. In 2014, 2016, and 2018, the Borough raised the real estate tax rate, but only to fund police and fire services, and in 2018 to begin paying off the 2016 Recreation Bond. Beginning a decade ago, and through 2020, there is a constant theme in our finances: real estate tax increases were rare and only dedicated to funding police and fire services.

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

2. Why do I pay so much in taxes?

In 2020, the Borough will only collect a small portion of the taxes you pay. Most of your taxes do not go to the Borough. In fact, most of your taxes go to support other government agencies despite the fact that the Borough supplies most of your services.

3. The Borough has so many employees, so many trucks, is that where my tax money goes?

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

4. Why if I live in the township, do I pay taxes to the Borough?

Unless you own property inside the Borough, or have a job inside the Borough, you pay the Borough no taxes. Further, if you just have a job in the Borough you pay only \$1 per week to the Borough and nothing else. In fact, almost no township residents contribute any tax money to the Borough. For example, the Sales Tax collected at stores inside the Borough all goes to support others, not the Borough. Finally, the Borough has no relationship with Chambersburg Area School District taxes or Franklin County taxes.

5. Why does the Chambersburg Area School District have such high taxes?

The independently elected School Board and not the Borough sets the budget and tax rates for the Chambersburg Area School District. The Borough has no say in these issues.

6. Why does Franklin County have such high taxes?

The independently elected County Commissioners and not the Borough sets the budget and tax rates for Franklin County. The Borough has no say in these issues.

7. Where do my taxes go?

Until 2014, 100% of the real estate taxes collected by the Borough of Chambersburg were used exclusively to support the Chambersburg Police Department. In 2014, a small share

was added to support the Chambersburg Emergency Services Department. The Borough used all the real estate taxes collected within the Borough exclusively and to support the Police Department and the operations of the Chambersburg Emergency Services Department; none of this revenue is used to support any other department or operation. As of 2020, we will still only use real estate taxes to support Police and Fire; and, the debt services associated with the pool and park 2016 Recreation Bond. For highways, streets, code enforcement, parks, or any other employees such as the Borough Manager, or any other operation or utility of the Borough other than public safety, no real estate taxes are used. This is true in the 2020 Budget as well.

The other state mandated taxes are set by law and are not changed year-to-year. They include the Local Services Tax, which is a \$1 per week tax on workers inside the Borough. Also, the Earned Income and Wage Tax, which is a ½ of 1% tax on wages (not investments or retirement benefits) earned by those who live inside the Borough. Finally, the Deed Transfer Tax, which is a ½ of 1% tax on sold or transferred property inside the Borough. Together, along with fees and fines, these categories make up the only revenues.

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

Finally, the other revenue received by the General Fund is grants. In most years, most towns receive very little grant money, although we fight for a fair share. As usual, in 2020, the Borough is lucky to receive some Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels). In addition, to keep up with all highway maintenance on Borough streets money left over from the previous fiscal year is used. Street repair is extremely expensive and Highway Aid is very small.

8. Doesn't the Borough get a lot of money for all the new businesses near Norland Avenue?

The Borough utilities sell a considerable amount of utility services in this new neighborhood increasing the size of the Borough's independent utility accounts. However, these developments generate very little additional taxes to support the Borough. Most of the revenue they create is in the form of Sales Tax and in Pennsylvania, local municipalities receive no Sales Tax share. Further, the sale of alcohol generally provides almost zero income to the host municipality. The developments are very good for our community and create lower unemployment, but they do not generate income proportional to the responsibilities they create for police, fire, and traffic.

9. Doesn't every property owner contribute real estate taxes for police and fire?

No, many types of properties are exempt under State law from paying real estate taxes. Those exempted properties include schools, colleges, churches, charities, and other government agencies. Therefore, while these property owners add to the economic vitality of our community, they do not necessarily contribute any money to support police or fire services. However, some of these agencies (Chambersburg Hospital is a good example) make a voluntary contribution in support of the Borough's public safety services regardless of their tax-exempt status. We encourage all tax-exempt property owners to donate to the police and fire services every year through a letter writing campaign each spring.

10. Why can't you bill people directly for police and fire instead of using real estate taxes?

State law prohibits the levy of taxes as a fee on persons (called per capita taxes). Instead, the law allows us only to use property as the sole means to determine how much tax to collect. Therefore, if you rent your property, your landlord will pay the real estate tax and it will be reflected in the rent you pay. There is no other system allowed. The Ambulance Club is not a tax or fee; rather, it is more like a donation. You

provide us a gift and in exchange, we accept assignment from your health insurance company if you need to use the Borough ambulance service.

In 2020, this budget proposes the foundation of a **\$7 per month per utility invoice fee** to support the Ambulance services. Nothing under the law prevents a fee in support of the Ambulance service, but a fee cannot collect a fee for general Fire Department operations. Further, this is a Borough operation utilizing Borough employees and Borough equipment. Utility customers will pay their fair share.

11. If the police and fire are paid for by Borough non-exempt real estate owners, why do they respond to police and fire calls in the townships?

State law requires that emergency services respond to all dispatches for health and safety. The Borough's emergency services will always support our township neighbors regardless of money issues. We also enjoy the support of the various volunteer fire companies from the townships and the Pennsylvania State Police. Mutual aid is a very important principle in public safety.

12. How can the Borough afford police officers and fire fighters when the money to pay for them can only come from such a small group of taxpayers?

We agree that the system is broken. We can envision nothing but painful tax increases in the future to pay for growing police and fire expenses. Something must change in the next few years.

13. Why don't most of the townships have local real estate taxes?

The local townships do not have police departments. They rely on the Pennsylvania State Police. They do not have township employee fire departments. They rely on the generosity of volunteer firefighters. All of the Borough's local real estate taxes go for these functions. Moreover, while some wish the Borough did not have paid police and fire departments, unfortunately, we cannot go back.

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

No, it is not practical or legal at this point. Further, Council agreed to add additional paid firefighters in 2017. The truth is we would be skeptical to rely exclusively on the shrinking ranks of volunteers alone. Further, we are worried that the Pennsylvania State Police or the dwindling firefighters in the townships will be sufficient to protect the townships alone; not to mention our Borough, in decades to come. The best new system would be a united system of Borough paid firefighters, Borough police officers, and regional township volunteers all working in one organization; one regional effort. We support the growth of our police and fire departments and providing *our* services expanded into the townships; one Chambersburg "area" force.

To that end, in the proposed 2020 Budget, we have requested that the townships take the first step and consider allowing the Chambersburg Emergency Service Department to do **fire safety code inspections at commercial businesses in the townships**. This new service would have been a precursor of our future cooperation. So far, there has been no public support for this first important step.

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

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

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

We use the other taxes of the Borough (such as Earned Income Tax and Deed Transfer Tax) to pay for the Highway Department operations and the Recreation Department operations. The Sanitation Department is a separate utility (not unlike the Electric, Gas, Water, or Sewer Departments) and they keep the streets clean, free of leaves, and well swept. The new Chambersburg Aquatic Center is also run like a utility and, in 2019, it covered all its own operating expenses. Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels) funds highway construction projects. Our grant only pays for street construction made to Borough owned streets. Keeping up with all highway maintenance on Borough streets without a dedicated funding source is very challenging. Finally, generally, fees support the Land Use & Community Development programs.

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

17. Why are Borough streets in such bad shape?

First, it is important to recognize that the Borough does not own or maintain many of the streets inside the Borough. The Pennsylvania Department of Transportation maintains most of the major streets such as Main Street, Memorial Square, Lincoln Highway, Second Street, Loudon Street, Wayne Avenue, Scotland Avenue, Philadelphia Avenue, and many others. Of course, if the Borough utility departments cut a State owned street, then PennDOT makes the utility fix the street. However, when others cut the street, PennDOT and the Borough both watch to make insure contractors repair their cuts. The Borough owns most of the side streets and many of the alleys. When the Borough plans to pave a street, the Borough utilities start fixing pipes under those particular streets about two years before. With so many old streets, the Borough, and contractors, fix many pipes at any one time. On most streets, and in most situations, whoever makes the cut arranges for the installation of a temporary patch in advance of either a permanent patch or an upcoming street paving. Therefore, that temporary patch might be there for a year or two in the case of street paving. What you think of as a badly paved street might be a street undergoing a multi-year repair.

The Borough only has the Highway Aid grant money account to fix our streets and, when following government bid rules, repaving costs a lot of money. Of course, the Borough does not pay to fix State owned streets, County owned bridges, private streets, or township roads. Finally, the Borough has let some alleys specifically degrade. We have not the resources to pave them, nor do those streets have the traffic flow, to justify the expense. We do use grants whenever possible. It is a never-ending battle to keep up with street maintenance with no dedicated funding source.

In a normal year, we try to spend between \$1 million and \$2 million on paving side streets. Unbelievably, that is not much money and does not take care of many of our over 59 miles of public streets. In the 2020 Budget, that number will be less, due to the Police Station Project, which required some of these resources for design.

18. Why won't you pave my street?

We pave streets in the Borough every year. Even in 2020, with a small than typical budget, we will pave some streets. We spend about a year or two fixing pipes and then we top it off with a new layer of pavement. In addition, developers build streets as they build adjacent projects. The Borough has no dedicated funding source beyond the Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels) to pave your Borough owned street. One suggestion is that the Borough invoice adjacent property owners to pay for their share of street paving; at least for alley work; already done for curbs and sidewalks. The biggest complaint against that idea is that most folks feel their taxes should pay for street paving. However, as the budget details, **taxes paid now do not cover any of the cost of paving**

streets or alleys. In 2020, we are suggesting, for the first time, that Town Council form a committee and make the committee study what to do, long-term, with alleys.

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

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

20. Why will township residents pay more for using the Chambersburg Aquatic Center or other Recreation Department programs?

Up until 2009, the Chambersburg Area School District contributed to the cost of operating the Borough Recreation Department. The school tax money comes from both Borough and township residents. According to a 2009 agreement, the district stopped supporting our programs in exchange for a grant, which ended in 2014. Therefore, township residents, who are residents of the Chambersburg Area School District, are no longer contributing to support the Borough Recreation Department operation. As such and only being fair, township residents pay a little more than do Borough residents. It is not permissible to deny access to our recreation programs based upon residency. However, there is no prohibition on having a two-tier fee system. If the townships' boards wanted to contribute directly to the Recreation Department with a cash subsidy, their residents could enjoy the lower tier rates.

In 2018, when the Borough's new Aquatic Center opened, Town Council decided to raise rates for non-Borough residents, but Borough residents saw no increase in order to use the new facility. The 2020 proposed rates rise a small bit for both township and borough families.

In addition, your taxes are not going to support the operation of the new Aquatic Center. It costs over \$1.2 million per year to run the Aquatic Center; but in 2018 and 2019 receipts exceeded expenditures. Therefore, Borough real estate taxes go to pay off only the 2016 Recreation Bond, for construction of the Aquatic Center, playground and other park projects. Property owners pay no taxes towards the operation of the Aquatic Center or any Recreation Department program. Fees cover the program costs, not taxes.

21. Why do fees go up every year?

The cost of just about everything goes up every year. However, it is not permissible for the Town Council to make any profit on any fee for any service; and, all fees are adopted at a public meeting. Covering actual costs are the best we can do under the law.

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

No, most Borough employees are represented by collective bargaining unions and those unions have negotiated labor agreements with Town Council or (in the case of the uniform employees of the police and fire service) could have had those labor agreements imposed on the Borough. The Town Council cannot unilaterally change the terms and conditions of employment. Nor can Town Council necessarily lay off employees. Certainly, we think we have great employees, and in most cases, their compensation is in proportion to what municipal workers across the Commonwealth are paid. Regardless, there is no reason to blame the employees themselves, who are generally good workers, and our friends, and neighbors. Most of the employees are also customers of the Borough, and they pay for utilities and programs just like everyone else.

23. Since the Council raised the Police Tax and the Fire Tax just in 2017, how can you afford projects like a new addition on City Hall or buying police cars?

Your taxes do not pay for things like the upkeep or expansion of most property owned by the Borough. Your taxes go only to support the Police Department and Fire Department. It is important to know that projects like our recently completed Utility Departments' Addition to City Hall utilized no funding from estate taxes, at all. For any project that involves our utility departments (Electric, Gas, Water, Sanitary Sewer, Storm Sewer, and Sanitation Departments) or our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance and personnel), the utility customers are paying most of the cost. Yet we have very low utility rates. Now there is one exception. A bond paid when Council decided to build the new Aquatic Center and do a variety of other playground and parks improvements; and, the Recreation Bond Tax is paying off that bond. This first and only tax used to build a facility. Finally, it is possible, that if we need to upgrade the Police Station, there will be a second instance of this concept. A second Bond Tax. That remains to be seen.

24. Why can you not just take utility money and pay for police officers and firefighters?

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

25. Are there assets the Borough can sell, such as parks, to avoid tax increases?

No, in general, there is a prohibition on the sale of most Borough assets. For example, our parkland is usually deed restricted to remain as public parks. Further, most of the assets are owned and operated by our utility departments (Electric, Gas, Water, Sanitary Sewer, Storm Sewer and Sanitation Departments) or our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance and personnel); so, their sale would not help the General Fund, or pay for police or fire expenses.

26. Can we raise a different tax such as a sales tax or a hotel tax?

No, in general, the Commonwealth of Pennsylvania does not allow us the right to raise any other type of taxes. In 2014, the Town Council requested that the General Assembly allow Franklin County to raise the county hotel tax and share proceeds with Chambersburg. The State failed to approve the proposal. In addition, sales tax, liquor taxes, business taxes, and other local taxes are not an option under State law. For example, in 2015, the State proposed an increase in the hotel taxes across the State, for tourism, with a prohibition on using them by any local town for anything else such as police expenses, as Chambersburg had suggested.

27. Can we buy fewer trucks, do less construction, or lower the number of employees?

No, in general, the Motor Equipment Fund owns all Borough vehicles and rents them to the utilities, not the General Fund. The only vehicles rented by the General Fund are police vehicles, fire vehicles and recreation equipment. Your taxes do not pay for vehicles for the utilities. Your taxes go only to support the Police Department equipment and vehicles and to provide fire and EMS equipment and vehicles for the Emergency Services Department. Almost all the construction projects of the Borough, other than street paving projects (and some of those too) are completed by our utility departments (Electric, Gas, Water, Sanitary Sewer, Storm Sewer and Sanitation Departments); or, our utility support departments

(engineering, motor equipment, administrative services, which includes information technology, finance and personnel). Therefore, really, when it comes down to the budget gap, it is a police, fire, recreation or street paving issue.

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

There is currently no answer in Chambersburg or any other municipality that has police or paid fire services. Every municipality in Pennsylvania with police or paid fire services is in the same or much worse situation. If Chambersburg did not have our utility departments (Electric, Gas, Water, Sanitary Sewer, Storm Sewer and Sanitation Departments) or our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance and personnel); Chambersburg would be destitute.

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

| The Value of the PILOT Payments | 2020 | Property Tax Equivalent |
|--|-------------|-------------------------|
| Electric Department Payment in Lieu of Gross Receipts Tax | \$1,350,000 | 6.54 mils |
| Gas Department Payment in Lieu of Gross Receipts Tax | \$570,000 | 2.76 mils |
| <i>Subtotal</i> | \$1,920,000 | 9.30 mils |
| Percent of General Fund Budget Supported by PILOT Payments (2020) | 11.94% | |
| How much more would the avg. single family house pay without PILOT | \$159.01 | More per year |

Conclusion

The only conceivable solution is either:

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

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

- Real estate taxes**
 - Deed Transfer Tax**
 - Earned Income Tax**
 - Payments in Lieu of Gross Receipts Tax** from the Electric Department & Gas Department
 - The new Ambulance Fee on each utility invoice**
 - Police Fines & Fees**
 - EMS Fees & Charges**
 - Recreation Fees & Charges**
 - Land Use & Development Fees & Charges**
 - Comcast Cable TV Franchise Fee**
 - Pennsylvania State Aid for Pension Costs**
- Police Tax to the General Fund*

Fire Tax shared with the Motor Equipment Fund and

Set at maximum since 1987

Set at maximum since 1965

No Tax Increase in 2020; in fact, a Small Tax Decrease

This budget reflects a need by Town Council to continue to invest in infrastructure and emergency services; this is expensive. However, utilizing fees and charges, rather than taxes, whenever possible, provides broad-based support for Borough functions and facilities, and avoids taxes, which are regressive, oppressive, and target taxpayers based solely on real estate assessed value, which is an arcane and imprecise system.

This budget includes no tax increase. In fact, it offers a small decrease and shift of funding from a tax to a fee. With respect to taxes, it includes the same basic tax structure as all budgets in the recent past. It maintains the Police Tax, unchanged for a second straight year. It maintains the Fire Tax, unchanged for a second straight year, and shared with the Motor Equipment Fund. It maintains the Recreation Bond Tax, unchanged for its third year, and not used in the General Fund. Finally, it recommends the repeal of the Ambulance Tax, a small tax, which had provided some emergency medical services funding in prior years for the General Fund.

Chambersburg real estate taxes remain only earmarked for police and fire operations. Real estate taxes fund no other department or employee. As the Recreation Bond Tax is specifically for paying off the 2016 Recreation Bond, one can reliably say, “**no real estate tax will pay for any operations of the Borough of Chambersburg other than police and fire.**” No other department, operation, or employee; not parks or street maintenance or the Borough Manager, are paid for using real estate taxes. The only use of these taxes are police and fire, and to pay off the 2016 Recreation Bond, which has no impact on the General Fund.

Chambersburg receives no sales taxes, liquor taxes, business taxes, or other type of local taxes and they are not an option under State Law. In other states, these other types of taxes are the foundation to the fiscal health of local government. In Pennsylvania, the General Assembly denies them as an option to communities like Chambersburg. Town Council has a toolbox with one tool inside (real estate taxes) and it is a dull and poorly honed tool, but that is the only tool given to them by the laws of the Commonwealth of Pennsylvania.

In December 2017, Town Council raised the Police Tax from 23 mil to 24 mil. **This 2020 Budget asks Council not to raise it, at all.** By keeping the rate at 24 mil, Council is committing to a steady, but manageable, rate of growth in the Police Tax rate. Overall, since December 2006, the Police Tax rate has risen from 20 mil to 24 mil. When averaged out over the fourteen years, that is a growth rate of a little over 1.4% per year. While no one wants to see taxes go up, overall, this growth rate seems reasonable for such an important tax, which pays for such an important service.

Policy Question: should the Police Tax equal the cost of operating the Police Department? Should the Council utilize undesignated funding to support Police operations, which could instead be used for functions with no dedicated tax, such as parks, streets, and economic development?

Assuming that the cost to operate the Police Department cannot be reduced, seeing as the majority of costs are associated with personnel and benefits, and seeing that the Police Tax has a State-mandated maximum levy of 30 mils, what should Council do in future years to balance the reasonable growth rate of Police operations?

Finally, if Franklin County undertook a reassessment (which it has not since 1961-1962), the number of mils would change (and render the 30 mil cap irrelevant), but that would not affect the dollar amounts paid by individual taxpayers. Although, some properties with older real estate may see relief.

The estimate for 2020 is that the Chambersburg Police Department will cost \$202,925 more to operate than the revenues collected.

| Police Department Budget | 2019 | 2020 |
|---|--------------------|--------------------|
| Estimated cost of operations | \$5,163,250 | \$5,379,360 |
| Reimbursement from CASD for School Crossing Guards (estimated) | -\$52,000 | -\$54,000 |
| Estimated Yield from Fines and Fees | -\$159,000 | -\$159,000 |
| State Grant for Police Pension Costs | -\$318,538 | -\$358,435 |
| Subtotal | \$4,633,712 | \$4,807,925 |
| Tax Rate | 24 mil | 24 mil |
| Estimated yield of Police Tax (including tax liens & donations) | \$4,637,000 | \$4,605,000 |
| <i>Estimated Expenses over Revenue</i> | \$3,288 | (\$202,925) |

In 2019, for the first time in decades, the Police Tax generated enough revenue to pay for approximately 100% of the Police Department (when including other police related revenues). As was pointed out in this budget, it will be impossible to avoid next year's Police Tax rate increase.

Please keep in mind that we are operating the Police Department with very little margin for error. Unforeseen costs such as a major detective caseload, a major public safety event, additional unforeseen overtime, additional training, or adding more employees in advance of other future retirements can easily throw the Police Department budget into a more unstable place.

In 2020, it is the Borough Manager's recommendation that the Borough not change the Police Tax rate, currently at 24 mil.

| Police Tax Rate | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Mil | 17 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 21 | 21 | 23 | 23 | 24 | 24 | 24 |

In 2020, it is the Borough Manager's recommendation that the Borough not change the Fire Tax rate, currently at 3 mil; and eliminate the Ambulance Tax rate, currently at 0.5 mil.

| Fire Tax Rate | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fire | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2.5 | 2.5 | 2.5 | 2.5 | 3.0 | 3.0 | 3.0 |
| Ambulance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.5 | 0.5 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2.5 | 2.5 | 2.5 | 2.5 | 3.5 | 3.5 | 3.0 |

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

| Emergency Services Department Budget Deficit | 2019 | 2020 |
|---|---------------------|---------------------|
| Estimated cost of operations | \$4,781,705 | \$5,176,245 |
| Local Services Tax Yield (set at State Maximum) | -\$835,000 | -\$840,000 |
| Fire Code Inspections | -\$65,000 | -\$60,000 |
| Ambulance Fees | -1,262,000 | -2,402,100 |
| State Grant for Fire Pension Costs | -\$234,219 | -382,800 |
| Subtotal | \$2,385,486 | \$1,491,345 |
| Tax Rate | 3.5 mil | 3.0 mil |
| Estimated yield of Fire/Ambulance Tax (excluding tax liens & donations) | \$713,660 | \$618,580 |
| Less required transfer to the Motor Equipment Fund (State Law) | -\$504,860 | -\$510,000 |
| <i>Net Fire Tax Revenue for Operations</i> | \$208,800 | \$108,580 |
| Emergency Services Department Deficit Before New Ambulance Fee | -\$2,176,686 | -\$1,310,765 |
| New \$7 PER UTILITY INVOICE AMBULANCE FEE | N/A | \$847,000 |
| Emergency Services Department Deficit | -\$2,176,686 | -\$463,765 |

Even with the new Ambulance Fee, the Emergency Services Department will run an anticipated deficit of \$463,765, requiring the use of general revenues to cover additional expenses. We are lucky that our General Fund has enough undesignated miscellaneous revenue to close this gap. However, long term, we need to explore ways to increase funding for Fire and EMS. The system is truly broken.

There is no way to rely only on undesignated revenue rather than Ambulance fees, to cover these costs. Further, Ambulance billing, though increasing, is insufficient to pay for the ambulance. This is as a result over the over \$1.6 million in annual ambulance billing we are required to forgive.

In Chambersburg, in 2019, the average single-family home has a Franklin County assessed value of \$17,097.69; obviously, that is the assessed value and not the single-family home market value.

| Average Single-Family House Inside The Borough | 2019 | | 2020 | |
|---|-----------------|---------------|-----------------|---------------|
| Police Tax (to the General Fund) | \$407.05 | \$1.12 | \$410.34 | \$1.13 |
| Fire Tax (to the Motor Equipment Fund) | \$50.88 | \$0.14 | \$51.29 | \$0.14 |
| Recreation Bond Tax (to the Swimming Pool Fund & General Fund) | \$50.88 | \$0.14 | \$51.29 | \$0.14 |
| Total (per year) | \$508.81 | \$1.40 | \$512.92 | \$1.41 |

When asked, some citizens wildly inflate the dollar cost of the real estate taxes that they pay per year. Recently, a citizen said to me that the Recreation Bond Tax equated to \$50 per month. That is not possible as the single-family home with the highest assessed value in Chambersburg pays a Recreation Bond Tax of \$352 per year. The median single family home pays a total (of all types of Borough real estate taxes) of \$512.92 per year.

The average house has increased in value over the last year, so their tax bill changed as well.



Single Family House
\$512.92 per year*



Schools
No tax



Non-profits
No tax



Government
No tax



Commercial/Industrial
More

No government buildings, schools, charities or township property owners pay any Police, Fire, or Recreation Bond Tax on their property – average commercial or industrial property owners may pay more. In addition, for many folks, 100% of this cost is deductible on your Federal Income Taxes. Every year, it is returned to taxpayers in their tax calculation. The IRS refunds your residential property taxes if you claim them as a deduction on your returns. Therefore, please recognize the importance of the SALT (State and Local Tax) deduction when Congress talks of its elimination from Federal tax policy; understand the impact.

The other state mandated taxes are set by law and are not changed year-to-year. They include the Local Services Tax, which is a \$1 per week tax on workers inside the Borough. Also, the Earned Income and Wage Tax, which is a ½ of 1% tax on wages (not investments or retirement benefits) earned by those who live inside the Borough. Finally, the Deed Transfer Tax, which is a ½ of 1% tax when a property is sold or transferred inside the Borough. Together, along with fees and fines, these categories make up the only revenues.

In addition, 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; but they are tax exempt. So instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities.

| All Real Estate Taxes | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> <u>Proposed</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|--------------------------------|
| Police Tax Mil | 21 | 23 | 23 | 24 | 24 | 24 |
| Fire Tax Mil | 2.5 | 2.5 | 2.5 | 3 | 3 | 3 |
| Ambulance Tax Mil | - | - | - | 0.5 | 0.5 | 0 |
| Recreation Bond Tax Mil | - | - | - | 3 | 3 | 3 |
| Total Real Estate Tax Mil | 23.5 | 25.5 | 25.5 | 30.5 | 30.5 | 30 |

General Fund Real Estate Tax Source

2020 Proposed

| | | |
|---------------------------|--------------------------|---|
| Police Tax Mil | 24 | All proceeds for the General Fund |
| Fire Tax Mil | 3 | Required to be Split |
| <i>Fire Tax Deduction</i> | -2.5 | With 2.5 mil going to the Motor Equipment Fund for Fire Apparatus |
| Total Real Estate Tax Mil | 24.5 | Net Tax Funding in the General Fund |
| Deed Transfer Tax | ½ of 1% | No change allowed |
| Earned Income Tax | ½ of 1% | No change allowed |
| Local Services Tax | \$52 per year per worker | No change allowed |
| Mercantile/Privilege Tax | N/A | No change allowed |

Note – the Recreation Bond Tax goes to pay for the debt service on the 2016 Recreation Bond and not utilized in the General Fund

Without the new Ambulance fee, the General Fund would be out of balance by \$850,000.

The Borough’s General Fund finances are precarious, but no additional action at this time other than the very necessary adoption of the new Ambulance fee.

Key General Fund Revenues (Excerpt):

2020 General Fund Revenues (Excerpt)

| | 2015 ACTUAL | 2016 ACTUAL | 2017 ACTUAL | 2018 ACTUAL | 2019 BUDGET | 2020 PROPOSED BUDGET |
|---|----------------|----------------|----------------|----------------|----------------|----------------------------|
| POLICE TAX (24 mil in 2019 and 2020) | \$4,137,872 | \$4,714,503 | \$4,632,500 | \$4,706,641 | \$4,991,750 | \$4,960,600 |
| AMBULANCE TAX (0.5 MIL in 2018 and 2019 only) | - | - | - | \$95,100 | \$98,960 | \$3,900 |
| FIRE TAX (0.5 MIL) Yield | - | - | - | \$101,000 | \$104,300 | \$104,495 |
| LOCAL SERVICES TAX ON WORKERS | \$803,153 | \$825,063 | \$820,032 | \$832,500 | \$835,000 | \$840,000 |
| DEED TRANSFER TAX ON REAL ESTATE SALES | \$607,440 | \$860,004 | \$452,331 | \$450,000 | \$500,000 | \$500,000 |
| WAGE & EARNED INCOME TAX ON RESIDENTS | \$1,930,546 | \$2,043,473 | \$1,986,887 | \$2,000,000 | \$2,055,000 | \$2,100,000 |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX - ELECTRIC | \$1,100,000 | \$1,100,000 | \$1,250,000 | \$1,350,000 | \$1,350,000 | \$1,350,000 |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX - GAS | \$410,000 | \$415,000 | \$514,000 | \$555,000 | \$570,000 | \$570,000 |
| AMBULANCE SERVICE FEE | - | - | - | - | - | \$850,000 |
| POLICE FINES & FEES | \$174,840 | \$162,140 | \$173,500 | \$159,579 | \$159,000 | \$159,000 |
| AMBULANCE FEES & CHARGES | \$1,142,512 | \$1,193,438 | \$1,291,000 | \$1,710,865 | \$1,219,000 | \$1,512,100 |
| MOTOR EQUIPMENT FUND REBATE (THE 2.5 MIL OF FIRE TAX SENT TO THE OTHER FUND) | \$530,000 | \$520,000 | \$537,400 | \$542,900 | \$559,350 | \$573,355 |

**2020 General Fund Revenues (Excerpt)
Percent Change From Previous Year**

| | 2016 ACTUAL | 2017 ACTUAL | 2018 ACTUAL | 2019 BUDGET | 2020 PROPOSED BUDGET |
|--|----------------|----------------|----------------|----------------|----------------------------|
| POLICE TAX (24 mil in 2019 and 2020) | 14% | -2% | 2% | 6% | -1% |
| AMBULANCE TAX (0.5 MIL in 2018 and 2019 only) | - | - | - | 4% | -96% |
| FIRE TAX (0.5 MIL) Yield | - | - | - | 3% | 0% |
| LOCAL SERVICES TAX ON WORKERS | 3% | -1% | 2% | 0% | 1% |
| DEED TRANSFER TAX ON REAL ESTATE SALES | 42% | -47% | -1% | 11% | 0% |
| WAGE & EARNED INCOME TAX ON RESIDENTS | 6% | -3% | 1% | 3% | 2% |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX - ELECTRIC | 0% | 14% | 8% | 0% | 0% |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX - GAS | 1% | 24% | 8% | 3% | 0% |
| AMBULANCE SERVICE FEE | - | - | - | - | - |
| POLICE FINES & FEES | -7% | 7% | -8% | 0% | 0% |
| AMBULANCE FEES & CHARGES | 4% | 8% | 33% | -29% | 24% |
| MOTOR EQUIPMENT FUND REBATE | -2% | 3% | 1% | 3% | 3% |



Cash Box in City Hall Addition

The 2019 Budget calls for no change in the Payments in Lieu of Gross Receipts Taxes from the Gas Department or the Electric Department. This is not a preferred funding method and sales does not justify a change in support.

| <i>2020 General Fund Revenues – Proposed</i> | 2017 ACTUAL | 2018 ACTUAL | 2019 BUDGET | 2020 PROPOSED BUDGET |
|--|----------------|----------------|----------------|----------------------------|
| POLICE TAX (24 mil in 2018 and 2019) | \$4,706,641 | \$4,920,552 | \$4,991,750 | \$4,960,600 |
| FIRE (0.5 mil) TAX (AMBULANCE TAX ELIMINATED IN 2020) | - | \$205,276 | \$203,300 | \$108,580 |
| LOCAL SERVICES TAX ON WORKERS | \$820,032 | \$861,910 | \$835,000 | \$840,000 |
| DEED TRANSFER TAX ON REAL ESTATE SALES | \$452,331 | \$515,554 | \$500,000 | \$500,000 |
| WAGE & EARNED INCOME TAX ON RESIDENTS | \$1,986,887 | \$2,129,485 | \$2,055,000 | \$2,100,000 |
| FEDERAL RECEIPTS | - | - | - | - |
| STATE PENSION GRANT | \$897,513 | \$908,387 | \$1,053,045 | \$1,099,265 |
| OTHER INTER-GOVERNMENTAL GRANTS | \$19,446 | \$20,218 | \$41,000 | \$20,000 |
| INVOICED WORK | \$155,303 | \$161,514 | \$135,000 | \$145,000 |
| INTEREST INCOME | \$29,237 | \$38,821 | \$33,080 | \$33,320 |
| STREET EXCAVATION PERMITS | \$28,512 | \$29,848 | \$23,000 | \$28,000 |
| CURB & SIDEWALK PERMITS | \$1,491 | - | \$1,000 | - |
| SNOW/ICE REMOVAL FINES | \$2,791 | \$8,418 | \$5,000 | \$5,000 |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX - ELECTRIC | \$1,250,000 | \$1,350,000 | \$1,350,000 | \$1,350,000 |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX - GAS | \$514,000 | \$555,000 | \$570,000 | \$570,000 |
| PAYMENTS IN LIEU GROSS RECEIPTS TAX -WATER | - | - | - | - |
| UNREALIZED GAINS | \$72,643 | \$56,342 | \$150,000 | \$65,000 |
| POLICE FINES & FEES | \$152,529 | \$153,577 | \$155,000 | \$155,000 |
| FALSE POLICE & FIRE CALLS | \$7,050 | \$11,100 | \$7,500 | \$10,000 |
| OTHER POLICE DEPARTMENT FEES | \$3,612 | \$3,723 | \$4,000 | \$4,000 |
| PROPERTY MAINTENANCE CODE VIOLATION FINES & FEES | \$2,637 | \$4,752 | \$5,050 | \$54,000 |
| RECREATION DEPARTMENT RECEIPTS | \$203,343 | \$174,009 | \$175,000 | \$180,000 |
| RECREATION VENDING, CONCESSION & CONSIGNMENT | \$13,599 | \$14,528 | \$14,000 | \$14,000 |
| PROPERTY MAINTENANCE INSPECTION FEES | \$133,955 | \$122,155 | \$128,700 | \$123,550 |
| LAND USE AND DEVELOPMENT PERMIT FEES | \$3,650 | \$5,840 | \$4,500 | \$4,500 |
| FIRE CODE PERMITS & FEES | \$74,635 | \$47,978 | \$65,000 | \$60,000 |
| ZONING PERMITS & FEES | \$4,250 | \$5,000 | \$4,500 | \$4,500 |
| CONTRIBUTIONS FOR AMBULANCE SERVICE | \$43,095 | \$40,594 | \$43,000 | \$890,000 |
| AMBULANCE SERVICE CHARGES | \$1,065,707 | \$1,028,926 | \$1,109,000 | \$1,402,100 |
| AMBULANCE CLUB MEMBERSHIP FEES | \$112,560 | \$110,720 | \$110,000 | \$110,000 |
| SCHOOL CROSSING GUARD GRANT | \$47,401 | \$48,303 | \$52,000 | \$54,000 |
| COMCAST TELEVISION FRANCHISE FEE | \$344,741 | \$329,715 | \$325,000 | \$325,000 |
| REFUNDS PRIOR YEAR PAYMENTS | \$27,452 | \$78,258 | \$30,000 | \$35,000 |
| REAL ESTATE PROPERTY RENTALS | \$18,967 | \$18,967 | \$19,000 | \$19,000 |
| CONTRIBUTIONS FROM PRIVATE SOURCES | \$4,473 | \$7,325 | \$7,000 | \$7,000 |
| MISCELLANEOUS | \$118,558 | \$13,870 | \$30,000 | \$30,000 |
| SALE OF SCRAP | \$565 | - | \$200 | \$200 |
| TRANSFERS FROM OTHER FUNDS | - | - | - | - |
| TRANSFERS FROM ENGINEERING DEPARTMENT | \$106,000 | \$123,025 | \$362,900 | \$200,000 |
| MOTOR EQUIPMENT FUND REBATE (2.5 MIL OF FIRE TAX) | \$537,400 | \$542,900 | \$559,350 | \$573,355 |
| 2020 TOTAL ESTIMATED GENERAL FUND REVENUE | \$13,963,005 | \$14,646,590 | \$15,157,375 | \$16,079,970 |
| Percent Change | | | 3.5% | 6.1% |

In 2020, the budget assumes the elimination of the ½ mil Ambulance Tax, thereby impacting the General Fund. We are anticipating revenue growth of 6.1% in General Fund revenue due to the implementation of the new Ambulance Fee.

General Fund Revenue

| | | | |
|----------------------------------|----------------------|-----------------|--------|
| <u>Police Tax Revenue</u> | 2020 | \$ 4,960,600.00 | 24 mil |
| | Budget Estimate 2019 | \$ 4,991,750.00 | 24 mil |
| | 2018 | \$ 4,920,551.30 | 24 mil |
| | 2017 | \$ 4,632,500.00 | 23 mil |
| | 2016 | \$ 4,714,503.30 | 23 mil |
| | 2015 | \$ 4,137,871.94 | 21 mil |
| | 2014 | \$ 4,233,886.98 | 21 mil |
| | | | |
| <u>Deed Transfer Tax Revenue</u> | 2020 | \$ 500,000.00 | |
| | Budget Estimate 2019 | \$ 500,000.00 | |
| | 2018 | \$ 515,553.51 | |
| | 2017 | \$ 550,000.00 | |
| | 2016 | \$ 860,004.15 | |
| | 2015 | \$ 230,000.00 | |
| | 2014 | \$ 283,627.43 | |
| | | | |
| <u>Earned Income Tax Revenue</u> | 2020 | \$ 2,100,000.00 | |
| | Budget Estimate 2019 | \$ 2,055,000.00 | |
| | 2018 | \$ 2,129,484.74 | |
| | 2017 | \$ 2,100,000.00 | |
| | 2016 | \$ 2,043,473.14 | |
| | 2015 | \$ 1,750,000.00 | |
| | 2014 | \$ 1,836,343.95 | |
| | | | |
| <u>LST (or EMST) Tax Revenue</u> | 2020 | \$ 840,000.00 | |
| | Budget Estimate 2019 | \$ 835,000.00 | |
| | 2018 | \$ 861,909.72 | |
| | 2017 | \$ 832,500.00 | |
| | 2016 | \$ 825,062.53 | |
| | 2015 | \$ 725,000.00 | |
| | 2014 | \$ 789,709.81 | |
| | | | |
| <u>Police Fines Revenue</u> | 2020 | \$ 159,000.00 | |
| | Budget Estimate 2019 | \$ 159,000.00 | |
| | 2018 | \$ 157,300.32 | |
| | 2017 | \$ 173,500.00 | |
| | 2016 | \$ 162,140.11 | |
| | 2015 | \$ 154,000.00 | |
| | 2014 | \$ 173,245.33 | |
| | | | |
| <u>Ambulance Billing Revenue</u> | 2020 | \$ 1,512,100.00 | |
| | Budget Estimate 2019 | \$ 1,219,000.00 | |
| | 2018 | \$ 1,139,645.89 | |
| | 2017 | \$ 1,291,000.00 | |
| | 2016 | \$ 1,193,437.80 | |
| | 2015 | \$ 1,175,000.00 | |
| | 2014 | \$ 1,166,039.85 | |
| | | | |



Police Department

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

Department Head: Chief Ron Camacho

| | 2018 Actual | 2019 Budget | 2020 Budget |
|----------------------|-------------|--------------------|----------------------|
| Police Operations | \$4,671,196 | \$5,163,250 | \$5,379,360 |
| Earmarked Revenue | | | |
| Police Tax | \$4,920,552 | \$4,991,750 | \$4,960,600 |
| Police Fines & Other | \$ 157,300 | \$ 159,000 | \$ 159,000 |
| Subtotal | \$5,077,852 | \$5,150,750 | \$5,119,600 |
| Excess (Deficit) | \$406,656 | (\$12,500) Deficit | (\$259,760) Deficit* |

| | 2018 Actual | 2019 Budget | 2020 Budget |
|---------------------|-------------|-------------|-------------|
| Police Operations | | | |
| Non Personnel Costs | \$957,344 | \$1,125,150 | \$1,023,050 |
| Personnel Costs | \$3,713,852 | \$4,038,100 | \$4,356,310 |

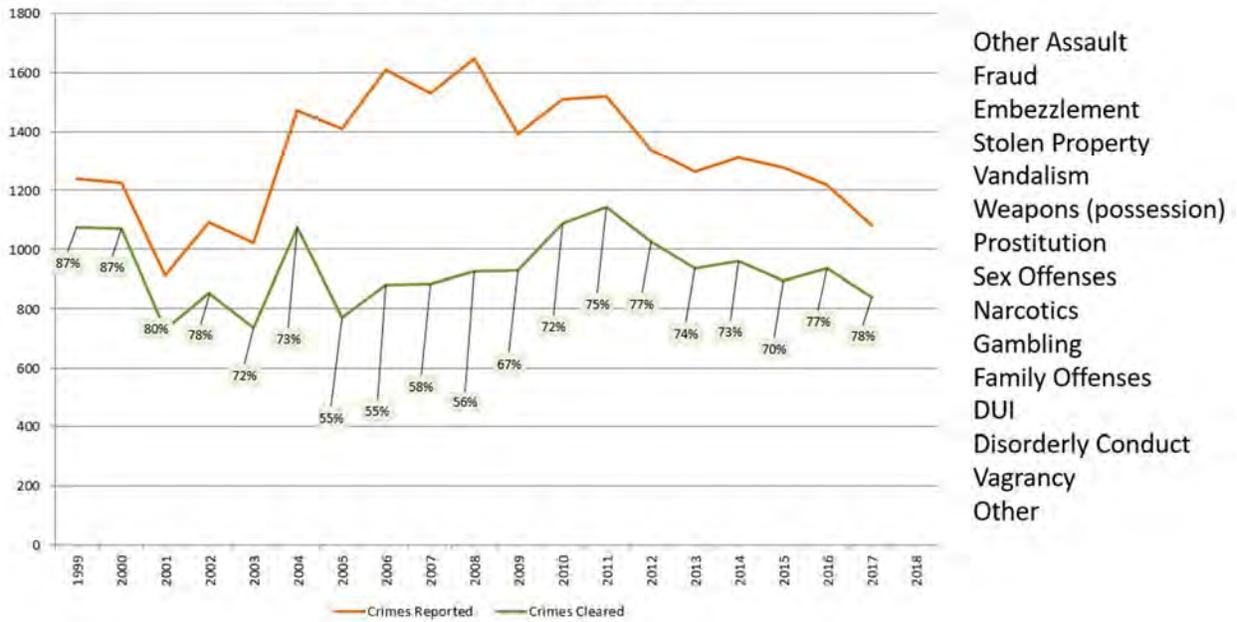
***Each year, if necessary, the Police Department budget is balanced by miscellaneous revenue from the General Fund.** If there is a surplus, it defaults to Fund Balance.

Chief Camacho has successfully reorganized the department including its senior staffing, and is providing a much welcome new energy and direction to the department operations. Lieutenant Morrissette, who acts as the Chief's right hand man, and is the commander of the patrol division, successfully completed additional outside training this past year at the prestigious FBI Academy. He returns with excellent new ideas and tools to improve the Police Department.

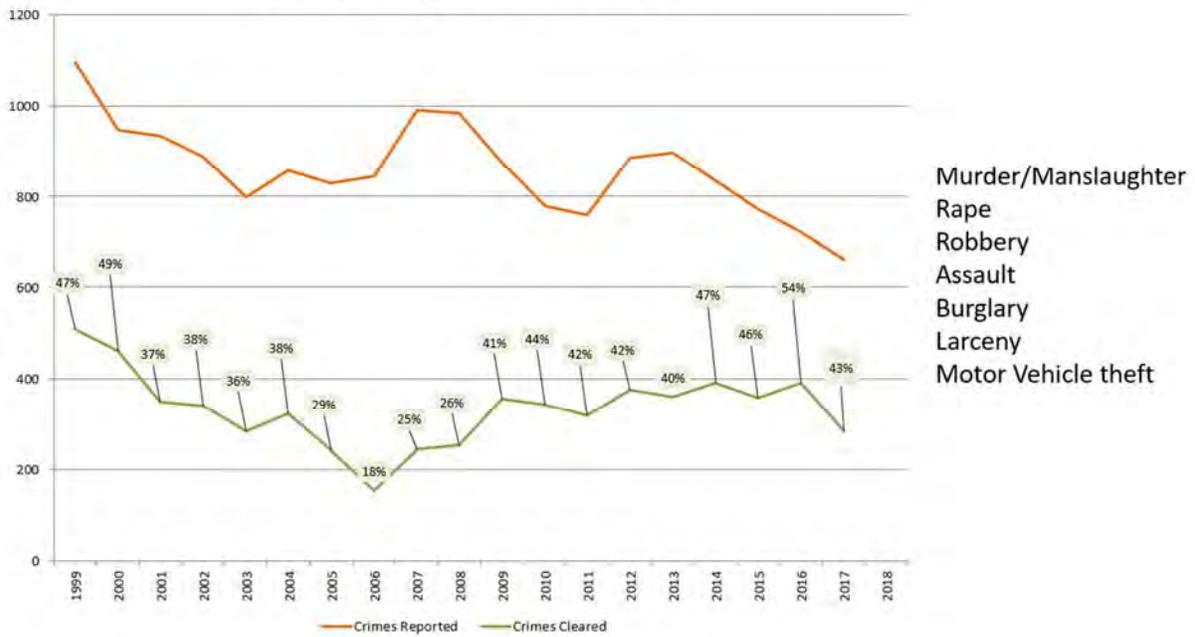
Each year, Town Council has been aggressive at hiring extra police officers in advance of future retirements. Deliberated carefully, such action taken only if available funding to pay for extra police officers were to be available. Therefore, this budget includes payroll sufficient for only thirty-four (34) police officers. There is not a request to increase the number of officers in 2020.

In addition, this budget includes agreed upon cost of living increases of 1.95% for all employees; those represented by the Chambersburg Police Officers Association, and others.

Chambersburg PD Part 2 Statistics



Chambersburg PD Part 1 Statistics



The Benefit of Technology in Policing

Responding officers and detectives receive information gathered from cameras. Once identified, a suspect's vehicle license plate number entered into the LPR (License Plate Reader) system in order to ascertain cooperation in their apprehension. With the system, multiple cameras from many jurisdictions may be alerted if a LPR camera takes a photo of the suspect's license plate. Actionable information from other officers in other jurisdictions, such as in the form of a traffic stop, may result in apprehension. This is the power of the LPR system.

Having both the technology and the personnel to understand and exploit the system is imperative to the success of the program. Chambersburg is widely known for our use of technology including our success with the LPR system.

This commitment to technology is expensive. However, it results in outcomes that make our community safer and gives comfort to our residents and businesses.

Part-Time Traffic Unit

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

The Chambersburg Police Department works with the volunteers of the Borough's Parking, Traffic & Street Light Committee, to get direction on traffic enforcement needs throughout the community. In 2020, the unit hopes to utilize the new portable camera trailer to enhance their effectiveness.

Training

One of the challenges facing the department is maximizing the ability to train supervisors and officers in an efficient manner. The department is following the philosophy that all officers are leaders in the community. Through training, we can give them the tools they need to police correctly and effectively the Borough of Chambersburg. Through police software programs, Lexipol and Police One, the department is able to quickly push out training on a daily, weekly, and monthly basis. These programs allow the department to keep up with case law changes, policy modifications, and follow the best practices, in police procedures, from across the United States.

Recently, the Borough engaged Lexipol to update our Standard Operating Procedures.

Community Policing

In 2019, a 5-year strategic plan was implemented. This plan forecasts where the department will be one to five years from implementation. The plan is a great way to effect change and increase standards in a gradual manner, with a goal of improving the operational efficiency of the department.

Community policing has become the main philosophy of the Chambersburg Police Department. In 2019, officers from the department attended over a hundred events. Two of the biggest events in the past year

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

Staffing

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

| Retirements | New Hire |
|-------------|-----------|
| Kauffman | Smith |
| Peterson | Sgrignoli |
| Bietsch | Baker |
| Kelso | Jackson |
| MacDonald | Betz |
| Mummert | Wilson |
| Helsel | Hinds |
| Arnold | Iversen |
| Strickland | McGinnis |
| Cody | Camacho |
| Leisher | Shockey |
| Clawson | Henesy |
| Frisby | Morris |
| Jones | Signore |
| Taylor | Wade |
| | Eaton |
| | Miller |

The current complement of the Police Department is 33 officers and the Chief (33 + 1= 34 Total)

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

In the 2020 Budget, the Chief is proposing that staffing levels remain the same.

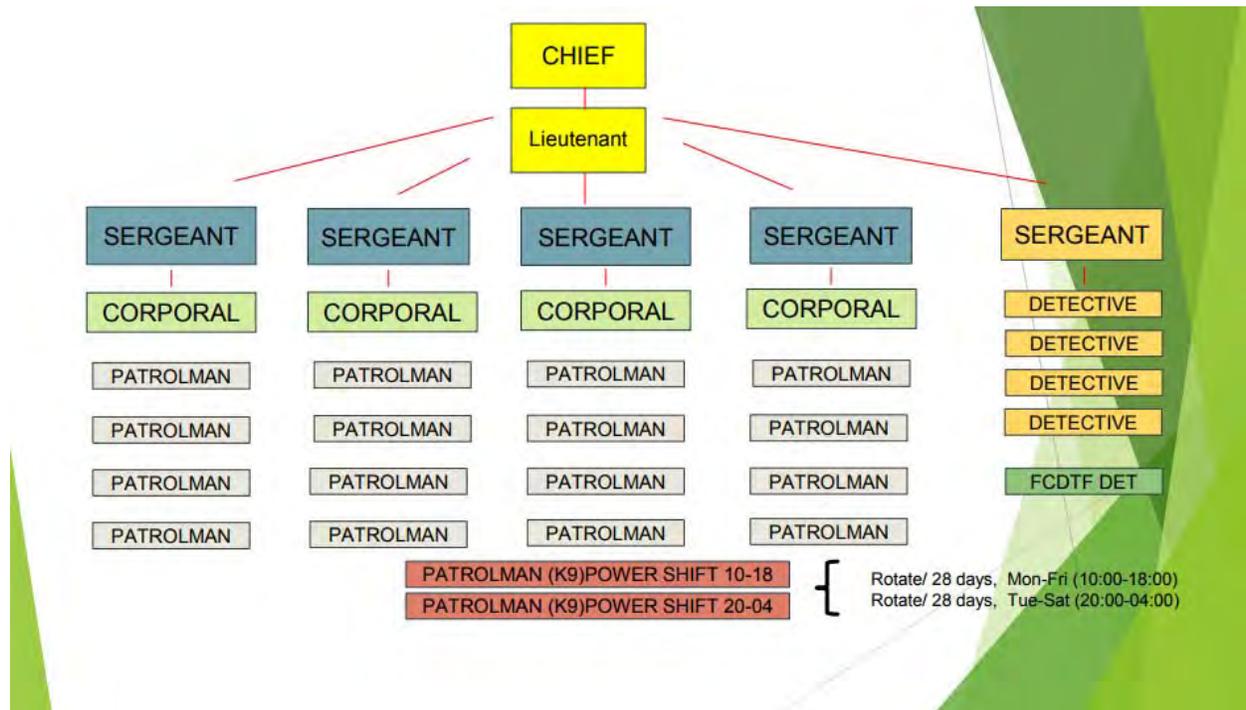
The 2020 work force budget (not actual, but what we put aside in the budget) is for 35 employees:

- 23 Police Officers
- 4 Corporals
- 5 Sergeants
- 1 Lieutenant
- 1 Non-uniformed community resource officer
- 1 Chief

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

| | | | | | | | | | | | | | |
|-----------------|----|----|----|----|----|----|----|----|----|----|----|----|----|
| Chief | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Clerical | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Admin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 |
| Officers | 33 | 33 | 33 | 33 | 33 | 31 | 33 | 32 | 34 | 32 | 33 | 33 | 33 |

Therefore, for all of 2020, the budget includes sufficient revenue allocation for 33 officers, 1 community resource officer, and 1 police chief. The department to which they are assigned does not pay for the two clerical employees, as with all clerical employees. The Clerical Pool in the Administrative Services Department pays them.



- Chambersburg Police Department handles approximately 1500 calls for service per month
- 1450 calls a month in 2019
- 48 calls for service a day- 8 calls for each officer, per shift, if 6 officers are working
- 12 calls a day if 4 officers are working (Minimum Manpower)
- The national average for time on scene handling a call for service is 48 minutes
- On days that 4 officers are working half the shift time is spent on scene handling calls
- The 48 minutes does not include extended investigations or arrest (for example, a DUI takes two hours, a simple misdemeanor or felony can take four hours)
- The department is spending its time responding to calls, completing the required paperwork, and patrolling when they can. This leaves little time for proactive policing.

Professional Development

- Crime Scene Tech Program
- Crisis Intervention Training (99% of the Department Trained)
- Advanced Shooting Courses (Rifle & Handgun)
- Supervisor Development
- Defensive Tactics
 - Cultural Diversity Training
 - Basic and Advance Investigations
 - Basic and Advance Patrol Operations

Why is professional development necessary?

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

Community Policing Activities

- Involvement is the key; in order to enhance community relations.
- The rise of special events puts a demand on the CPD. There were 100 of these events in 2019, which averages to more than one a week.
- This number will continue to grow due to the Chief’s emphasis on community engagement in 2020.
- The Community has noticed the departments increased involvement.

Need for Community Policing



Emergency Services Department



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

Department Head: Chief Dustin L. Ulrich

| | 2018 Actual | 2019 Budget | 2020 Budget |
|--------------------------|-----------------------|-----------------------|-------------------------|
| ES Dept. Operations | \$4,398,544 | \$4,781,705 | \$5,176,245 |
| Earmarked Revenue | | | |
| Fire Tax Transfer | \$ 492,900 | \$ 509,350 | \$ 523,355 |
| Local Services Tax | \$ 861,910 | \$ 835,000 | \$ 840,000 |
| Fire Code Inspections | \$ 47,978 | \$ 65,000 | \$ 60,000 |
| Ambulance Fees* | \$1,139,646 | \$1,219,000 | \$2,402,100 |
| Subtotal | \$2,542,434 | \$2,628,350 | \$3,825,455 |
| Excess (Deficit) | (\$1,856,110) Deficit | (\$2,153,355) Deficit | (\$1,350,790) Deficit** |

| ES Dept. Operations | 2018 Actual | 2019 Budget | 2020 Budget |
|---------------------|-------------|-------------|-------------|
| Non Personnel Costs | \$1,267,293 | \$1,388,680 | \$1,425,020 |
| Personnel Costs | \$3,131,251 | \$3,393,025 | \$3,751,225 |

***-Includes the new \$7 per month per utility bill Ambulance Fee**

**** -Each year, if necessary, the Emergency Services Department budget is balanced by miscellaneous revenue from the General Fund.**

Over the past five years, there has been a steady increase in emergency incidents that are handled by fire departments across the nation. The Chambersburg Fire Department saw a call volume increase of around two percent, per year with the majority of calls being emergency medical incidents. Currently, the Department is a regional provider of Basic Life Support (BLS) ambulance service inside the Borough and in parts of the surrounding townships. Billing for ambulance services brings significant income back into the Department.

The primary ambulance housed at Headquarters' Fire Station continues to be one of the busiest single EMS units in the region. Each year, this unit consistently responds to almost 4,000 emergency medical

responses providing basic life support services to those in need. In 2018, with the addition of part-time employees, the focus was to staff the second Basic Life Support (BLS) unit in service, while the main goal remained to offer a consistent and professional delivery of services to the community. July 2018 to July 2019 marks the first year of the new second ambulance utilizing part-time employees that generated a total response of 820 emergency incidents. Fire Department administration continues to review the current delivery of services and adapt to the ever-changing medical field of emergency services.

The Second Ambulance Was Very Busy

In 2019, the projected total for BLS responses is 4,441. This number is slightly higher than originally projected due to the fluctuation of second ambulance scheduling, based on staff availability. Estimates dictate that the second ambulance could produce at least 1,500 to 2,000 BLS calls per year if placed in service 24/7.

In addition to providing staffing for the secondary ambulance, staffing to reduce overtime costs becomes an accompanying benefit to this part-time employee program. Each year there are approximately 650 "Paid Time Off" slots when full-time employees are on vacation, personal or guaranteed personnel leave. When a part-time employee fills an open position, the savings calculate to \$256.68 on average for each shift covered. The reduction of overtime plus the part-time employees' lower hourly rate will have a positive impact on the pension system and the Borough's long-term financial obligation.

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

Each year, the ambulance responds to a substantial amount of calls at medical and nursing facilities. Over the past several years, there has been a trend of insurance benefits moving from the more private insurance to now basic Medicare coverages. In an incident where the patient only has Medicare, the patient's Medicare is billed only if the transport meets medical necessity criteria as defined by Medicare. That being said, the Borough must respond and often transport even if Medicare refuses to pay for patient services. Most nursing home patients do not utilize health insurance as a secondary payer and the Borough's Finance Department is increasingly writing off balances as bad debt. The financial plans of EMS service providers who strive to provide excellent and sustainable services must undergo an annual financial review based on the current systems in place across the Nation.

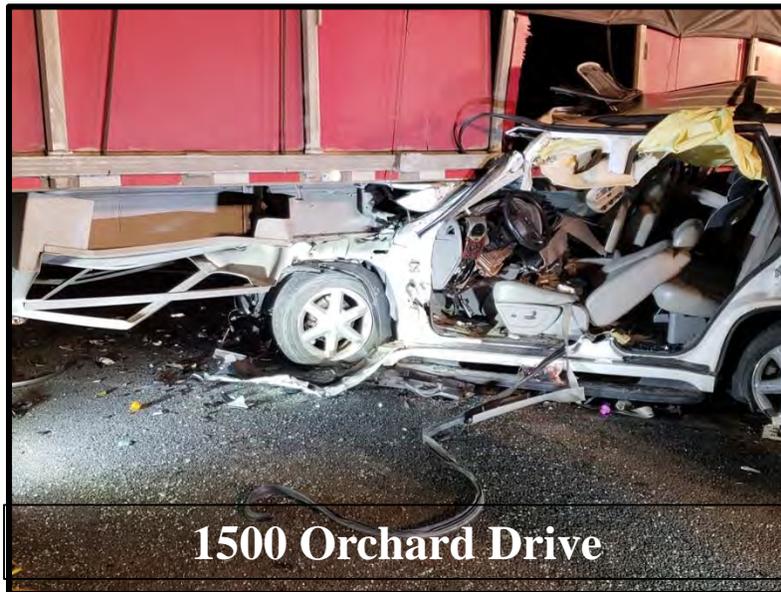
While the financial system is clearly dysfunctional, the demand for services, whether there is adequate reimbursement, is growing daily. Therefore, the Emergency Services Department was supportive of creating a new more consistent funding source. The new Ambulance Fee is a difficult burden on our utility customers, but as a fee, rather than a tax, it is level, fair, and broad-based. This is a clearly necessary (life or death) service performed by Borough employees and Borough equipment.

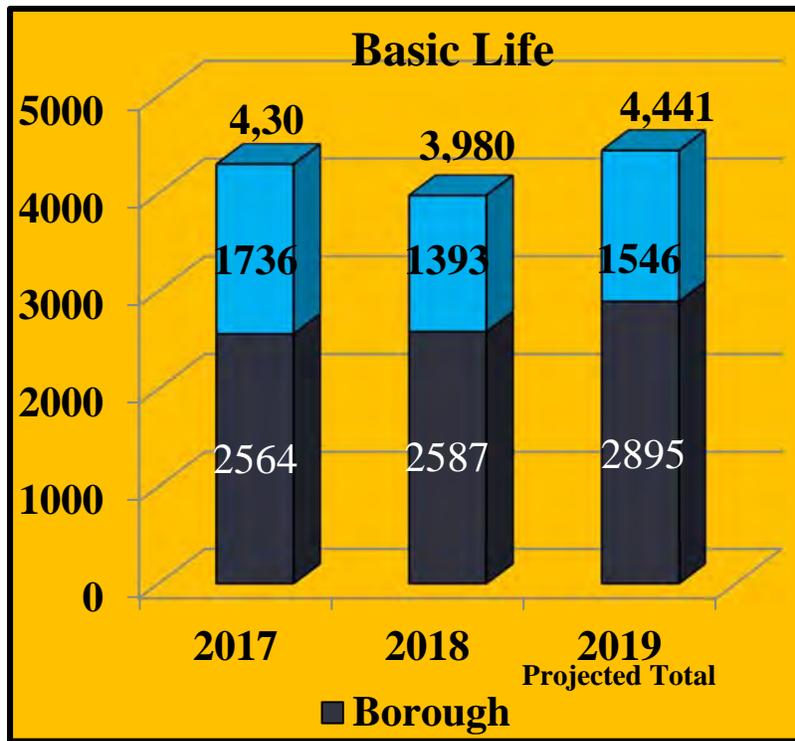
In 2020, this budget proposes a small tax decrease and a shift from an Ambulance Tax to an Ambulance Fee. A fee can be charged for this service under State Law. This is not always true. There is a prohibition on a Police or Fire fee specifically. However, emergency medical services are different. The fee, unlike a real estate tax, is broad-based. Utility customers of the Borough will pay this new flat Ambulance fee on their utility invoice. Similar to when the State added an E-911 service charge to telephone bills a generation ago. This budget envisions a \$7 per month per utility invoice Ambulance Fee rather than any Ambulance Tax.

| | 2019 Budget | 2020 Budget |
|--|----------------|----------------|
| Fire Code Permits & Fees | \$65,000 | \$60,000 |
| Contributions For Ambulance Service | \$43,000 | \$43,000 |
| New Ambulance Fee on Utility Invoices | - | \$847,000 |
| Ambulance Service Receipts | \$1,109,000 | \$1,402,100 |
| Ambulance Club Membership Fees | \$110,000 | \$110,000 |
| <i>Total Revenue from ES Department Operations</i> | \$1,327,000 | \$2,462,100 |

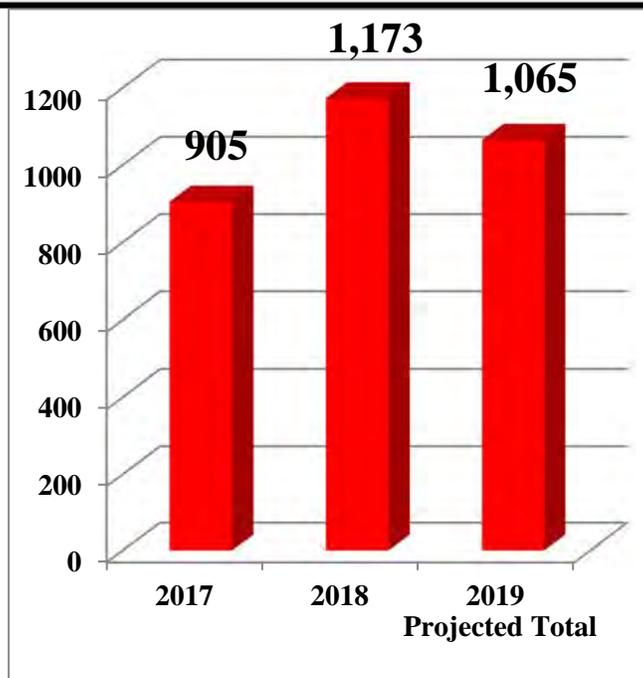
Finally, the Emergency Services Department is constantly monitoring the fiscal sustainability of those Advanced Life Support (ALS) service providers in our area. Their services provide specific and critical life-saving mutual-aid in the Department's first due EMS area. Currently, ALS services are not provided by the Borough of Chambersburg. If the need arose where ALS service providers were unable to offer this aid, the Chambersburg Fire Department will be prepared to move forward with options to fulfill this gap. At no point will the department tolerate any fear that essential ALS services will not be delivered as needed.

The world of EMS is in such flux, we do not see any reason to not stay the course, and give the process another year to unfold. Many believe the entire EMS system is on the verge of catastrophic failure.





Fire Incidents



Work With Townships to Provide Commercial Fire Code Inspection Services

One of the most important missions of the Fire Department is to prevent the loss of life and property. This mission is delivered through fire prevention activities to the community and within schools as well as an established business fire inspection program. These fire safety inspections focus on maintenance of fire protection systems along with housekeeping items that in return result in fewer fires or loss of life and provide some income for the Fire Department.

The Emergency Services Department prides itself on having a well-established fire codes, and prevention program, within the Borough of Chambersburg. As with previous years, in 2020 the Fire Department will continue education of outlying municipalities and entertain open conversations about incorporating fire code services within their communities. Currently, no surrounding municipalities that border the Borough have fire code enforcement.

In 2004, the surrounding townships adopted the Uniform Construction Code and contracted with Commonwealth Code Inspection Services (CCIS) to provide third party Code Agency services for those codes. The most recent adoption within the commonwealth was that of the International Fire Code, 2015 edition. This code set creates a well-established guideline of fire prevention and maintenance activities that a municipality with no fire code in place could adopt as did the Borough of Chambersburg.

With an established fire code ordinance and inspection program, the benefits could be tri-fold for the commercial occupancies within their jurisdiction. The advantages are that it could lower their insurance premiums, drastically reduce the property loss value, as well as provide a safer establishment for both the owners as well as the customers who occupy the business. Additionally, a business that has reduced fire risk directly affects the safety of first responders within their community, as firefighters are less likely to respond to a large fire at the facility. History confirms that one of the biggest pieces of the puzzle in a Community Risk Reduction (CRR) program is that a community with a well-established fire prevention program has less fire loss than one without.

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 businesses within each township would pay for the program. On average, CFD collects \$64,000 annually for fire code permit and fees. If an agreement were met, the program would take approximately six to eight months to implement.



Office of the State Fire Commissioner - State Grants

The Office of the State Fire Commissioner (OSFC) granted \$14,811.36 to CFD fire for the purchase of turnout gear coats, pants, hoods, gloves, helmets and boots.

The OSFC granted \$6,439.22 to CFD EMS for the purchase of ballistic vests.

The OSFC granted \$11,089.00 to the Cumberland Valley Fire Co. No. 5 for the purchase of a fire extinguisher training prop to help train the public.

The OSFC granted \$9,999.00 to the Junior Hose & Truck Co. No. 2 for new fitness gym equipment at the McKinley Street fire station.

The OSFC granted \$8,573.00 to Goodwill Fire Co. No. 3 for fire prevention materials.

Grant Totals for 2019 equal \$50,911.58.

2020 Goals

- Develop a more comprehensive in-service plan for the second ambulance
- Continue to build part-time employee numbers
- Fire prevention education – expansion of the program
- Add an additional office position to assist with growing operations
- Preplan high hazard occupancies (Phase 2)
- Increase hands-on operational fire training

2020 Projects

- Apply and ascertain an Assistance to Firefighter’s Grant for portable firefighter radio replacements
- Replacement of 2013 Freightliner Ambulance

Staffing

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 Budget |
|-----------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|----------------|
| Chief | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Clerical | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Officers | 18 | 21 | 21 | 22 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 24 | 25 | 25 |

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

Regional Franklin County Fire Study

In 2019, members of the Franklin County Emergency Services Alliance as well as the Franklin County Fire Chiefs Association determined that a study of current and long-term operations of the fire service within the County was in dire need of a review. Over the past twenty years, the number of active volunteer firefighters dropped from 300,000 members to an estimated number of under 40,000 within Pennsylvania. The numbers that generate slower response times are affecting every department including those within Franklin County. Many departments struggle to find qualified and committed volunteer firefighters and question the future of an all-volunteer force in the townships.

The study began in mid-2019 and will continue through the beginning of 2020. Extensive data collection will be correlated into a comprehensive report. The study will look at current staffing, types of equipment and condition, finances, location of resources, response times, numbers of incidents, etc. Once information has been gathered, it will be compiled and recommendations will be made. The finalized study, which may take a year or more to complete, will be released to the Franklin County Emergency Services Alliance Board, stakeholders, and the public

As our communities continue to populate and grow economically, it must be understood that public safety has to be at the forefront of any future plans. Together, we can work towards a solution to ensure the safety of each other's community.



This multi-family residential building was completely lost at 911 Byers Avenue, but there were no injuries, on an extremely windy day in 2019



In 2019, a major downtown fire occurred at Nana's Washhouse at 37 W. Washington Street.



The three ambulance units of the Chambersburg ES Department



Recreation Department



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

Department Head: Julie Redding

| | 2018 Actual | 2019 Budget | 2020 Budget |
|-----------------------|---------------------|-----------------------|------------------------|
| Recreation Operations | \$1,137,466 | \$1,389,275 | \$1,351,390 |
| Earmarked Revenue | | | |
| Recreation Tax | \$ - | \$ - | \$ - |
| Recreation Fees | \$ 188,537 | \$ 189,500 | \$ 194,000 |
| Subtotal | \$ 188,537 | \$ 189,500 | \$ 194,000 |
| Excess (Deficit) | (\$948,929) Deficit | (\$1,199,775) Deficit | (\$1,157,390) Deficit* |

***-Each year, it is always anticipated that the Recreation Department budget is balanced by miscellaneous revenue from the General Fund.**

There is **no** Recreation Tax in Chambersburg. The Recreation Bond Tax does not help finance operations. The Recreation Bond Tax is not used to balance the Recreation Department budget.

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

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

Recreation Department Staff

Julie Redding, Recreation Superintendent

Tanya Sisk, Department Secretary

Samantha Hewitt, Program Coordinator

Kendahl Seilhamer, Program and Office Assistant

_____, Aquatic Center and Sports League Manager

Larry Truett, Aquatic Center and Borough Hall Maintenance Technician

Rodney Clark, Recreation Center and Park Maintenance Supervisor

Full Time Maintenance Personnel

Cortney Peyton

Jeff Umberger

Chris Stewart

Part Time & Seasonal Personnel

7 part-time, seasonal maintenance workers

10 part-time security guards

100+ part time, seasonal Aquatic Center and program personnel

What the Rec Department does:

Maintain 16 parks within the Borough, 8 of which provide playgrounds, totaling approximately 100 acres.
 Provide over 175 programs and leagues annually for pre-school kids through senior citizens.
 Operate with a full-time staff of 9 and a part-time/seasonal staff of over 150 people.
 Operate and maintain the Chambersburg Aquatic Center, which brought nearly 70,000 visitors in its first year!

Operating Challenges:

Within the last two months, the Recreation Department has experienced personnel changes and transitions, which has strained operations, but will improve as individuals are hired and feel more confident in their respective roles.

We hired a new Recreation / Office Assistant who is still learning her role and acclimating to the Department

We are currently working through the process of transitioning a new Secretary.

We will be hiring a new Aquatic Center and Sport League Manager to provide leadership and supervision to these important functions of the Department. Currently, other full and part-time staff are fulfilling the duties of this vacant position to ensure fall leagues are operating smoothly.

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

The proposed 2020 Budget includes no personnel position changes.

General Recreation Financial Review of 2019

| General Recreation Areas | Operating & Maintenance (O&M) Expenses | |
|--|--|------------|
| Recreation Center ----- | 2019 Budget | As of 9/30 |
| | \$189,500 | \$118,753 |
| Memorial Park ----- | 2019 Budget | As of 9/30 |
| | \$136,000 | \$105,330 |
| Other Park Areas Including the Rail Trail ---- | 2018 Budget | As of 9/30 |
| | \$178,500 | \$102,033 |
| Total Expenses for O&M ----- | 2019 Budget: | As of 9/30 |
| | \$504 | \$326,116 |
| | (those expenses for just these facilities) | |

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

General Recreation Receipts as of September 30, 2019: \$143, 347

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

Annual Goal/Challenge

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

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

Revenue Generating Ideas/Goals for 2020

- Improve marketing of Recreation Center facilities and all outdoor spaces to generate more rental income using multiple social media platforms (either Borough-supported or external).
- Continue to offer creative and diverse programs, and continue to enhance successful programs to expand participation.
- Collaborate with other local/similar agencies to provide healthy events for area residents as collaborating increases participation and therefore revenue.
- Advertise the newly installed air conditioning system in Gym 2 to encourage rental and more program opportunities during the summer months.
- Increase program and rental fees.
- Continue to improve condition of baseball and softball infields to increase rental opportunities.

Recommended General Maintenance Repair/Improvements Utilizing the Operating Budget for 2020

- Continue to improve the condition of baseball and softball infields.
- Cut down dead and diseased trees at Memorial Park, trim trees, re-plant some trees.
- Continue to replace all faded and rusted signage in parks.
- Repair remaining crumbling concrete wall around the stairwell at the Rec Center.
- Replace sections of the walking path at Memorial Park that have raised to create tripping hazards.

Capital Expense Recommendations for 2020 Utilizing the Recreation Bond Funds

- Replace the windows on the front of the Recreation Center \$18,000
- Repair Two Tennis Courts at Buchanan Elementary Courts \$25,000*
- Repair the surface of the Skate Park at 4th St. Skate park \$22,000
- Begin to install new exterior doors at the Recreation Center \$8,000 / set

Total Project Estimation: \$50,000

*There is approximately \$50,000 remaining in the Recreation Bond after the completion of the Aquatic Center, which will be detailed later in this budget. Therefore, some projects will not be completed in 2020.

A Year in Review

The past 12 months have afforded the Department, through the use of the Recreation Bond Fund, the ability to complete the following Capital Projects:

Nicholson Square, Phase 2:

- Two, half-court basketball courts
- Connected the walking path around the park
- Graded and seeded the multi-purpose field which should be ready for use in the fall of 2020

Constructed two new Tennis Courts at Henninger Field Park (one court is able to be converted for Pickleball use.

Constructed three new tennis courts and two dedicated Pickleball Courts at Memorial Park. Will be ready for use at the beginning of November.

Replaced the roof over Gym 1 and repaired other sections of the Recreation Center roof that have been leaking for several years.

Installed a new HVAC unit in Gym 2

Completed all lingering punch list items at the Aquatic Center and Nicholson Square, Phase 1.

As a community recreation department, it is our mission to continually provide quality experiences for the entire region through well-organized and diverse programs, a properly maintained park system, and a welcoming and safe Aquatic Center. We accomplish this vision by enhancing programs and parks in a manner that depicts excellence in all aspects of our delivery. We are proud to embrace the opportunity to improve the quality of life of our residents and encourage everyone to get out and play – just for the fun of it regardless of physical ability or residency. We encourage healthy fun for all.



Nicholson Square Park Ribbon Cutting



Nicholson Square Park Improvements

Resurfaced sections of the Tennis Wall at Henninger Park



Before



After

Two New Tennis Courts at Henninger Field Park



Replaced all faded and rusted welcome / rule signage in parks.



Previous



NEW!



NEW!

Healthy Community

We continue to collaborate with the school district to provide sites for their Nutritional Meals Program. Various days over the summer months, the school district food service department came to Mike Waters and Memorial Park to provide children with nutritional meals, free of charge. We supported the Coyle Free Library and their program Get Outdoors with Coyle. Library staff came to various park areas and provided children's activities, as well as read to them.



StoryWalk Installation and Lending Library Project

In 2019, the Recreation Department and the Coyle Free Library were approved to cooperate on a StoryWalk installation at Memorial Park. A StoryWalk is a series of signs featuring an individual spread or page of a book (often a children's picture book). The signs or pages are spread through an indoor or outdoor space in sequence allowing a reader to follow the story by walking. The StoryWalk™ concept was created by Anne Ferguson and developed in cooperation with the Kellogg Hubbard Library and the Vermont Bicycle & Pedestrian Coalition. We anticipate installation in 2020.



In 2019, Town Council approved a concept from Barbara Buhrman of the Keystone State Literacy Association (KSLA) Franklin County. A small kiosk, a Lending Library, will be located in Mike Waters Park. The KSLA would provide books to build children's personal, at-home libraries. They would stock the library with books for children – adults mostly geared toward children, which would also include Spanish books. The placement of the books would be contained within a weather withstanding "house" that would be accessible year round. We anticipate the installation in 2020.

Land Use & Community Development Department



Affectionately known as LU-COM-DEV

The Chambersburg Land Use & Community Development Department includes the comprehensive land use functions, land development plan review, as well as enforcement of building, health, and property maintenance codes. The Land Use & Community Development Department helps to plan and review land use that is consistent with the Borough's form and character. They support community values, preserve the environment, promote the wise use of resources and protect public health and safety through code enforcement.

Department Head: Phil Wolgemuth, Deputy Borough Manager

| | <u>2018 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|-------------------|--------------------|--------------------|--------------------|
| <u>Operations</u> | \$646,385 | \$809,285 | \$831,220 |

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

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

A department of multifaceted disciplines, Land Use & Community Development focuses on any topic related to land use issues, grants, strategic planning, or economic development.

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

Listen, to understand your needs;

Give clear, accurate and prompt answers to your questions;

Help resolve problems in an open, objective manner;

Explain how you can achieve your goals under the Borough's rules or the uniform code;

Maintain high ethical standards;

Work to improve our service in the most cost effective manner possible.

Community planning involves: citizens, neighborhood groups, businesses, stakeholders, land developers, and contractors along with Borough staff, and appointed and elected officials. The Town Council are elected officials. The Town Council appoints citizens to serve on the Board of Health, Building Code Board of Appeals, Curb & Sidewalk Policy Compliance Committee, Elm Street Advisory Council, Housing

Commission, Parking, Traffic & Street Light Committee, Planning & Zoning Commission, and the Zoning Hearing Board. These groups help process various parts of the planning and community development process. The Land Use & Community Development Department staff works with everyone to ensure that the process is well executed. The Assistant Borough Solicitor is appointed to work with this department as well. There are three (3) main areas of concentration in this budget: Codes, Planning & Zoning, and Economic and Community Development.

Codes

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

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

- Work with PMCA to transition PA Retail Food Facility Safety Act enforcement in-house, as approved by Town Council on August 26, 2019;
- Continue to work with Director of Finance and Harris Software representatives to learn, test and implement new software and consider using web-based portal for customer access;
- Work with Solicitor's Office to prepare Remedial Action Agreement for 33 South Franklin Street and any other properties deemed eligible;
- Conduct code enforcement training for Chambersburg Fire Department;
- In 2020 seek Town Council approval to amend Rental Property Code to provide for issuance of an annual license and to adjust program fees accordingly;
- In 2021 begin issuing annual licenses for Residential Rental Unit Inspection Program.



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

Retail Food Facility License Enforcement

History

- On February 11, 1976, Town Council passed Ordinance 76-37 requiring "stores, shops, stands and wagons from which articles of food are vended or sold...shall at all times be open to inspection of the Health Officer".
- On February 24, 1982, Town Council passed Ordinance 82-2, which amended Ordinance 76-37, setting annual inspection fee for restaurants, farmer's market vendors, commercial mobile food vendors and other establishments with inspections to be conducted by the Board of Health and Health Officer acting under the direction of the Board.
- On December 14, 1983, Town Council clarified that the Board of Health was appointed as enforcement agency of the Health Ordinance with the Housing Code Enforcement Officer performing inspections on behalf of the Board. The Housing Code Enforcement Officer at time was Gary Norris.
- On December 9, 1987, Town Council appointed Gary Norris as Health Officer to conduct inspections.
- On July 1, 1996, Kathy Rockwell was hired to assist Mr. Norris with inspections.
- On April 1, 2004, Mr. Norris left Borough employment. On October 18, 2004, Mrs. Rockwell left Borough employment with Bill Lockbaum conducting inspections on an interim basis until Daryl Morris was hired for the position on January 19, 2005. Mr. Morris stopped conducting inspections on July 29, 2005, and Mr. Lockbaum once again conducted inspections on an interim basis.
- On October 10, 2005, Town Council directed staff to take necessary steps to enter into the Health Code Enforcement Agreement for Commonwealth Code Inspection Service to provide third-party enforcement and inspection services.
- On May 11, 2015, Town Council authorized Notice of Termination to Commonwealth Code Inspection Service effective June 8, 2015.
- On June 8, 2015, Town Council entered into the Code Services Agreement with Pennsylvania Municipal Code Alliance (PMCA) to provide third-party enforcement and inspection services for various codes, including Retail Food Facility Licenses.
- On June 3, 2019, Town Council authorized release of Request for Proposals for third-party enforcement and inspection services for Retail Food Facility Licenses only.

2020 Initiative

On Monday, August 26, 2019, the Chambersburg Town Council selected a plan to bring restaurant, food service licensing, and health code enforcement in-house, to be managed by Borough employees, beginning in January 2020. At the meeting, there were four options presented by staff to Council. A large group of citizens and restaurant owners weighed in on the discussions, which lasted over an hour, as Council deliberated on what to do with this system going forward.

There are almost 200 municipalities throughout Pennsylvania, which manage their own restaurant, food service licensing, and health code enforcement systems; including most major cities and two counties. Chambersburg has been unique in that since 2005, the system developed by the Borough, included management by a third-party private code enforcement agency. In June 2019, Council, in response to objections about the customer service experience at the third-party private code enforcement agency, decided to issue a Request for Proposals, to determine whether any other private company would like to provide these services on the Borough's behalf.

The existing contractor, Pennsylvania Municipal Code Alliance (PMCA) of Chambersburg, was the only respondent to the Request for Proposals. However, staff outlined several options for Council to consider. The status quo was not an option going forward as the current contractor had put in a proposal, but their

response would have changed the current system to one managed by Borough staff, where the contractor would for a fee, provide only inspection services, and not manage the permit and licensing system.

The additional personnel costs are reflected in this proposed 2020 Budget.

There are currently 320 permittees in the system, including restaurants, school cafeterias, churches, food stores, special events, food trucks, and farmer's market booths. Staff estimates the system will cost approximately \$161,580 per year to manage in-house and generate income of about \$50,000. However, with the addition of other functions, such as inspection scheduling and permitting for the storm sewer utility, the Borough could spread the cost of the employees on other revenue sources, such as storm sewer fees.

After considerable discussion, Town Council approved the concept to bring the system in-house beginning in January 2020.

2020 Budget

Land Use and Community Development Department to increase staff to accommodate new responsibilities. However, as with all codes, new staff will be shared three ways: Health/Restaurant Code, Special Events (newly expanded system), and Stormwater Pollution Control Fee and Credit Program (newly expanded system) thereby lowering cost and cross-training staff.

Fee schedule to be set by Town Council in an attempt to recover the cost of new staff.

Any difference between fees collected by Borough and costs to run system will become Borough taxpayer financial responsibility.

Borough will hire one full-time Food Inspection Technician responsible for all inspections with existing Quality of Life Code Enforcement Officer becoming full-time to be trained as back-up inspector. Two Secretaries will join Land Use and Community Development Department to provide administration components, including fee collection, application acceptance and license issuance.

One Secretary will also process Parade/Event Permits and Civic Special Event Permits and the other Secretary will also provide administration support to Storm Sewer Utility, to be paid by Storm Sewer Utility, not General Fund. One vehicle is to be purchased for the inspector use. New staff is to be located on Borough Hall second floor with Storm Sewer Utility staff moving to the Utility Departments Addition to Borough Hall.

Pennsylvania Department of Agriculture representatives will provide training and technical assistance for Land Use and Community Development Department staff to establish new program.

Estimated cost to General Fund = \$161,580



Remediation Agreements

Remedial Action Agreements have proven to be an effective way to gain code compliance for commercial tenant spaces and apartments in exchange for waiving all outstanding utility-related charges. The Agreements set a schedule of work to be completed in order to get them compliant with the Property Maintenance Code, in exchange for relief from outstanding Borough utility fees, which had accrued prior to their purchase of the property.



201/203 S. Main St. and 8/10 W. Washington St. (Before)



201/203 S. Main St. and 8/10 W. Washington St. (After)



115/117 S. Main St. (Before)



115/117 S. Main St. (After)

Tall Grass and Brush Enforcement

In 2020, the Borough will continue this very successful inspection protocol using a part time enforcement officer.

BRUSH, GRASS & WEEDS CODE

| Year | Violation Notices |
|-------------|--------------------------|
| 2017 | 750 |
| 2018 | 452 |
| 6/30/19 | 250 |



Residential Rental Inspection Enforcement and the Effect on the Codes Budget

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

PROPERTY MAINTENANCE CODE

| Year | Rental Unit Violation Notices | Non-Rental Unit Violation Notices | Total Violation Notices |
|-------------|--------------------------------------|--|--------------------------------|
| 2017 | 159 | 57 | 216 |
| 2018 | 178 | 74 | 252 |
| 6/30/19 | 56 | 31 | 87 |

RENTAL PROPERTY CODE (4,610 rental units billed in 2019)

| Year | Systematic Inspections | Follow-up Inspections | Total Rental Unit Inspections |
|-------------|-------------------------------|------------------------------|--------------------------------------|
| 2017 | 986 | 479 | 1,465 |
| 2018 | 1,078 | 357 | 1,435 |
| 6/30/19 | 362 | 165 | 527 |

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

Planning and Zoning

- The Planning and Zoning Office coordinates review and approval of subdivision and land development plans to include fee collection, review and analysis, meeting facilitation, street addressing, document recordation, and public works security administration. The office also processes Land Use Permit Applications (LUPA) and Zoning Hearing Board (ZHB) appeals. Further, they provide technical assistance regarding the Comprehensive Plan and other planning-related issues.
- The Planning and Zoning Office's goals and challenges for 2019 include:
- Once hired by Town Council work with consultant to update Comprehensive Plan;
- If awarded by DCED administer Municipal Assistance Program grant for Comprehensive Plan;
- Continue to work with Director of Finance and Harris Software representatives to learn, test and implement new software and consider using web-based portal for customer access;
- Work with Pedestrian & Bicycle Advisory Committee and Engineering Office to determine whether Complete Streets Policy should be drafted and implemented;
- Evaluate criteria to seek Platinum Sustainable Pennsylvania Community Certification;
- Draft amendments to the Subdivision and Land Development Code, Zoning Code and other codes as referred by Town Council;

Community and Economic Development

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

The Community and Economic Development Office's goals and challenges for 2019 include:

- Work with Urban Design Ventures to prepare Five Year Consolidated Plan for 2020 to 2024 CDBG;
- Provide technical assistance to NETwork Ministries, Valley Community Housing Corporation, Habitat for Humanity and other potential partners for CDBG or HOME funding;
- If Elm Street Program re-designated by DCED implement Elm Street Neighborhood Plan with BOPiC, Downtown Chambersburg, Inc. and Elm Street Advisory Council;
- Continue downtown maintenance oversight including street trees, tree pits and waterwheel;
- Serve as intermediary for Borough, local businesses and organizations for PennDOT project to replace bridge on North Main Street (Route 11) over Falling Spring Creek;
- Work with Highway Department to re-install various historical Keystone markers around Borough and to add "FREE" parking signs to Borough Parking Lots;
- Continue to work with small business operators to navigate Land Use Permit Application and PMCA permit application processes;
- Work with Engineering Office and Storm Sewer Utility to prepare plan to repair Mill Alley stormwater drainage;
- Work with Jade Dunhour, Diversity, Outreach, and Employment Resources Programs Manager, to promote the 2020 Census, minority owned businesses, Borough job opportunities and workforce development and to collaborate with Chambersburg Area School District about opportunities to work with the Borough;
- Host public information session on the Fair Housing Act of 1968;
- To re-start Housing Rehabilitation Program prepare application for CDBG or HOME as administered by HUD or DCED.

Downtown Maintenance (Community and Economic Development)

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



New bike racks downtown



37 flower baskets are placed on electric poles along North and South Main Street, Lincoln Way and at Chambers Fort Park. A contractor waters baskets every day from May to October. Franklin County Career and Technology Center donates the flowers and plants them in support of the downtown.

The waterwheel was damaged during a very high water event in the Spring of 2019. It has been removed and taken to the Franklin County Career and Technology Center to be repaired at no cost to the Borough by Carpentry Department students under the direction of Todd Swan. Valley Crane Service and Brechbill & Helman Construction Co. donated personnel and equipment to transport the waterwheel. Rotary Club of Chambersburg is once again supporting the project, financially, to purchase wood needed for repairs. Repairs are estimated to be finished in spring of 2020 so the water wheel can be returned to the creek in summer of 2020.

In 2020 plan to replace Belgian blocks around Central Parking Lot landscaped islands for estimated cost of \$11,000.





In 2020, and beyond, will continue to work with Franklin County representatives to plan for street trees and furniture associated with new Franklin County Courthouse Project.

Downtown Lights

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

In 2018, Town Council approved their new plan to address the Downtown Lights Program that includes providing \$3,000 per year in 2020 and beyond from the Borough Electric Department, subject to budget appropriation. The plan was to hire a contractor to install new lights on taller street trees along S. Main St. on a rotating block-by-block basis between E. King St. and E. Washington St. under the direction of Guy, Will and the Downtown Business Council. \$3,000 is included in the 2020 Budget, and anticipated

beyond, to be in addition to \$5,000 already provided to the Downtown Business Council for lights and downtown events, for a total of \$8,000 per year. Lights to be installed by a contractor and volunteers will be purchased and provided by the Downtown Business Council. The Borough Electric Department will continue to install lights on all trees and Christmas tree on the square under the direction of Guy and Will with lights to be purchased and provided by the Downtown Business Council.



Downtown Chambersburg, Inc. (DCI)

DCI's mission is to drive economic development through business recruitment and retention, as well as the administration of programs that positively affect the look, feel and perception of Main Street thereby attracting investment. In 2019, Town Council financially supported DCI to administer the downtown partnership marketing program at a rate of \$20,000 with the condition that the partnership annually raise an amount of cash contributions at least equal to that sum from various charities, merchants, stakeholders, partners or economic development agencies. In 2020, DCI is seeking \$40,000 to cover its marketing and promotions costs, business retention and recruitment costs, investor/developer retention and recruitment costs, Keystone Community Designation costs and Keystone Opportunity Zone exploration. In 2020, DCI also expects to explore Façade and Development Revolving Loan Programs from the Pennsylvania Department of Community and Economic Development and local partners.

2019/2020 Priorities

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

Total Contributions for 2020

While an increase of 100% funding is not suggested, this 2020 Budget does include a **50% increase in funding to \$30,000**. It is also suggested that Borough resources are not entirely a sustainable way to fund the downtown in addition to all the other Borough resources outlined in this chapter.

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





New Pedestrian Bridge





An evening in a sidewalk café in Downtown Chambersburg



Work on the new County Courthouse

Highway Department



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

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

| | <u>2018 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|-------------------|--------------------|--------------------|--------------------|
| <u>Operations</u> | \$1,132,451 | \$1,128,560 | \$1,335,205 |

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

As has been noted in past years, these are not interruptions to the daily routine, but are the definition of it. Sometimes we are called the “swiss army knife” department because we do a little of everything.



Borough Leaf Truck Picking up Leaves

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

Major items for 2020:

- The Department will continue to assist Mr. Stottlemeyer in the remediation of storm water related problems throughout the Borough.
- Having been started in 2019, a systematic crack-sealing program to better preserve existing streets will be expanded in 2020



Night-Time Snow removal in the Downtown

Let it snow!

The Borough's snow removal expenses are perhaps one of the most unpredictable General Fund expenses to effectively budget for, as they are directly related to winter weather, which can and does vary greatly in its frequency and severity from year to year. As a result, related expenses can also vary greatly from year to year. In early 2019, a greater emphasis was placed in removing snow from the downtown to better assist the merchants serve their customers. In an effort to account for these increased demands, the annual snow budget was set at \$130,000.

Non-Utility Ditch Patching:

An increased emphasis on patching streets, from small potholes to large patches, is reflected in the "Patching of Paved Streets" line item. This was increased in the 2020 budget to \$215,000. Money is also set aside for patching alleys at \$84,000; this is the only money set aside to do any work on Borough alleys.

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.

In 2020, the Borough Manager is proposing a study to find a new way to fund alley paving with the formation of a new committee. Once the Curb and Sidewalk Master Plan is published (estimated to be before the end of 2019), the Engineering Department should transition, from the study of curbs and sidewalks, to the study of alleys. Further, staff is recommending a comprehensive funding scheme be developed to address the serious condition of back alleys. The Borough owns many (although not all) of the many back alleys. It appears we own more back alleys than communities of similar size.

It has been suggested 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. One solution to be considered by the Committee would be a policy upon which Council can choose those alleys for improvement to alleys that do not provide general community through traffic. Those alleys can be either abandoned/returned to the adjacent property owners (although in many cases must remain open for traffic) or can be upgraded under the State Law.

The Highway Department will provide information, options, and support to this new Committee in 2020.

Wagner Supply Building and New Wayne Avenue Public Works Facility

At the end of 2019, the Borough had the opportunity to acquire a vacant commercial building at 366 Wayne Avenue in order to plan the relocation of the Loudon Street Sanitation Department, Motor Equipment Department, and Highway Department facility.

The site, recently the home of Wagner Supply Depot, will be renovated over time to eventually replace the existing Borough public works facility located on Loudon Street, at the corner of S. Franklin Street. The existing facility on Loudon Street is reaching the end of its useful life, has a number of problems, including vehicle maintenance bays that are too small for today's modern trucks, poor equipment and materials storage, no room to grow, and is along the Conococheague Creek, in the floodplain.

It is anticipated that SGS Architects/Engineers will be engaged in 2020 and a building committee will develop a concept plan to update the site. Construction would not begin until at least 2021 and full occupancy is estimated to be in 2023.



General Government



General Government functions include a variety of activities from the organization and management of Town Council to various intergovernmental activities, to payment of General Fund general expenses such as insurance, memberships, civic activities, and the Shade Tree Commission. Intergovernmental affairs include activities associated with the Council of Governments, County Boroughs Association, and the Pennsylvania State Association of Boroughs, and the Pennsylvania Municipal League, and training and conferences for elected officials. Downtown maintenance including trees, sidewalks, walkways, and signs are included. Finally, the reimbursement for Special Civic Events is passed through General Government.

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

| | <u>2018 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|---|---------------------------|---------------------------|---------------------------|
| <u>General Operations</u> | \$1,586,136 | \$1,727,375 | \$1,689,135 |
| <i>Includes insurance, tax collection, printing, dues, legal costs, training, and advertisement of ordinances</i> | | | |
| <u>Civic & Downtown Operations</u> | \$123,661 | \$157,925 | \$317,415 |
| <i>Includes emergency management, Shade Tree Commission, and civic events</i> | | | |
| <u>Transfer to Capital Reserve, etc.</u> | \$720,000 | \$0 | \$147,215 |
| <i>Includes transfers for street projects (if available) and other capital projects in future years</i> | | | |

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

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

Major items for 2020:

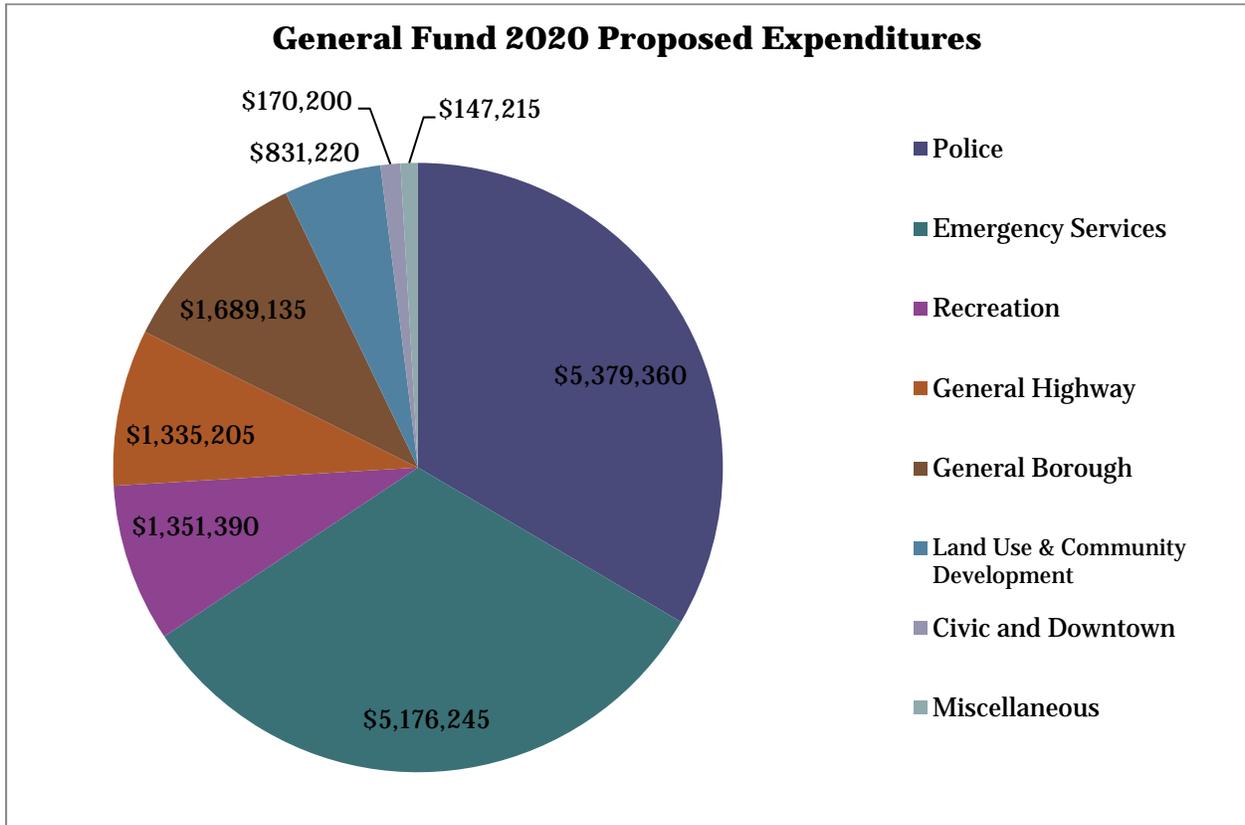
- Elected officials compensation remains fixed with no increase (per State law)
- Borough Solicitor compensation will rise 2% in 2020. In addition, the Solicitor has made a request to not increase the January lump sum payment he receives for his administrative back office operations.
- This budget lowers assistance for the Shade Tree Commission down to \$25,500 to support the work of the Commission (tree grants, downtown tree improvements, and tree pit material testing)

- Support of the Ice Fest Ice Slide installation will continue at a cost not to exceed \$12,000
- The Borough will continue to financially support Downtown Chambersburg Inc. to administer the downtown partnership marketing program at a rate of \$30,000 per year for 2020, increasing from \$20,000 in prior years; with the condition that DCI, Inc. annually raise an amount of cash contributions at least equal to that sum from various charities, merchants, stakeholders, partners, or economic development agencies
- The Borough will continue to participate and support the efforts of the Downtown Business Council to have successful events that bring visitors and commerce to the downtown, with a lump sum cash grant of \$5,000 for that purpose, of which \$1,200 to be used for Christmas lights and decorations; not including the dozens of hours of staff time as in-kind support
- The Borough will continue our program of regular maintenance of the Memorial Square and Glen Street fountains



Downtown Chambersburg Packed for the Duck Derby





| 2020 Budget | | |
|---|---------------|-------|
| Police | \$ 5,379,360 | 33.5% |
| Emergency Services | \$ 5,176,245 | 32.2% |
| Recreation | \$ 1,351,390 | 8.4% |
| General Highway | \$ 1,335,205 | 8.3% |
| General Borough | \$ 1,689,135 | 10.5% |
| Land Use & Community Development | \$ 831,220 | 5.2% |
| Civic and Downtown | \$ 170,200 | 1.1% |
| Miscellaneous | \$ 147,215 | 0.9% |
| Total Expenditures | \$ 16,079,970 | |
| Total Revenue | \$ 16,079,970 | |

Summary

- In 2020, the Borough's GENERAL FUND BUDGET will be \$16,079,970. In 2019, the Borough's GENERAL FUND BUDGET was \$15,157,375. This represents a 6.0% increase, and is likely a realistic gauge of actual growth in the Borough's spending plan, given the expansion of the Emergency Services Department revenue plans.
- The 2020 General Fund Budget is balanced.
- Of the total expenditures planned in the General Fund, 65.7% are for Police and Emergency Services.
- Of the total expenditures in Police and Emergency Services, 74% are for personnel costs (wages and benefits).
- Unlike almost every other town, Chambersburg does not keep back office operations in the General Fund. This way, they can be billed to the utility funds in proportion to their use of these operations.

Finally, the General Fund is balanced in 2020, in no small part, by the addition of a \$7 per utility invoice per month Ambulance fee to support the activities of the Fire Department's Emergency Medical Services operations. There is no alternative offered to avoid this fee other than a painful large real estate tax increase, to support other General Fund operations, other than Ambulance, in order to than shift more general revenue to support the Ambulance services. That is not a recommended course of action, would be confusing to tax payers, would not be broad-based, and is not be recommended.

11/12/2019



Electric Department Budget

As Proposed for 2020 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Electric Department Budget

As Proposed for 2020

The Electric Department serves over 11,400 electric accounts in South Central Pennsylvania covering a service territory of about 6.5 square miles in the Borough of Chambersburg. Chambersburg's electric customers, unlike many regions in the country, are still composed of a diverse, healthy, and traditional mix of residential, commercial, institutional, and industrial facilities. Therefore, the Borough must plan years ahead to have the energy and peak power available to meet the higher forecasted electric loads, while also trying to keep costs to a minimum.

The availability of electricity to the Borough of Chambersburg began sometime after the Franklin Electric Company applied for a Charter to furnish electric current on August 29, 1874. It is uncertain how long this firm remained in business in our area. The Cumberland Valley Railroad Company constructed a portable electric light plant located on a railcar in 1883. In 1884, this device lit arc lamps around Memorial Square for the Centennial Celebration and lit the grounds for a baseball game, which was played one night on North Third Street at the corner of King Street, the first organized night baseball game anywhere in history.

On November 29, 1889, the Borough placed a contract for installing the Borough's own Electric Light Plant to light the streets of the Borough, for \$9,757. This street lighting system was operated from dark until midnight. It was not operated on moonlit nights. In 1891, the Borough went into the commercial phase of supplying "current" to consumers. The Borough installed its first steam driven generators along the Falling Spring in 1893. The high voltage distribution system naturally grew over the years from the power plant off Light Avenue. This system became the central driving force for commerce as local industries embraced electrically driven machines. Rates were \$0.12 per kilowatt-hour in 1901, \$0.06 in 1935, \$0.0842 in 2008, and mid-2019 the overall average cost per kWh was around \$0.0917. About 8 million kilowatt hours were generated in 1935. In 2008, the total billed kilowatt hours were 303,299,213. In 2018, the total billed kilowatt-hours were up 5% over 2017 at 317,159,888 kWh, with the Borough's generation facilities and contracted landfill gas to power facility producing about 15.6% of that annual total.



Credit: Mike Marotte, III.

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



Park of the Valiant Fountain

For the first fifty years of operation, all electricity distributed by the department was produced within the Borough by its own generating equipment, which was added as needed for customer load growth. During World War II, generators were unavailable to meet increased generation demands by the local industries producing for the war effort. Thus, a 69 kV transmission line was constructed from South Penn (later became West Penn Power Company) to augment the Borough’s generation. After the war-related restrictions were lifted, Chambersburg began to invest in needed generating equipment into the 1940’s/60’s with the addition of boilers and steam turbines; and later two dual-fueled diesel/gas engines respectively.



Dedication - Park of the Valiant - 160 N. 2nd Street

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

During the past decades, the department continued to add to and upgrade the substations and the distribution system. During that time a new 3.2 megawatt dual-fuel generator was added to the two existing dual-fuel units, which increased the Borough's generating capacity to 7.5 megawatts. The Electric

Department also upgraded to state-of-the-art control systems and installed a Supervisory Control and Data Acquisition (“SCADA”) system network. During this time, the Borough had been developing and installing a Borough-wide Geographical Information System (GIS) to combine utility maps, customer service records and numerous data files into a single geographical and reference system. The Electric Department has been instrumental in installing a fiber optic cable system among the various substations and various Borough facilities located throughout the Borough. This installation expanded in 2013 by entering into a fiber optic sharing agreement with Franklin County. The Borough’s fiber backbone is now being used to support the infrastructure of government organizations, its own computer networks, and increasingly, Borough telephone systems. In 2019, the Borough network was expanded to effectively include when ready all the new Franklin County office facilities including the new Judicial Center on Memorial Square.

Clearly, as we approach 2020, existing technologies, utilizing various fuels, for traditional electricity generation, as well as new generation and renewable energy technologies, and the changing wholesale power marketplace, are adding complexity to Chambersburg’s business decision-making. With all of these competing business forces and the demands for management’s attention, the Electric Department is planning for mandatory and necessary periodic maintenance, a complex capital improvements plan, strategic equipment additions, customer growth and satisfaction requirements, while developing staff and all supporting systems.

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

The Borough spent much of 2019 maintaining and running the Wartsila (Finland) constructed power plant at Orchard Park, including the four, eighteen-(V) cylinder, 8,086 horsepower engines that generate about 5.8 megawatts each. The \$19.9 million project, which included the construction of an adjoining substation and other system improvements, became operational in 2003. As a result of the new plant, the Borough had joined the Pennsylvania, New Jersey and Maryland (PJM) Interconnection, a regional power grid offering Chambersburg new abilities to purchase and sell electricity directly onto the grid.

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

ambitious plan to build the “extension cord” to deliver the power to Chambersburg, which was then completed on time and under budget.

In late 2012 (testing), early 2013 (commercial), a PPL Renewable Energy 6.4-megawatt methane-to-electricity power generation system opened at the Blue Ridge Landfill. The landfill provides at least 3.2 million cubic feet of methane gas from the 268-acre facility to power the plant’s four Caterpillar engine generators. The generators power the equivalent of approximately 3,500 homes. Methane-to-energy systems at landfills have a dual benefit for the environment - they generate electricity from renewable fuel while also eliminating typical emissions of raw or flared (burned-wasted) methane.

Chambersburg, to this day, has acquired the full output of the electricity under a Purchased Power Agreement (PPA) for the initial 10-year term, 2013-2022, at a fixed price of \$63/MWh for the entire term with no additional delivery or congestion fees as the connection is made to a substation within Chambersburg’s power system. Since the power is delivered behind the Borough’s electric meter, the Borough’s capacity or demand charges are reduced, thereby lowering the net cost of the renewable power purchases to what we call an “all-in” value of more nearly \$56/MWh in 2019. The Borough is considering for 2020 a price lowering “blend and extend” on the existing project as the term is nearing its presently defined end. In addition, if it remains economical, there is the potential for the owner to extend the initial term and even sell more power from new engines output to the Borough, possibly further reducing energy and capacity costs. The electric energy produced from this landmark (EPA Project of the Year 2013) renewable energy/capacity facility again this past year represents an estimated 15% slice of the Borough’s overall electricity needs.

As the reader may recall, the Borough’s long standing single power supply agreement with DTE Energy (the former Detroit Edison) expired on December 31, 2012 and the Electric Department has since been entering into multiple new lower cost wholesale power supply agreements, a practice which started in 2013. The cost of wholesale energy generally remained very favorable during that time and through to today for future power procurement. Electricity is a commodity, bought, sold, and traded hour by hour. As a result of the new market variability, in 2010 Pennsylvania adopted a change to the Borough Code to allow the 35 municipal electric systems to acquire energy in a different manner and in a strategically better way than in all of history. Specifically, energy can be negotiated and bought without the cumbersome and untenable sealed bid process used to buy most large items by the Borough. In light of these changes, Chambersburg with its consultant GDS Associates of Marietta, Georgia, has developed a Power Supply Master Portfolio Plan, which Town Council adopted on May 14, 2012.

As it is with the various developing electric markets themselves, the Borough has found that it is best served by many and differing sources of power supplies, a “portfolio” of both power purchase agreements (PPA’s) and iron in the ground or real electricity generation plants, including new renewable and sustainable sources. The commercial trademark of Chambersburg is that it has managed for its customers, generation assets, interconnections, and power purchasing agreements for over 126 years. There were basically coal fired-steam power plants in Chambersburg up until the 1970’s, now there are many technologies and opportunities for the Electric Department and the “Power Team” to carefully consider.

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



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

The previous Electric Superintendent, our team of engineering and management consultants, and Town Council has had the foresight to add more engines in 2003, at a cost of approximately \$20 Million. The decision to add more generation assets came at a time when power costs were still relatively inexpensive. Who would have thought that the strategic planning and decisions made by Council back then would ultimately become the solution to lowering and stabilizing costs and retail rates during the period from 2010 through today?



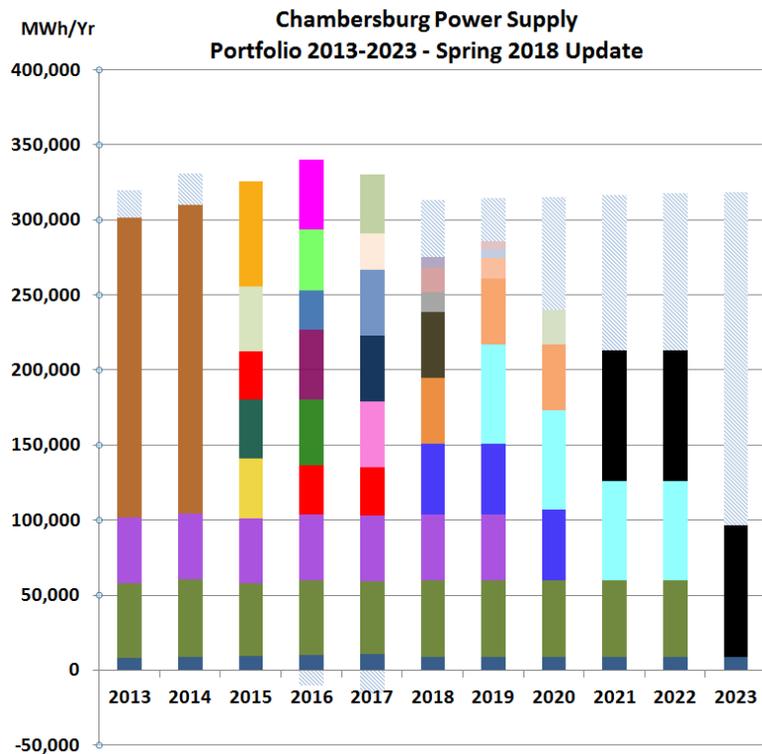
Orchard Park Generation Station - Unit #8 in Foreground, #9, #10, and #11 (2003)

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

Even though wholesale electricity prices are lower right now, while transmission rates and other costs seem to be on the rise, it would be wise for Chambersburg to again consider the options to prepare for when fuels and electricity prices rise. From that perspective, the department floated a request for proposals in 2019, to likely recommend expanding and diversifying the power supply portfolio in 2020 using the approved 2019 Bond funds, while also considering traditional as well as new offerings of affordable, renewable, sustainable generation technologies. For example, the Borough will likely consider, among other alternatives, a re-arrangement of the landfill gas to energy project with its owner and also perhaps a photovoltaic community solar project.

Portfolio of Energy Products

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



Within each stacked bar by year, it also shows how the Borough has filled, or will in the future fill the various “blocks” of power. The portions of power supply (blocks) stack up to the Borough’s total need for the year. The lowest “blue” colored block and next up “green” colored block are the New York Power Authority Hydropower agreement and the landfill gas-to-power blocks respectively. The landfill gas-to-power is renewable and sustainable power coming from the landfill plant owned by Energy Power

Partners LLC to Chambersburg on the Borough-owned Express Generator Feeder (“EGF”) or the “Extension Cord” as it was fondly named in 2013.

To limit “emotional buying” during extreme low or high priced periods, the Borough decided in 2012 to go out to the power markets, up to twice per year looking for the lowest bidders on the predetermined energy block sizes and terms needed to strategically fill the future-looking portfolio block model. The portfolio plan has been expanded in recent years to study and possibly include more Borough-owned or power purchase agreement (PPA) type power generation sources. This approach has proven since inception to effectively cost-average the multiple-year power supply costs, thereby maintaining electric rates as low and stable as possible over the past 5 years and expected longer term.

Chambersburg Power Supply Portfolio 2013-2023:

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

View of Trending Electric Rates

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

Municipal electric utilities, such as Chambersburg, can operate within the bounds of the best of both wholesale and retail electric utility worlds, gathering the benefits from the wholesale market and passing those directly back to the owners of the system, its ratepayers, the residents. In Chambersburg, this model of bringing the financial benefits directly back to the community proves, time after time for over 126 years, to be a successful model for providing electricity to its residents. This is in stark contrast to the investor owned utility world where there are shareowners and numerous middle-interests taking profits

from the large interstate flows of electricity, ultimately with those added costs being passed on to its load serving entities and customers.

#WeShop4U is a marketing “hashtag” developed to make this point that in Chambersburg, the Electric Department navigates the complexity of the electricity marketplace, so you do not need to do it. Customers of the surrounding investor owned utilities, need to shop and manage their own electric costs. Every year we read media stories about customers being taken advantage of by unscrupulous electricity providers with variable rates that boom, double-billing, or unwanted telephone solicitations. These calls still come in occasionally, but Chambersburg Electric Department customers can respond by saying “not interested” with confidence. This is the advantage of your town shopping for your electric needs.



Park of the Valiant – Entrance Upgrade

The Future of the Pennsylvania Municipal Electric Association & Chambersburg Leadership

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

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

The biggest structural changes proposed to PMEA are:

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

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

In December 2018, Chambersburg approved a Resolution in support of the PMEA re-organization. Borough Manager Jeffrey Stonehill was elected President of PMEA at the Annual Conference in State College in September 2018. By December 31, 2018, thirty-three of the eligible thirty-five communities adopted similar resolutions.

On Wednesday, September 11, 2019, the Board of Directors of the Pennsylvania Municipal Electric Association announced the appointment of Diane Bosak as the Association's new Executive Director. Diane was the unanimous choice of the Board of Directors. She brings a wealth of talent and experience to help the Pennsylvania Municipal Electric Association. Together, we will deliver the message of the benefits of Public Power, for the thirty-five boroughs with public power systems throughout the Commonwealth. She will represent well the mission of public power and our organization.

According to PMEA, Diane has extensive experience in managing non-profit associations as well as municipal advocacy in Pennsylvania. She previously served as the Vice President for Workforce Strategies & Policy for Achieving the Dream, a non-profit association in Silver Spring, Maryland, dedicated to access and equitable treatment in America's system of public education – from preschool through community college and four-year institutions. She had previously served as Deputy Secretary for Workforce Development at the Pennsylvania Department of Labor & Industry, and as executive with the Pennsylvania Commission for Community Colleges, the County Commissioners Association of Pennsylvania, and the Pennsylvania Municipal League.

According to Diane Bosak, "Throughout my career, I have had the unique opportunity to work with Governors, local elected officials, business leaders, college presidents, trustees, and others in volunteer driven, mission-oriented membership associations. Over the years, I have held direct responsibility for complex subjects ranging from taxation to government affairs, and I hold a deep commitment to learning and understanding issues. My experience in direct advocacy has enabled me to understand the importance of cultivating relationships among the member boroughs that PMEA serves, and with external stakeholders, policymakers, and others."

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

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

The 2020 Budget includes sufficient funds to see our financial contribution rise to about \$40,000/year.



Borough Electric Department About 1900

First Energy Relationship

Expected to continue into 2020, the electric department and the power procurement team will likely finish negotiations with First Energy, West Penn Power, and PJM to update its transmission system interconnection agreements. A major accomplishment for 2020, after reaching a new contractual understanding of the various supply and generation interconnections could very well be opening the doors to some of the Borough's best self-energy supply ideas yet.

Chambersburg Electric Department Sells Infrastructure Bond

On Monday, February 25, 2019, the Chambersburg Electric Department sold a \$9,315,000 capital improvements bond in order to raise resources to invest in the Borough's public power system. Beginning in 1996 and up to 2002, wholesale power purchasing borough electric utilities like Chambersburg began participating in the wholesale electricity marketplace or "shopping" the markets. As wholesale generation system competition and markets developed into "stock markets for electricity" trading power by the minute, season, and year, the Borough observed better opportunities and therefore began to position itself to purchase multiple sources of generation from multiple suppliers in the marketplace, managed by PJM Interconnection; our regional grid operator. This was in addition to Chambersburg-owned generation.

The new bond issue will provide funds for five new project areas: upgrading substations, investing in new sustainable/renewable energy projects, building a new distribution center at the Borough's Service Center site, transmission system upgrades, and investments in expansion or enhancement of the Borough-owned generation assets; the power plants.

The Electric Department seeks to invest in capital improvement projects 2019-2021 to upgrade and ensure reliability of the Borough-operated public power system, in order to maintain and improve: their safety record, the overall cost of operations, the system's incredibly reliable power delivery infrastructure, and grow for the future.

Electric Department



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

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

| | <u>2018 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|------------------|-----------------------|--------------------|--------------------|
| Revenue | \$30,675,440 | \$30,002,953 | \$29,711,437 |
| Expenses | \$32,026,468 | \$30,002,953 | \$29,711,437 |
| Excess (Deficit) | (\$1,351,028) Deficit | - Balanced - | - Balanced - |

The deficit in 2018 was a product of a capital transfer for future projects of \$1,298,650 million.

The Chambersburg Electric Department has had significant success driving down the cost of wholesale power. While sales have also diminished (likely due to energy efficiency by residents and businesses), costs have finally come down low enough to allow a small temporary rate decrease. This will be the third time that the Electric Department will decrease electric rates. According to our records, the department has, on average, the lowest residential electric rates in the Commonwealth, slightly lower than our surrounding investor-owned utility. A 1.9% rate reduction, on average, will result in the lowering of the average residential electric bill from \$100.90 per month to \$98.90 per month, although results will vary based on several factors including weather, and home attributes. The Electric Department envisions that the average residential customer will save \$2 per month in 2020.

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

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

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

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

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

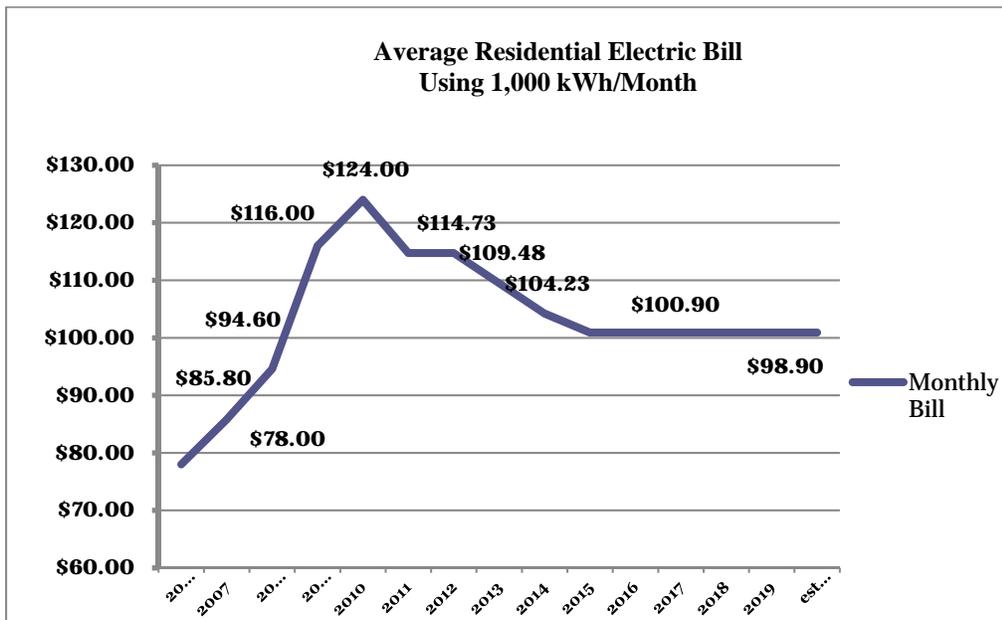
Chambersburg is the largest public power system in Pennsylvania, the only one to operate multiple power plants, and a leader for the support of these systems across the U.S.

Finances: Residential Rates

| Year | Total Electric Bill (1,000 kWh) | \$/month Effect |
|--|---------------------------------|------------------------|
| 2012 | \$114.73 | Base year |
| ----- Implementation of Portfolio Electric Purchasing Plan ----- | | |
| May 2013 | \$109.48 | Drop 4.6% (\$5.25) |
| Nov 2013 | \$104.23 | Drop 9.2% (\$10.50) |
| Nov 2014 | \$100.90 | Drop 12.1% (\$13.83) |
| ----- Base Rate Ordinance Updated (November 2014) ----- | | |
| 2016-2019 | \$100.908 | No change, no increase |
| 2030 | \$98.908 | Drop 1.98% (\$2.00) |

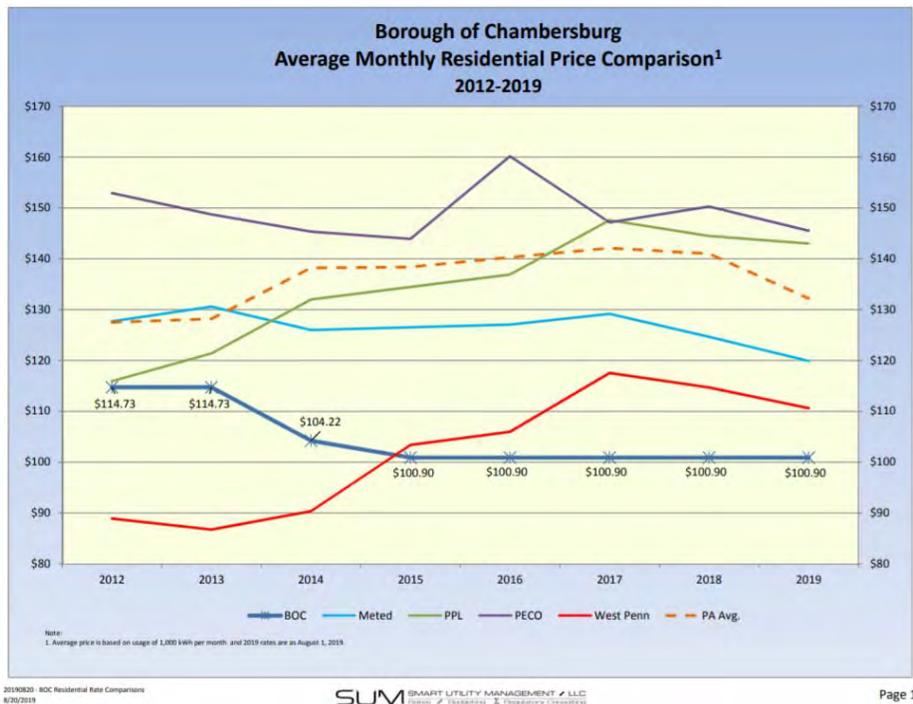
Our long-standing success story in Chambersburg means that the monthly electric bill for a residential customer, using 1,000 kWh per month, dropped from an average monthly electric bill of \$124.00 in 2010 to \$98.90 in 2020. **The 2020 Budget recommends the fourth consecutive rate decrease since a rate peak in 2012.**

Over the four years that followed the all-time peak in 2010, electric rates for the average residential customer using 1,000 kWh dropped on average about \$23.10/month. The following graph shows the cost build-up of the 2006-2010 period, also though, the cost reducing successes that were accomplished in the beginning years and is expected to continue into 2020 as a result of the portfolio of energy products and the Borough’s own generation assets.



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

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



It was determined that Chambersburg’s average residential electric cost per month (for 1,000 kWh) compares most favorably to its neighbors and Pennsylvania. Presently, Chambersburg’s all-in monthly residential electric bill is estimated to be about 9% below our neighboring investor owned utility, West Penn Power, and Chambersburg is estimated at about 24% below the State’s “all-in” or “provider of last resort” average cost per month (2019) for a customer using 1,000 kWh per month.

Using the Nebraska Public Power District (NPPD) 2017 research findings, it was determined that Chambersburg showed up (\$0.0918, 2017) at 9% below the Pennsylvania State average (\$0.1013/kWh, 2017) and only 1.39 cents per kWh more expensive than the lowest statewide average residential electric cost in the U.S., which was Louisiana (\$0.0779/kWh, 2017). Also in 2017, according to this NPPD study, Chambersburg’s overall (all customers) average electric rate was observed to be tied for 19th place in the NPPD USA State’s ranking, up from its slotting near the 20thth ranked State in 2016 (Borough electric all-in rates for all customers compared to statewide average rate study). NPPD’s (Public Power) overall electric rate (\$0.0771/kWh, 2017) is below that of the lowest average cost per kWh State in the Union, another testimony for public power capabilities!

The good news is that the rates are maintained so low in Chambersburg while also improving and maintaining one of the most reliable electric delivery systems in the U.S. What follows is a summary of how Chambersburg compares to small and large Pennsylvania regulated (Public Utility Commission or PUC) utilities. One standard measure of reliability is called SAIDI, or System Average Interruption Duration Index. SAIDI simply is a count of the total minutes of customer outages that there were in a year divided by the total number of customers. For Chambersburg, on average, every customer in the Borough was out of power for only 30 minutes in 2018 (26 minutes, 2017). Comparing that to the surrounding investor owned utility, West Penn Power, every customer in the West Penn Power service territory in 2017 (2018 PA PUC Report not yet available) was out of power for an average of 158 minutes (PAPUC-Annual Electric Service Reliability Report, August 10, 2017).

Borough Average 2017 SAIDI: 26 Minutes

Small EDC (PUC), 2017 SAIDI: 99 Minutes

(Citizens, Pike UGI, Wellsboro)

Large Investor Owned Utilities 2017 SAIDI: 158 Minutes/Customer

(Duquesne, PECO, PPL, Met Ed, Pennelec, Penn Power,

West Penn Power = 203 Minutes/Customer (3 hours and 23 minutes)

2020 Budget – Future View

Chambersburg believes that no utility can stand-still upon the success of its past performance metrics. Therefore, staff recommended that the Borough budget using the 2019 Bond to implement starting in 2020, new and innovative technologies, generation, transmission, substation, distribution, and other system upgrades. These investments make sense over the long term and are consistent with the American Public Power Association’s Reliable Public Power Provider (RP3) Certification Program, which the Borough has proudly supported since 2009.

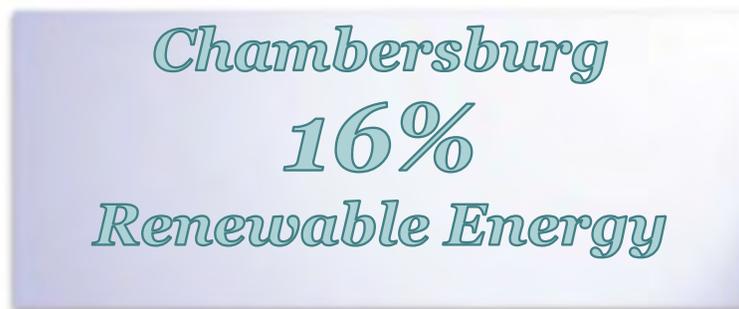
In 2020 using the “Request for Proposal” (outside help), staff will consider specific cost effective options for replacing, re-powering, or re-configuring the outputs of the Borough’s two 50-year old engines/generators at the Falling Spring Generation Station. The evaluation will be made in conjunction with a possible addition to the generation portfolio of more generation at the same facility site or at another site, like Orchard Park. The generation output improvements being considered in 2020 may be designed to reduce Borough “load” purchases, with natural gas fuel purchased at a more fixed, non-interruptible natural gas rate, or installed under the existing arrangement with PJM as a network resource, but either way, the project could further reduce peak energy purchases, PJM peak capacity charges, and reduce the expected increasing First Energy and PJM transmission system charges in the future.

In 2020, Chambersburg will consider significant investment and upgrades into our electric system.

Other Traditional and Renewable Power Supply Concepts under Investigation:

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

The Borough presently enjoys approximately 16% renewable energy supply in the current "portfolio", including the LFG plant contributing about 15%, with the New York Power Authority hydroelectric, and local roof mounted solar adding the remaining less than 1%. If the owner of the LFG plant were to find an economical way to add two engines and supply more output, the renewable total annual energy used in Chambersburg could rise to an estimated 22%. Each new increment of renewable energy production, such as a Community Solar project, could provide approximately up to 12% more Renewable Energy to the portfolio. Chambersburg already far exceeds the State mandate for renewable energy sources even though we are exempt from the State's requirements.



Energy Efficiency

In addition to our efforts to undertake integrated resource planning and infrastructure improvements, Chambersburg is also proposing energy efficiency projects in 2020, using various other commercially available technologies:

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

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

Sometimes in public power, we hear folks say they are looking for a “silver bullet” of low cost and plentiful energy supplies to meet all needs. The Borough manages the utility systems with the policy position that “the silver bullet may be in fact a multitude of energy resources, from a wide variety of energy types, and whatever electricity sources that are in the long term interest of its residents and the Borough system”. By remaining open to many projects, many technologies, and not removing anything from the mix until it becomes un-economic, the Borough can maintain the status quo low rates; and, even “hedged” against most future uncertainties.

Major Accomplishments

With all of the challenges of day to day operations, Chambersburg Electric has logged much success so far in 2019 Year to Date (July):

- Meters set or changed: 145
- Services Replaced: 124
- New/Temp Services: 37
- Street Light Re-lamp: 238
- Non Pay After Hour Turn On: 177
- Transformers Install/Replaced: 21
- Poles Installed: 34
- UG Cable Installed (feet): 14,426
- OH Cable installed (feet): 14,444

The Electric Department has the following forward-looking goals to keep up with the growing demands of the Borough customers and electric systems.

Finances:

- Successfully manage the proposed \$30 million budget while keeping the Power Supply Adjustment (PSA) at zero (\$0/kWh) at least until December 2020.
- With the PSA set to zero in 2019-2020, staff is expecting to continue to under collect power supply costs through 2020 but while maintaining stable/healthy operating and capital reserves levels due to sufficiently over-collecting in nearly the same amount, the required overall revenue target through base rates. Rate Maintenance may be required in 2020, with no increase in overall rates to correct the described calculated collections offset.
- Absorb costs from financial events/fluctuations, the PSA is available for power supply and overall Revenue to Cost adjustments if necessary until the next base rate maintenance.
- In addition to various insurances, operating and capital reserves show up and can be used as financial stabilizers during times of emergencies and severe storm/equipment damage
- Reinforcements, specific circuit rebuild/worst performing circuit reliability improvements, and upgrade of electric transmission and distribution facilities

Operations:

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

General Utility:

- Begin full implementation of the first segment of the \$4 Million Borough-wide traffic signal improvement project
- Build on the Service Center property using the 2019 Bond, a new Distribution Operations Center
- Watch for movement in Legislation that would yield an unfavorable ruling against the Borough electric systems, the Borough's existing or possible new generation sources
- Study, evaluate, and balance the installation of dependable more traditional sources of power with those of renewable energy projects that have the potential to bring real economic values to the Borough and its customers
- Provide strategic energy/demand management and sustainable sources/uses education for the various applicable customer classes
- Improve the energy efficiency/sustainability of Borough-owned facilities through the Borough's Energy Committee
- Research and development using meter reading devices and integrate with new billing software
- Focus on furthering sustainable economic development, industrial job retention, and creation
- Grow to become a world-class model of a thriving community for industry, commerce, institutions, residential living, and in ways that its people and community feel matters the most
- Assist with development of an energy education program in the schools

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

| PSA Change | Total Elec. Bill | \$/month Effect |
|----------------------------|------------------|--------------------|
| 2012 PSA | \$114.73 | \$0 (under '12) |
| 2013 May PSA | \$109.48 | -\$5.25 (-4.6%) |
| 2013 November PSA | \$104.23 | - \$10.50 (-9.2%) |
| 2014 November Base Rates** | \$100.90 | - \$13.83 (-12.1%) |
| November 2015 | \$100.90 | No change |
| 2016 | \$100.90 | No change |
| 2017 | \$100.90 | No change |
| 2018 | \$100.90 | No change |
| 2019 | \$100.90 | No change |
| 2020 | \$98.90 | -\$2.00 (-1.98%) |

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

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

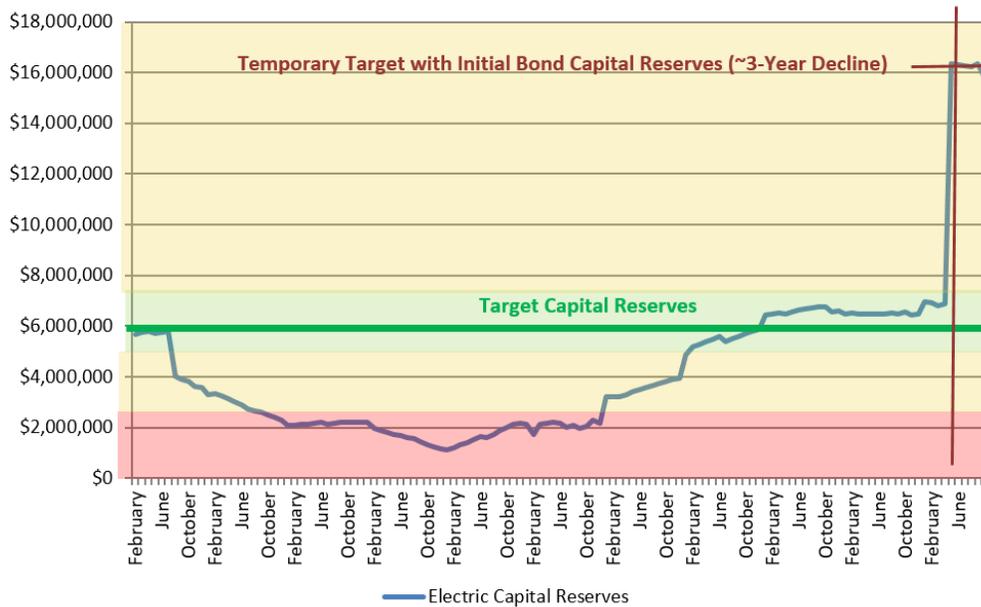
Capital Investment into System and Estimated Operating Cash Balance:

“Tools” often referenced in the Electric Department are generally referring to the sum of Borough-Owned generation asset revenue values, net benefits of the previously purchased portfolio products, other Borough-participating variable capacity and energy market revenue/cost/hedge influences.

Based on the observed/expected trends in cash flow going into 2020, a zero (\$0) recurring monthly operating cash transfer to the capital reserve fund is recommended. The 2020 budget year includes no transfer, in light of the growing market and fuel-cost volatilities; and, in order to help preserve operating cash for the rest of 2019. This is a more conservative approach through the coming budget year.

Capital Reserves have recovered well in recent years and have stabilized to around the \$6 Million mark. To maintain the adequate operating reserves through 2019 as mentioned, the expected non-financed capital reserve spending alone should cover the aging infrastructure and basic capital improvement costs and yet may intentionally deplete somewhat the balance to just below the non-Bond (green line) target through 2020. The large increase in Capital Reserves shown is representing the 2019 Bond proceeds dedicated to the approved 2019 Bond Project List.

Capital Reserve Balance Jan 2009 - Sept 2019

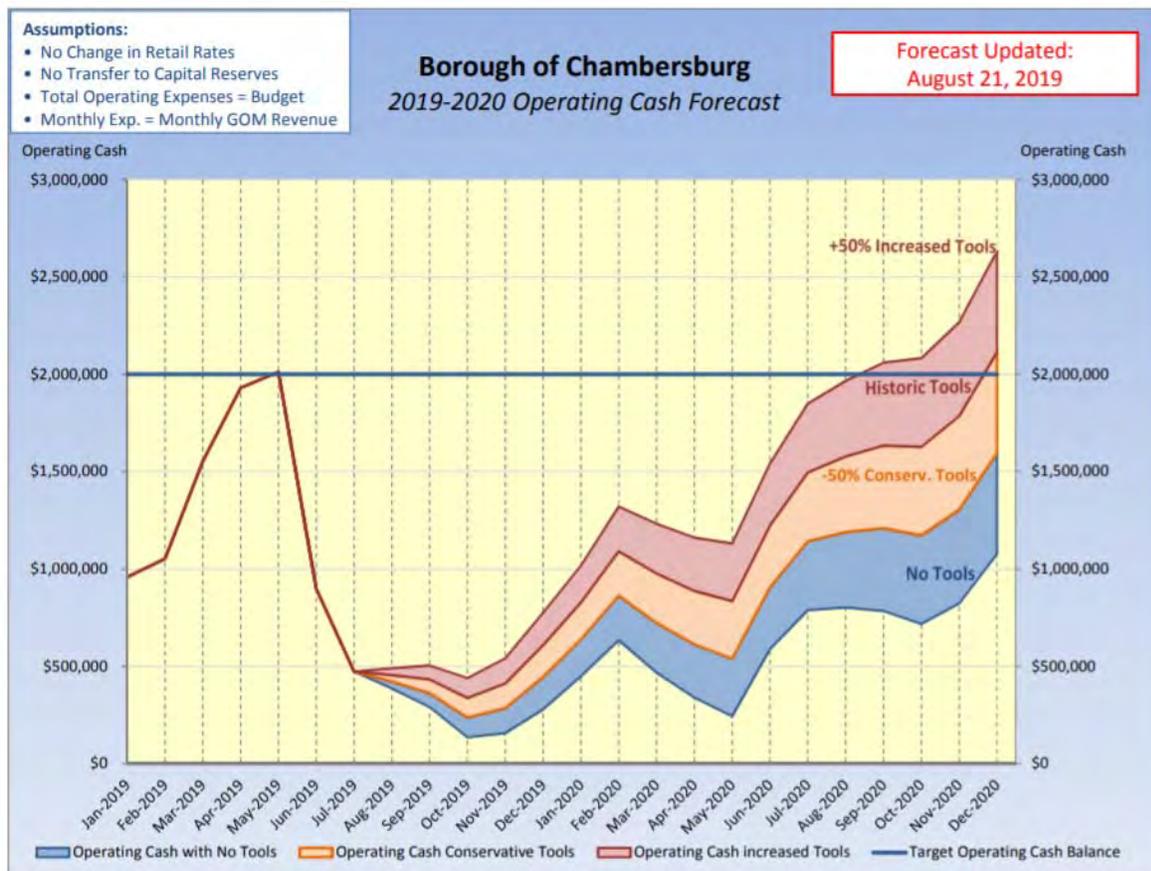


The Borough Manager proposed and Council approved in 2019 the Electric Department’s \$10 Million bond request to install, over the next three years, facilities and generation resources that will, over the next 20-years or more save the Borough hundreds of thousands or more of dollars in operating costs per year. The external debt funding was procured for the identified projects and will be mostly spend over the following three years.

Council’s goal that was set after the economic hard times (Financial “Hurricane Years” as shown 2009-2013 as it was coined) was to restore operating and capital reserves to high enough values which were to help the Borough maintain stability through the relatively good times and to prepare again for possible future financial turbulence. There is no magic formula. The reserve levels are set to balance cash reserves, along with applicable insurance policy coverage for recovery from whatever emergency might occur. Electric market revenues derived from the new energy portfolio and Borough-owned generation assets, or

hedging “tools”, chiefly used to rebuild the reserve balances starting from the balance low of January 2013. It is expected that with a zero transfer “in” for future capital projects, the capital reserve balance for 2020 should be sufficient to maintain the target balance average of \$6 Million, while also obviously covering the 2020-22 Bond project work.

| Source | 2020 | Estimated Cost |
|--|--|--|
| Bond Project | New or Re-Configured Generation (Phase I) | \$ 3,255,000 |
| Bond Project | Upgrade Commerce Street Substation Transformers (Phase II) | \$ 1,200,000 |
| Bond Project | Community Solar Power Generation/Transmission/Interconnections (Phase I) | \$ 1,000,000 |
| Capital Reserve | Distribution Feeder Voltage Conversions/Extensions/Ties (Phase I) | \$ 412,500 |
| Bond Project | Generation/Control Upgrades (Fairbanks Morse Unit #7) | \$ 240,000 |
| Capital Reserve | FE Interconnections/Substations/Metering Upgrades and Engineering (Phase I) | \$ 150,000 |
| Bond Project | Transmission/Distribution Substation Equipment and Engineering (Phase I) | \$ 150,000 |
| Capital Reserve | Switch Gear/Control Equipment/Engineering (Phase I) | \$ 75,000 |
| Capital Reserve | Power Plant Equipment and Engineering (Phase I) | \$ 50,000 |
| Capital Reserve | Large Tools/Equipment | \$ 50,000 |
| Bond Project | New Service Center Ops Building to House Vehicles and Wire (Design/Demo - Phase I) | \$ 100,000 |
| Total: | | <i>Estimated approximate</i> \$6,682,500 |
| Amount of Bond Proceeds to be Used for Project List: | | (\$5,945,000) |
| Amount of Capital Reserved Proceeds to be Used for Project List: | | (\$737,500) |



Emergency Operations Responsiveness:

The Borough developed a comprehensive emergency operations plan, which includes backing up major functional assets and certain other portions of critical utility infrastructures. The Electric Department built a new foundation for the old City Hall back-up generator over at the Recreation Center to serve that facility and the public in the event of an emergency. There were new back-up generators installed at the Utility Departments' Addition to City Hall. The department anticipates beginning a study of specific transmission and distribution components in 2020 that can be upgraded to significantly improve the coordination of protective devices during storms, natural disasters, and ultimately improve reliability.



Back-up Generator at Recreation Center

Reliable Public Power Provider Program from the APPA (RP3)

Chambersburg was proud to earn over 10 years ago now, and maintain since, the RP3 designation from the American Public Power Association (APPA) and work toward overall continuous improvement goals for the mutual benefit of Chambersburg and its residents.



The RP3 program recognizes utilities that demonstrate high proficiency in reliability, safety, work force development and system improvement. Criteria within each of the four RP3 areas are based upon sound business practices and recognized industry best practices. In addition to its fourth RP3 award in 2017, Chambersburg was awarded a “Certificate of Excellence” in the APPA’s eReliability Tracker program, also a very high standing now among the nearly 400 public power entities who offered data. The fifth RP3 award submission was submitted in the fall 2019 with results expected in early 2020. The department has made notable progress each year toward the continuous improvement goals.

RP3 Designation: Chambersburg is one of 274 of the nation’s 2,006 public power utilities to earn Reliable Public Power Provider (RP3) recognition from the American Public Power Association for providing consumers with the highest degree of reliable and safe electric service. Chambersburg is one of only three out of the 35 municipal electric utilities in Pennsylvania to have acquired the RP3 award status.



Orchard Park Generating Station (OPGS)

Largest Customers (in \$ order)

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

| | | | |
|----|--|----|-----------------------------|
| 1 | TB Woods HV Melting, Foundry/Fabrication | 14 | HTI Recycling (Edge Rubber) |
| 2 | Ventura Foods LLC | 15 | AES Compassion Care LLC |
| 3 | Chambersburg Hospital – Main & North Coldbrook | 16 | Geodis (Ozburn-Hessey) |
| 4 | Borough of Chambersburg WWTP 1 and 2 | 17 | Wayne Plaza Shopping Center |
| 5 | Chambersburg Cold Storage | 18 | BJ’s Wholesale Club |
| 6 | Chambersburg School District | 19 | Target |
| 7 | Chambersburg Health Services | 20 | Century Link |
| 8 | Menno Haven all Facilities | 21 | HCR/Manor Care |
| 9 | Wilson College | 22 | C A D C Sheffler |
| 10 | Knouse Foods | 23 | YMCA |
| 11 | B-Wise Manufacturing | 24 | Shook Home |
| 12 | Catch-up Logistics | 25 | The Butcher Shop |
| 13 | Giant Market - Norland | 26 | Giant Market - Wayne |

Payment In Lieu Of Gross Receipts Taxes (PILOT)

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

Please find enclosed the proposed 2020 Chambersburg PILOT Tax Return form.

| | <u>2018 Actual</u> | <u>2019 Actual</u> | <u>2020 Budget</u> |
|-------|--------------------|--------------------|--------------------|
| PILOT | \$1,350,000 | \$1,350,000 | \$1,350,000 |

**Borough of Chambersburg Finance Department
Electric Gross Receipts Tax
For Tax Year: 2020**

| BOC Acct # | Source of Gross Receipts | Total Budgeted Gross Receipts | Total Taxable PA Receipts |
|-------------------------|---|--------------------------------------|----------------------------------|
| | Utility Plant & Allowance | | |
| | Revenues - Electric Plant Leased to Others | | |
| 20010/20018/20020/20021 | Other Utility Operating Income | 205,000 | 205,000 |
| 20015 | Revenues - Merchandise & Jobbing | 55,000 | |
| | Revenues - Nonutility Operations | | |
| | Nonoperating Rental Income | | |
| 20019/20024/20028 | Interest & Dividend Income | 120,180 | |
| 20016/20017 | Miscellaneous Nonoperating Income | 528,600 | |
| | Gain/Loss on Disposition of Property | | |
| 20011 | Residential/Commercial/Industrial Sales | 28,605,507 | 28,605,507 |
| | Public Street & Highway Lighting | | 0 |
| | Other Sales to Public Authorities | | 0 |
| | Sales to Railroads & Railways | | 0 |
| 20012 | Sales for Resale | | 0 |
| | Interdepartmental Sales | | |
| | Other Sales, Nonmajor Only | | 0 |
| | Provision for Rate Refunds | | 0 |
| | Forfeited Discounts | | 0 |
| 20022 | Miscellaneous Service Revenues | 500 | 500 |
| | Sales of Water and Water Power | | 0 |
| 20023 | Rent from Electric Property | 34,250 | 34,250 |
| | Interdepartmental Rents | | |
| 20013 | Other Electric Revenues | 50,000 | |
| | Revenues from Transmission of Electricity of Others | | 0 |
| | Regional Transmission Service Revenues | | 0 |
| 20014/20025/20026 | Miscellaneous Revenues | 112,400 | 112,400 |
| 20027 | All Other Sources | | 0 |
| | Totals of each column | \$29,711,437 | \$29,957,657 |
| | Tax at the rate of 59 mills Gross Receipts Tax | | \$1,708,502 |
| | Town Council Adopted Multiplier | | 79.0166% |
| | Payment in Lieu of Gross Receipts Tax | | \$1,350,000 |

11/12/2019

Gas Department Budget

As Proposed for 2020 by Jeffrey Stonehill, Borough Manager

The Borough of Chambersburg

Gas Department Budget

As Proposed for 2020

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

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



Chambersburg delivers the lowest cost gas in Pennsylvania while operating the safest system. In 2018, the Borough delivered 1,288,715 Dekatherms (DTH) of gas to our customers; this was a 13% increase from 2017, primarily due to colder weather in 2018 versus 2017.



In 2019, the Borough replaced over $\frac{3}{4}$ miles of old gas mains and services as the Department worked aggressively to replace lines before future paving; this includes replacements on E. Queen St., E. Liberty St., W. King St., and W. Queen St. In 2020, we anticipate again replacing about 1 mile of old gas mains; primarily on Lincoln Way East.

The highly successful Gas Conversion Financing Program has over 500 homes participating with a total value of \$2.3 million in 0% interest loans. The Borough of Chambersburg's Main Street Energy Efficiency Financing Program is an on-bill financing program designed to improve energy efficiency for customers by providing low-cost financing to residential homeowners for the purchase and installation of high efficiency natural gas appliances to replace non-gas units.

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

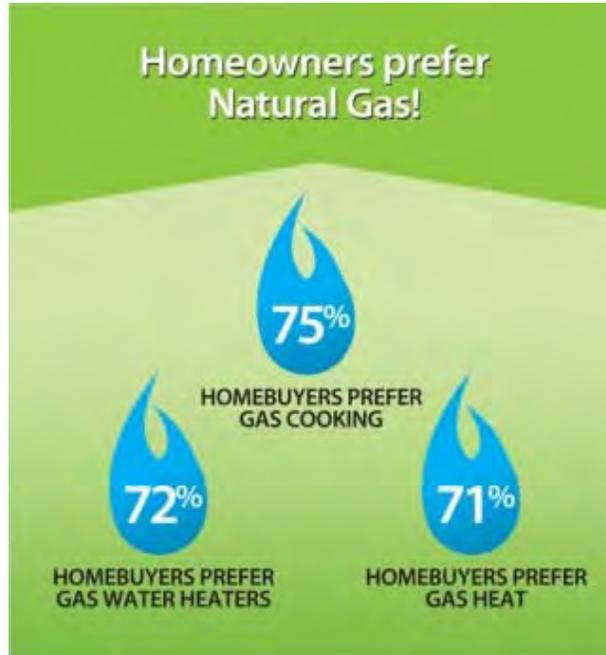


The Main Street Energy Efficiency Financing Program is a municipal service for citizens and customers located within the natural gas service areas of the Borough-owned natural gas distribution system.

Structure & Requirements of Loan for Chambersburg program:

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





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

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

Our expansion of the Energy Efficiency Financing Program to small businesses in the Borough is unique among members of the Municipal Gas Authority of Georgia (the Gas Authority). Staff understands that upfront costs can be burdensome and this program is an avenue to relieve some of the upfront costs and manage payment of appliances that will ultimately save small businesses money on their monthly utility bills. This program, totaling over \$65,000, has already utilized seven loans.

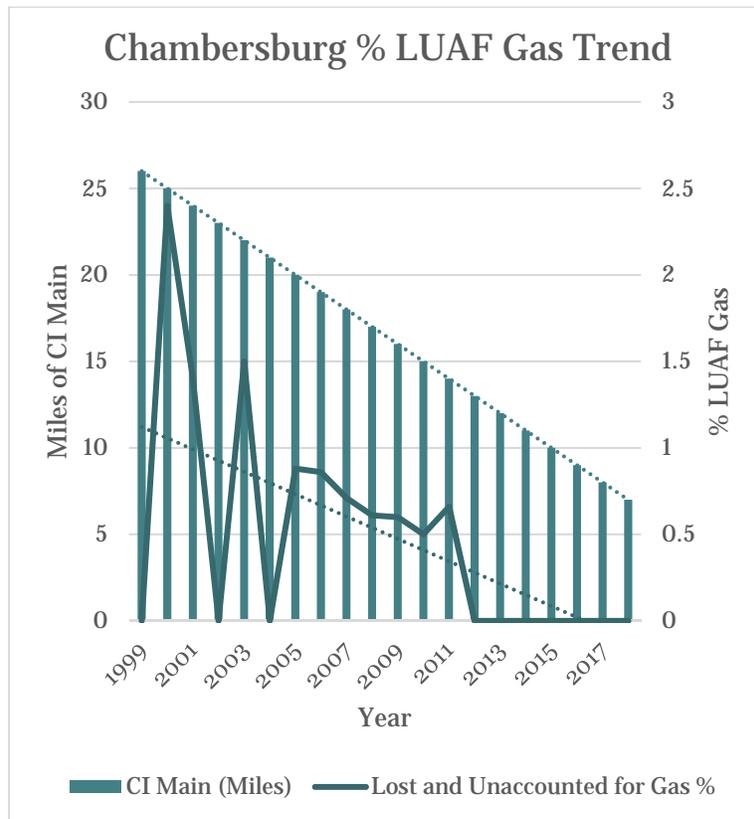
Structure & Requirements of Loan for Commercial Properties

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



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

- Replaced 18 miles out of 24 miles of Cast Iron (CI) main since 2000, a much faster pace than most gas utilities
- Prioritizing replacements ahead of re-paving and based on risk assessments
- Spending about \$600,000 per year on old pipe replacement – recommend similar level in 2020
- Gas leaks continue to trend lower and less serious compared to previous years (as shown in the chart below of “lost and unaccounted for gas” – a common proxy used to measure leaked gas)



APGA System Operational Achievement Recognition (SOAR) Award

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

In 2017, Chambersburg was awarded SOAR at the Gold level – the highest possible level. There are approximately 1,000 Public Gas Systems in the US. Only 45 systems have earned SOAR Awards, with just six at the Gold level. The SOAR award is analogous to American Public Power Association (APPA) RP3 award (RP3's three levels are Diamond, Platinum and Gold), which has also been awarded to Chambersburg.



Gas Safety

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

There have been zero reportable gas safety incidents in Chambersburg for over 30 years, and we believe that no system is safer in Pennsylvania. That being said, safety requires a culture of detail and an attitude of vigilance. We not only need to keep the infrastructure in top working order, but we need employees committed to safety.

The Chambersburg Gas Department is proud to be a winner of the 2019 APGA Safety Award. This is the sixth straight year Chambersburg has been presented this award, a sign of consistent commitment to safe operation.

This year, Government Regulators conducted three routine safety inspections of Borough Gas operations. We are happy to say that no safety violations were found during any of the safety inspections this year – the same result as past years!

Finally, the Chambersburg Gas Department is proud to assist the Chambersburg Fire Department with the purchasing of Carbon Monoxide (CO) detectors for customers' protection from this dangerous odorless gas that can be a byproduct of malfunctioning heating systems. We have been sponsoring this program for the past five years, and have purchased over 1,000 CO detectors for Borough homes. In 2019, we expanded the program, purchasing combined CO/methane detectors, further enhancing our outreach to the community to ensure the safety of our residents. We intend to continue these purchases indefinitely.



Five Straight Years Winning the APGA Safety Award



Call 8-1-1 Before You Dig



American Public Gas Association & Industry Leadership

APGA has over 730 members in 37 states and is the primary not-for-profit trade organization that represents America's publicly owned natural gas local distribution companies. APGA represents the interests of public gas before Congress, federal agencies and other energy-related stakeholders by developing regulatory and legislative policies that further the goals of our members. In addition, APGA organizes meetings, seminars, and workshops with a specific goal to improve the safety, reliability, operational efficiency, and regulatory environment in which public gas systems operate. Through APGA membership, public gas systems are kept informed about new developments in technology, safety, public policy, operations, and the global markets that could affect the communities and consumers they serve. APGA members are owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that have natural gas distribution facilities.

APGA Membership provides representation on Capitol Hill and the full APGA staff at our service for all Federal gas issues, networking opportunities with fellow public gas professionals, the opportunity to get involved at the highest levels of public gas, and educational opportunities to improve our operations.

In May 2019, Council Members Allen Coffman and Michael Herbert, and staff John Leary and Jon Mason met with the offices of Sen. Toomey, Sen. Casey, and with Rep. Joyce, to educate our elected officials on important natural gas issues on behalf of Chambersburg and the APGA.

Council Member Coffman actively serves on the APGA Public Gas Policy Council, providing an invaluable voice to gas issues at the national level.

Assistant Gas Superintendent, Jon Mason, is a member of the APGA Security and Integrity Foundation Board of Directors, a leader on the APGA Operations and Safety Committee and represents public gas at the national level as the Co-Chairman of the Plastic Pipeline Data Collection Committee.

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

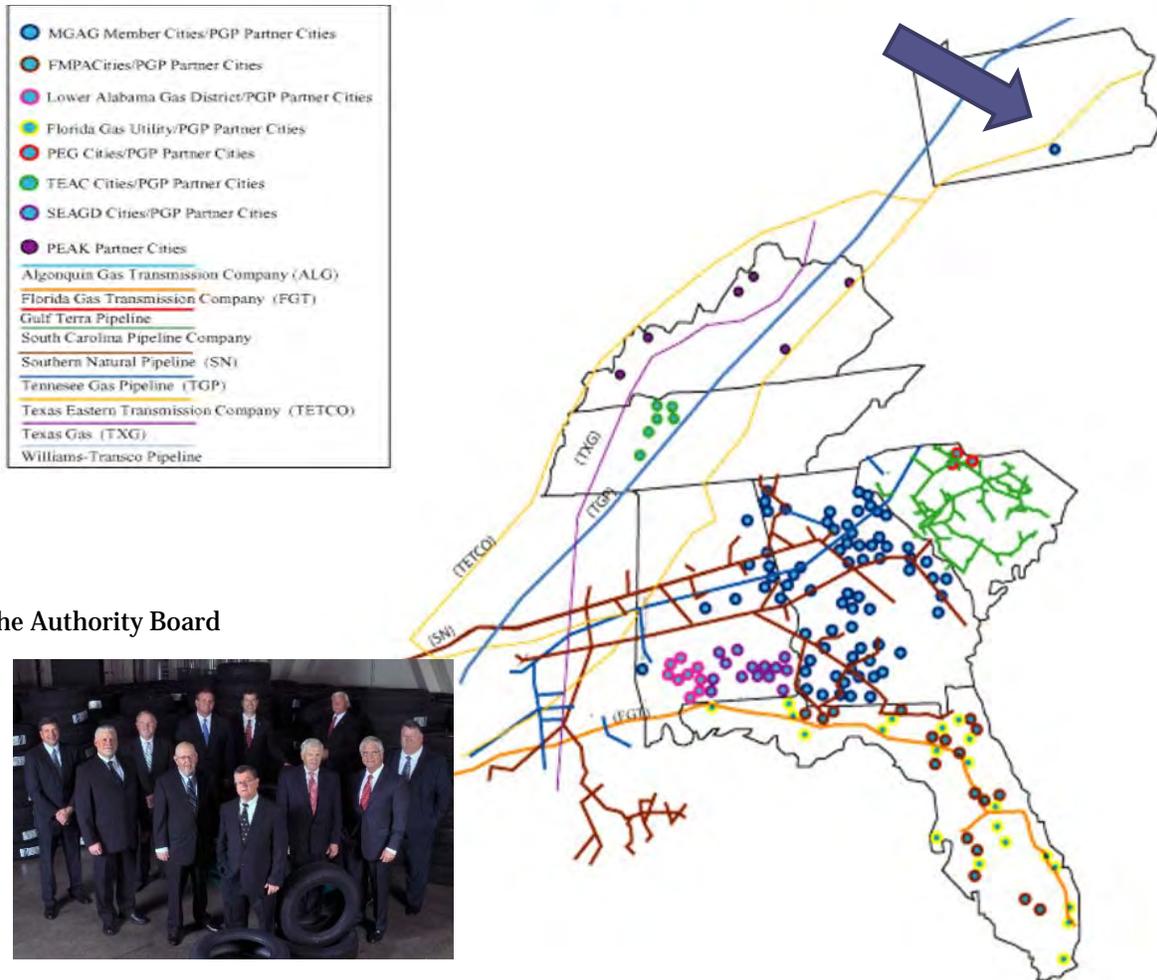


Membership with the Municipal Gas Authority of Georgia

The Municipal Gas Authority of Georgia (MGAG) is the largest non-profit natural gas joint action agency in the United States, serving 79 Members in Georgia, Alabama, Florida, Pennsylvania, and Tennessee, who meet the gas needs of approximately 245,000 customers.

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

We are officially the northernmost outpost of the great State of Georgia. In 2017, Jon Mason, was appointed to the MGAG Board of Directors. He continues to serve as a non-Georgia representative.



The Authority Board



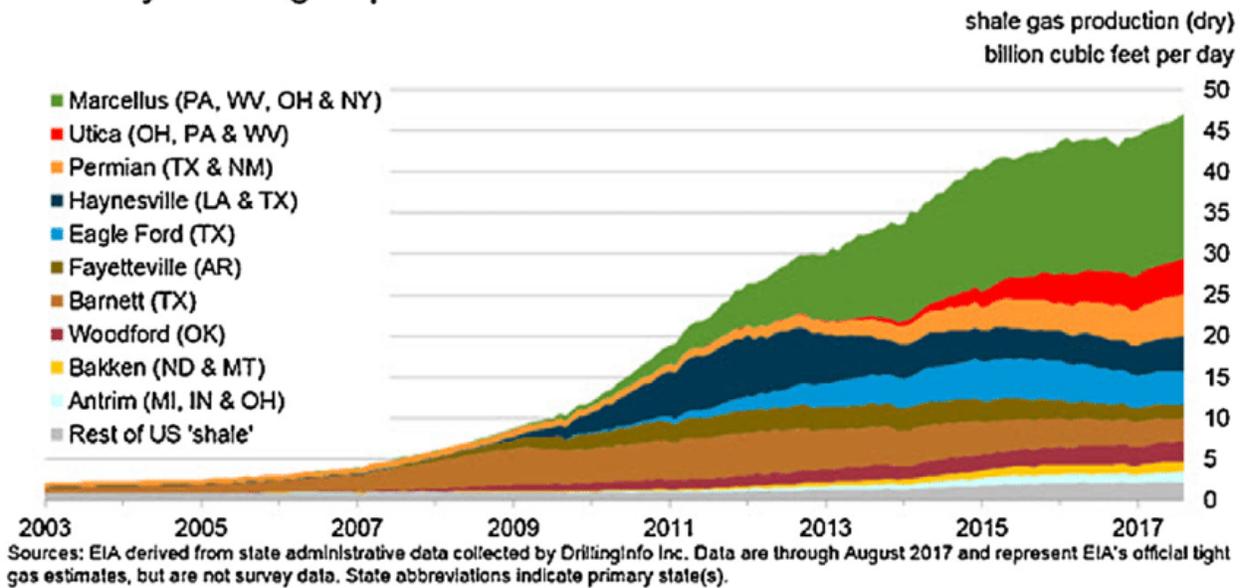
Price of Wholesale Natural Gas

Historically, wholesale gas prices in Pennsylvania were about \$0.50 per DTH higher than NYMEX/Henry Hub in Louisiana. However, the increase in Pennsylvania Marcellus and Utica Shale production has caused wholesale prices in Pennsylvania to drop precipitously – over the past year, the Pennsylvania price has been about \$0.30 lower than at the Henry Hub.

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

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

U.S. dry shale gas production



Gas Department



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

Department Head: John Leary

| | <u>2018 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|------------------|---------------------|--------------------|--------------------|
| Revenue | \$9,038,041 | \$8,052,750 | \$9,218,080 |
| Expenses | \$9,934,600 | \$8,052,750 | \$9,218,080 |
| Excess (Deficit) | (\$896,559) Deficit | - Balanced - | - Balanced - |

The deficit in 2018 was a product of a transfer to capital reserve for future projects of \$1,886,150.

The Chambersburg Gas Department has had a strong financial performance in 2019, and we anticipate continued good performance in 2020. The system's 2018 total gas sales were up 13% vs. 2017; mostly due to colder weather.

Chambersburg residents' gas prices are currently 48% lower than local private gas companies, the lowest in Pennsylvania with an average residential bill of \$609 for the past twelve months vs. \$1,175 at average local private utility rates as approved by the Pennsylvania Public Utilities Commission (for a customer using the same amount of gas as the average Chambersburg customer).

The Gas Supply cost is a direct pass through to customers of the cost for gas delivered to Chambersburg. The Gas Supply rate is \$0.96 per hundred cubic feet (CCF). To account for fluctuations in monthly gas costs, the Purchased Gas Adjustment (PGA) factor is added. The PGA is the same for all customer classes. The PGA is currently a credit, -\$0.49. The Gas Distribution Rate varies by customer class. Our largest class of customers, Residential Heat, pays a distribution rate of \$0.1664 per CCF. The Monthly Charge also varies by customer class. Residential Heat customers pay \$8.70 per month.



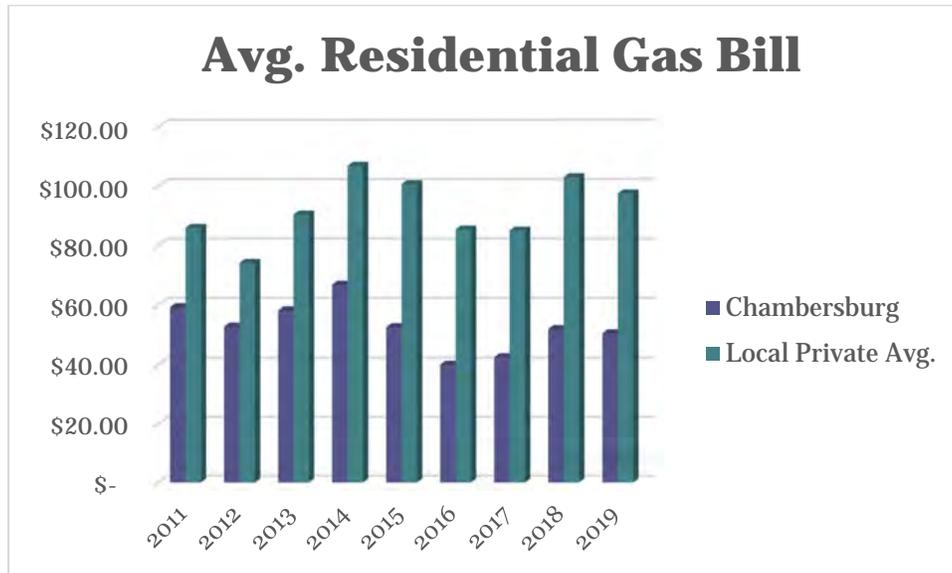
2019 Rates

| <u>Month</u> | <u>Avg Units (CCF)</u> | <u>C-burg Base Rate</u> | <u>C-burg PGA</u> | <u>C-burg Customer Charge</u> | - | - | <u>C-burg Total Bill</u> | - | <u>C-burg Total per Unit Cost</u> |
|--------------|------------------------|-------------------------|-------------------|-------------------------------|---|---|--------------------------|---|-----------------------------------|
| Oct-18 | 62 | 1.1264 | -0.51043 | \$8.70 | | | \$47 | | \$0.75629 |
| Nov-18 | 128 | 1.1264 | -0.50061 | \$8.70 | | | \$89 | | \$0.69376 |
| Dec-18 | 139 | 1.1264 | -0.50005 | \$8.70 | | | \$96 | | \$0.68894 |
| Jan-19 | 168 | 1.1264 | -0.48085 | \$8.70 | | | \$117 | | \$0.69734 |
| Feb-19 | 136 | 1.1264 | -0.48832 | \$8.70 | | | \$95 | | \$0.70205 |
| Mar-19 | 79 | 1.1264 | -0.51124 | \$8.70 | | | \$57 | | \$0.72529 |
| Apr-19 | 29 | 1.1264 | -0.56401 | \$8.70 | | | \$25 | | \$0.86239 |
| May-19 | 15 | 1.1264 | -0.55339 | \$8.70 | | | \$17 | | \$1.15301 |
| Jun-19 | 11 | 1.1264 | -0.57915 | \$8.70 | | | \$15 | | \$1.33816 |
| Jul-19 | 11 | 1.1264 | -0.51313 | \$8.70 | | | \$15 | | \$1.40418 |
| Aug-18 | 11 | 1.1264 | -0.47928 | \$8.70 | | | \$16 | | \$1.43803 |
| Sep-18 | 16 | 1.1264 | -0.48517 | \$8.70 | | | \$19 | | \$1.18498 |

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

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





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

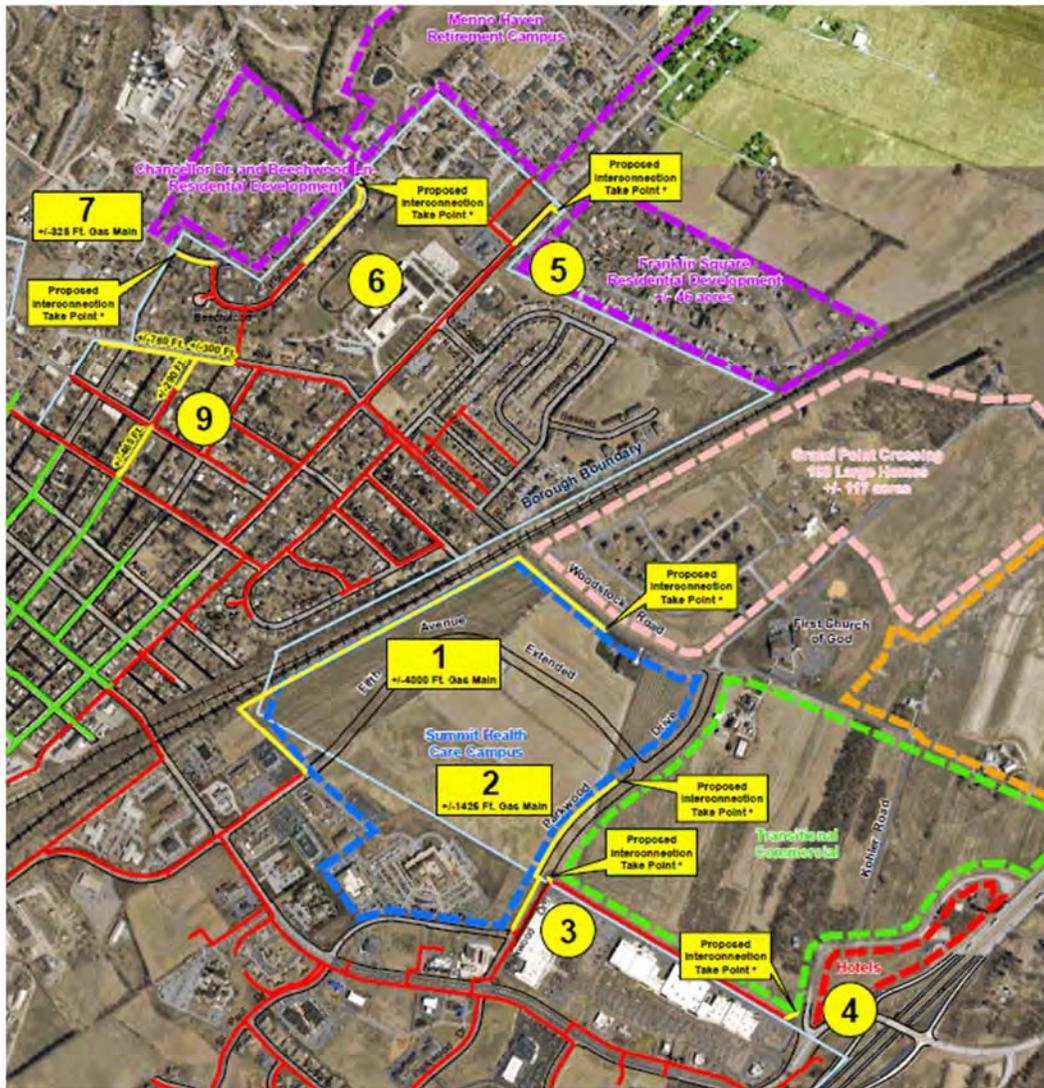
In recognition of Chambersburg's outstanding safety record, we were awarded the APGA Gas Safety Award for the sixth straight year.



Gas Transportation Arrangement with UGI Central Penn Gas

The Borough is excited in 2019 to have begun transporting natural gas to UGI Central Penn Gas. The Borough is generally prohibited from serving customers outside of the Borough. Significant development is pending in Greene Township, just outside the Borough limits, which requires low cost natural gas. This development includes a large expansion at Menno Haven, as well as development for Wellspan Health. This area is in UGI's franchised territory, but they lack the means to provide gas to the area.

In discussions between Menno Haven and UGI Central Penn Gas, the two decided to approach the Borough of Chambersburg and request a transportation arrangement. The concept was, UGI Central Penn



Gas would buy its own gas supply and have it transported to the Borough's natural gas interconnection on the Texas Eastern pipeline. Chambersburg would transport that gas through the Borough system to the Greene Township line, and UGI offered to pay the Borough for the transportation. UGI would then take possession of its gas at the Borough border, then distribute to Menno Haven. In the end, Menno Haven gets gas service, UGI gets a gas customer, and UGI pays the Borough a fee for transportation of natural gas through the Borough system. A win-win-win scenario!

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

gas to new customers in these sections of Greene Township. UGI will pay the Borough a fee for the transportation of its gas.

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

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

Transportation service to UGI at Menno Haven began in August 2019. Construction on the additional lines to Greene Township to transport gas to UGI is expected to begin in early 2020. Half of the cost of these lines will be paid for by the PIPE grant. With the completion of these lines, the Borough will be poised to provide significant gas transportation to UGI to serve many new customers.

The UGI interconnection, as well as future water and sewer projects, are all related to this future development. This arrangement will provide excellent benefits to Borough gas customers.

Seeking to Sell More Gas

The Gas Department is actively searching for additional ways to market clean and affordable natural gas. One way to expanded sales has been through the low cost loan program for Residential customers as designed by our municipal consortium, the Municipal Gas Authority of Georgia. As a major non-Georgia member, Chambersburg has taken full advantage of this program to convert oil-based appliances to clean, safe and affordable natural gas.

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

The year 2020 appears to be very similar in many respects to 2018 and 2019. We do not anticipate any significant changes and no rate increases.

Major items for 2020:

- Staff is recommending no gas retail rate change.
- The proposed budget includes \$1,935,000 in capital improvements to the Gas Department infrastructure; including the replacement of old gas mains and services, the extension of gas transportation service to UGI Central Penn Gas and the expansion of gas service to new areas and customers.
- The proposed budget reserves approximately \$2,000,000 for future capital improvements to the distribution system.
- The proposed budget includes the same number of employees.

| Largest Gas Customers 2018 | | |
|-----------------------------------|-----------------|----------------------|
| <u>Customer</u> | <u>CCF Used</u> | <u>Total Revenue</u> |
| Chambersburg Hospital | 1,146,151 | \$ 683,935.66 |
| Knouse Foods Co-Op Inc | 844,638 | \$ 381,295.90 |
| T B Woods Incorporated | 762,736 | \$ 389,055.09 |
| Ventura Foods Llc | 737,994 | \$ 376,514.47 |
| Orchard Park Generating Station | 500,600 | \$ 407,931.00 |
| Chambersburg Area Senior High | 369,511 | \$ 215,774.57 |
| Wilson College | 326,408 | \$ 199,771.96 |
| Bwise Manufacturing Llc | 288,456 | \$ 171,710.17 |
| Menno Haven Inc | 208,284 | \$ 106,047.16 |
| Staples Inc | 161,770 | \$ 100,637.38 |
| Falling Spring Power Plant | 117,180 | \$ 86,968.00 |

2020 Department Goals

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

Environmental Benefits of Natural Gas

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

NATURAL GAS IS GOOD FOR THE ENVIRONMENT AND GOOD FOR SOCIETY

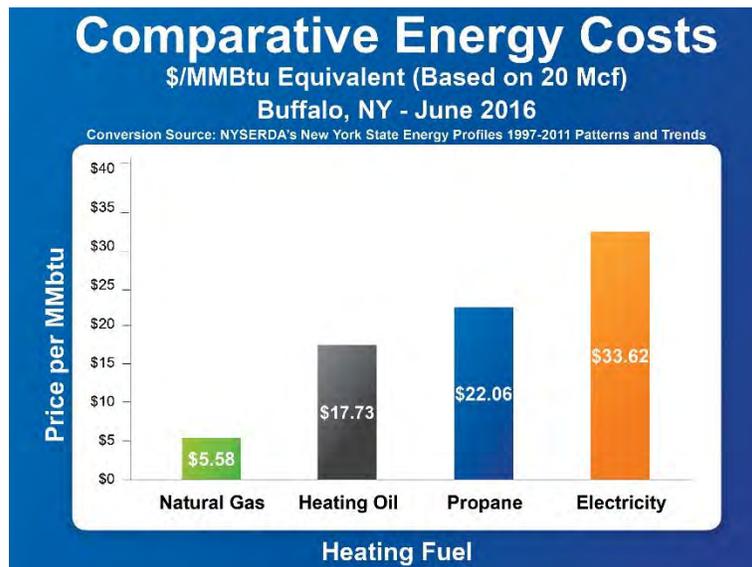
Access to natural gas helps combat poverty and saves the average American almost \$1,000 per year according to independent ICF study. It keeps our residential energy bills extremely low.

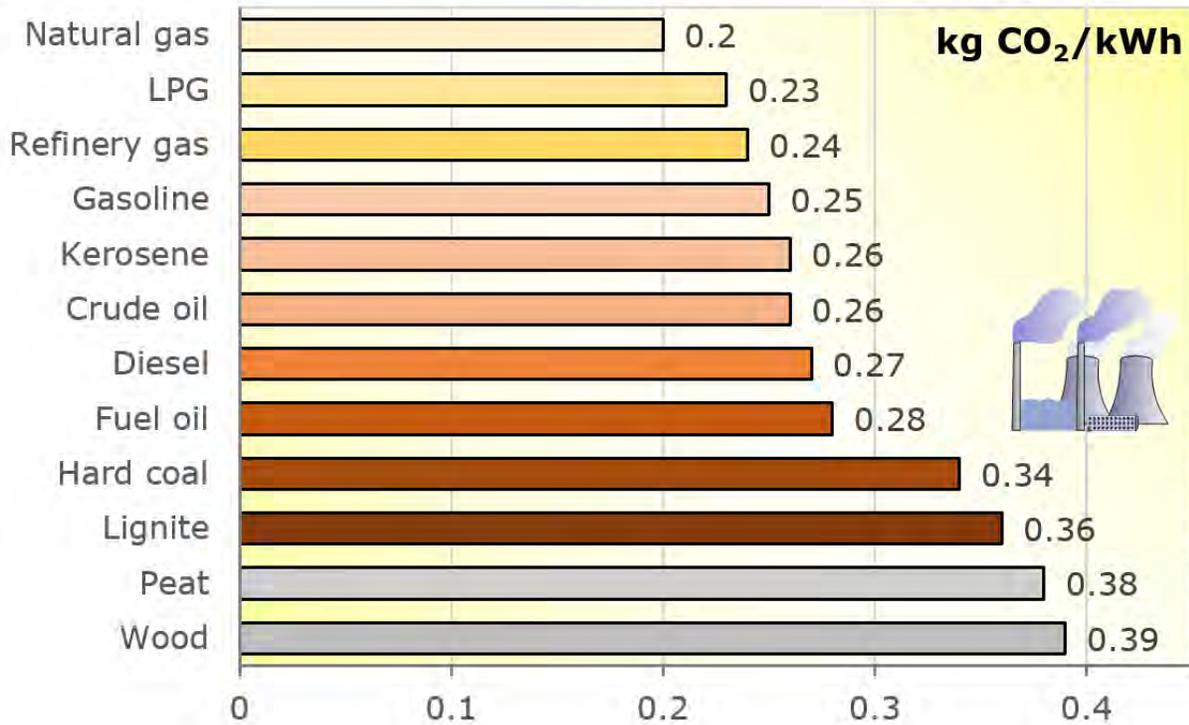
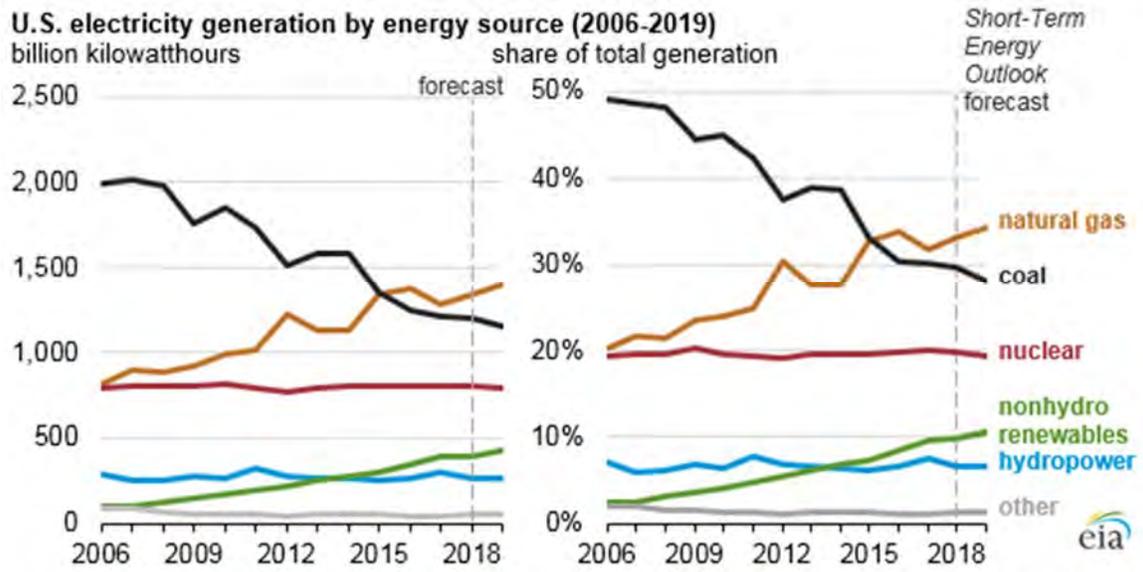
Lower Natural Gas Prices Avoid 11,000 Deaths Annually Between 2005 and 2010 Winter Heating Seasons

By Stuart Saulters

A new study was published by the National Bureau of Economic Research (NBER) and has been titled "Inexpensive Heating Reduces Winter Mortality." It came out in March of this year and has some interesting findings, most specifically the research provides that "lower heating prices reduce mortality in winter months...[and] that the drop in natural gas prices in the late 2000s, induced largely by the boom in shale gas production, averted 11,000 winter deaths per year in the U. S." You can view the study at <https://www.nber.org/papers/w25681.pdf>.

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



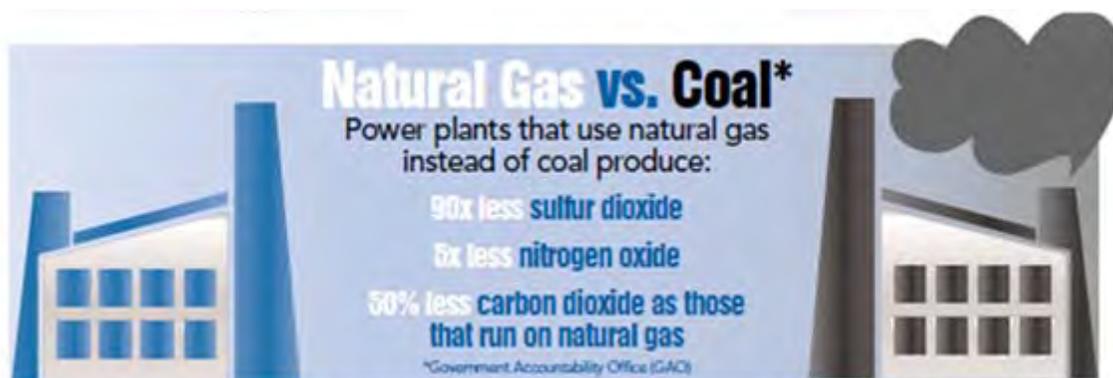


In his 2014 State of the Union address, President Obama heaped praise on the boom in natural-gas production across the United States. According to the Washington Post, the President said, "If extracted safely, natural gas is "the 'bridge fuel' that can power our economy with less of the carbon pollution that causes climate change." The fracking-based oil and gas boom is reducing U.S. greenhouse gas emissions said Obama Energy Secretary Ernest Moniz, at a field hearing in Seattle convened by Sen. Maria Cantwell of Washington. "The increased production of oil and natural gas in the United States has, obviously, been a major story in terms of our economy, and also our environment. The natural gas boom, in particular, has led to the displacement of high-carbon coal with low-carbon natural gas producing fewer [carbon dioxide] emissions." In addition, the independent Energy Information Administration said the same: "carbon emissions are lower than they have been since 1992 because of increased reliance on natural gas from hydraulic fracturing."



The bottom line: in a perfect world, natural gas might someday be phased out. That day is unlikely to arrive in our lifetimes. Natural Gas is America's baseline power source until additional technological advancements change availability of alternative energy and its delivery/storage.

- "Intermittent solar and wind energy cannot be stably integrated into the power grid unless there is a back-up source of electricity when the sun doesn't shine and the wind fails to blow."
- "The researchers state 8 megawatts (MW) of back-up capacity are required for any 10 MW of wind capacity added to the grid."
- "They cite other research that suggests the ability to store solar electricity for 20 hours is necessary for photovoltaic power to work as a base-load resource." Since there is no massive storage technology in existence, only fast-reacting natural gas generation can fill in the gap.



Payment In Lieu Of Gross Receipts Taxes (PILOT)

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

Please find enclosed the proposed 2020 Chambersburg PILOT Tax Return form.

| | <u>2018 Actual</u> | <u>2019 Actual</u> | <u>2020 Budget</u> |
|-------|--------------------|--------------------|--------------------|
| PILOT | \$555,000 | \$570,000 | \$570,000 |

**Borough of Chambersburg Finance Department
Gas Gross Receipts Tax
For Tax Year: 2020**

| BOC Acct # | Source of Gross Receipts | Total Budgeted Gross Receipts | Total Taxable PA Receipts |
|---|---|--|--|
| | Utility Plant & Allowance | | |
| | Revenues - Gas Refinery Plant Leased to Others | | |
| 30012/30018/30020/30021 | Other Utility Operating Income | 175,000 | 175,000 |
| 30015 | Revenues - Merchandise & Jobbing | 10,000 | |
| | Revenues - Nonutility Operations | | |
| | Nonoperating Rental Income | | |
| 30019/30024 | Interest & Dividend Income | 39,680 | |
| 30014/30016/30017/30027 | Miscellaneous Nonoperating Income | 534,400 | |
| | Gain/Loss on Disposition of Property | | |
| 30011/30026 | Residential/Commercial/Industrial Sales | 8,397,000 | 8,397,000 |
| 30028 | Other Sales to Public Authorities | | 0 |
| | Sales to Railroads & Railways | | 0 |
| | Sales for Resale | | 0 |
| | Interdepartmental Sales | | |
| | Other Sales, Nonmajor Only | | 0 |
| | Provision for Rate Refunds | | 0 |
| | Forfeited Discounts | | 0 |
| 30022 | Miscellaneous Service Revenues | 30,000 | 30,000 |
| | Sales of Water and Water Power | | 0 |
| | Rent from Gas Property | | 0 |
| | Interdepartmental Rents | | |
| 30013 | Other Gas Revenues | 31,500 | |
| | Revenues from Transmission of Electricity of Others | | 0 |
| | Regional Distribution Service Revenues | | 0 |
| 30025 | Miscellaneous Revenues | 500 | 500 |
| | All Other Sources | | 0 |
| Totals of each column | | \$9,218,080 | \$8,602,500 |
| Tax at the rate of 59 mills Gross Receipts Tax | | | \$507,548 |
| Town Council Adopted Multiplier | | | 112.3047% |
| Payment in Lieu of Gross Receipts Tax | | | \$570,000 |

11/12/2019



Water Department Budget

As Proposed for 2020 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Water Department Budget

As Proposed for 2020

Background and History

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

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



Dull Hill Reservoir in Guilford under Construction

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



The Second Siloam Dam

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



The Original Water Intake in Caledonia Still in Use

The first water from the new source arrived on July 3, 1911, and was of sufficient purity that no chemical treatment was necessary for many years. Water hardness was measured at four parts per million, as contrasted with sixteen units per million from the same stream collected at the Siloam Dam. The elevation at the center of Chambersburg was about 975 feet below that of the intake dam providing water pressure of fifty to eighty pounds per square inch throughout the town. In later years, chlorine was utilized to treat the water for microorganisms and fluoride compounds were added to help protect residents' teeth. In the early 1930's, a reinforced concrete dam was constructed across the Birch Run creating a storage capacity of 387 million gallons.



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

In the late 1960s, the Borough decided to enlarge its water storage reserve and improve other facilities. A new dam called the Long Pine Run Dam was constructed upstream from the Birch Run Dam creating a lake with a surface of

150 acres and storing 1.78 billion gallons of water. Additionally, a new Water Treatment Plant with a daily flow capacity of six million gallons was constructed. A three million gallon “ground based steel water storage tank” was built at the former Birkenbine open reservoir site on Reservoir Hill. In 1967 and 1969, bond issues were floated for a total of \$8,325,000 to cover the \$7,410,850 cost of these projects as well as other items including the old Borough swimming pool. Up until that time, that was the largest utility project ever initiated by the Borough of Chambersburg. Since that time, the Borough has initiated many projects that have enhanced the quality of service to the customers of the Borough’s water department. The Birch Run Dam was removed in 2004, but many parts of the original system are still in use.

The water quality of the Long Pine Run Dam and its protected watershed is amazing. While providing high quality water to its diverse customer base, the Borough’s Water Department has consistently kept its rates (cost per unit) at one of the lowest levels in the region.



Long Pine Run Reservoir

In 2020, it is anticipated that the Pennsylvania Department of Community and Natural Resources will construct a new eco-friendly restroom pavilion, parking lot, and non-motorized boat launch at the Long Pine Run Reservoir. One of the only water sources in the region that permits recreational activities, it is through cooperation and enforcement that the reservoir can continue to be a raw water source for our treatment plant.



Long Pine Run Dam Control Tower



Long Pine Spillway – July 2018

Water Department Services

- Water supply, treatment, transmission, and distribution
- Treated 1438 billion gallons of water in 2018
- Operation and maintenance of the water production and distribution facilities
- 17 water main breaks repaired in 2018 The national average – 33 breaks
- 34 total water distribution repairs in 2018
- 27% unaccounted water lost in the system in 2018
- Operation of the Water Treatment Plant laboratory
- Perform regulatory and control testing for the Water Treatment Plant and distribution system
- Perform testing for area water authorities and orchards
- Water supply for fire protection
- Added 1 fire hydrants in 2018
- Plumbing inspection and meter replacements
- In-house plumbing inspection is performed by Pennsylvania Municipal Code Alliance
 - However, exterior inspections as well as other types of in-house inspection services, such as sewer system inspections, are performed by Borough personnel
- Inspected 2 water/sewer main extension projects in 2018
- Replaced 129 water meters in 2018
- Replaced 405 water meters in 2019 to date



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

Current On-going Capital Projects



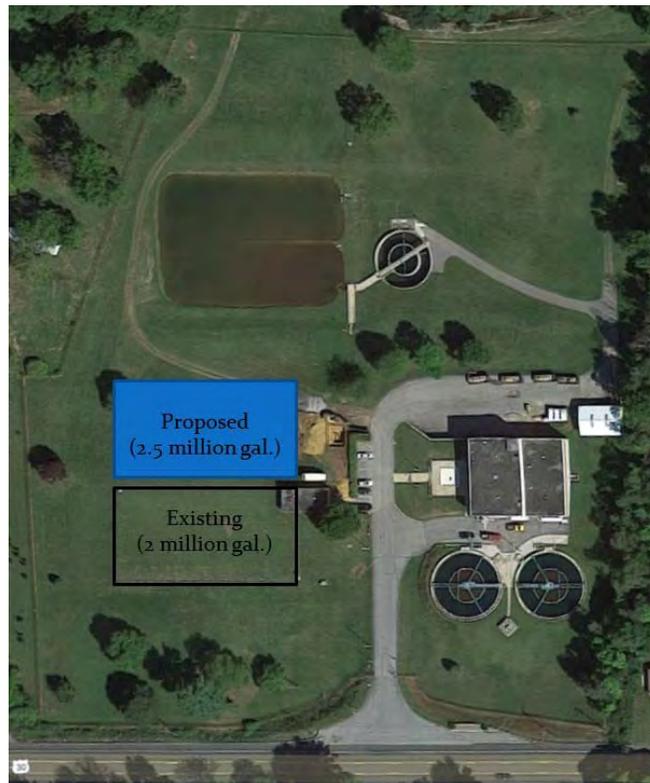
Chambers Street Water Main Extension

- Street Repair Projects: \$82,000 per year dedicated to fixing water infrastructure before streets are paved
- Chambers Street water main extension: \$172,000
 - 500 linear feet extension of 16" water main under the Conococheague Creek
 - Provides redundancy in the water distribution system
 - Current 10" water main under the creek is more than 110 years old



Chambers Street

- **Water Treatment Plant Clearwell: \$8,155,000**
 - Addition of a second 25 million gallon clearwell to provide additional storage and redundancy for continuous operation
 - Allows for maintenance or closure of other facilities in the future
 - Currently design phase is complete with bidding planned for late 2019 or early 2020
 - 2020-2021 construction project
 - To be financed through a portion of the upcoming \$999 million bond sale in early 2020



Water Treatment Plant Clearwell

- **Rehabilitation and construction of Watershed Weirs: \$680,000**
 - 2004 Water Allocation Permit requires the monitoring of 3 weirs in the watershed
 - The project proposes the addition of weirs on Birch Run and Long Pine Run before the reservoir and the rehabilitation of the Conococheague Weir
 - Weir data will be used to determine the watershed yield and pass by flow for the Water Allocation Permit renewal in 2029



Conococheague Weir Condition

- Water Treatment Plant Chemical Feed System: \$150,000
 - Improve chemical feed system technology at the Water Treatment Plant

Water Meter Radio-Read

In 2020, the Water Department will continue to expand the use of Radio-Read water meters. Currently, there are 403 units installed; most of which are located east of I-81 and in the Norland Avenue area. To further support the initiative to move towards a Radio-Read system, the Water and Sewer Departments' budgets included the addition of a Water Meter Technician employee in 2019. This new employee is responsible for the installation of $\frac{3}{4}$ " and 1" water meters and the installation and programming of Radio-Read equipment. Additionally, the employee also fields trouble reports from the service center and assists with inspections.



Commonly Used Radio Read Water Meters

Water Distribution System

- 95 miles of pipe length
- 686 fire hydrants
- 2156 water valves

Water Transmission Lines

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

Storage Facilities

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

- 9 MG total storage
- 2 days storage capacity

Water Meter Customers

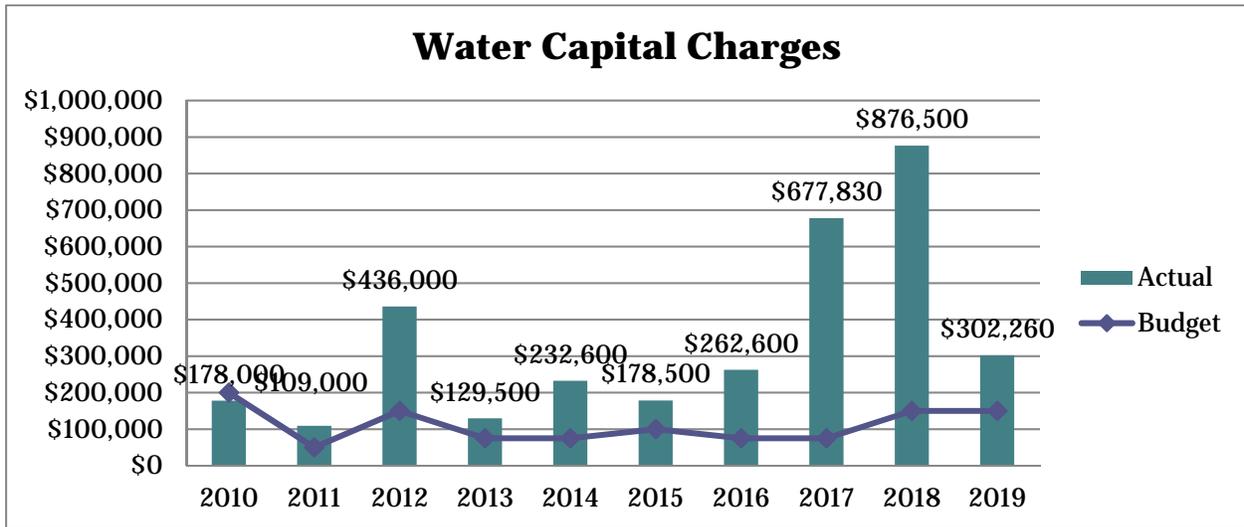
- Domestic – 7,943
- Commercial – 899
- Industrial – 18
- Municipal – 1

- Total – 8,861

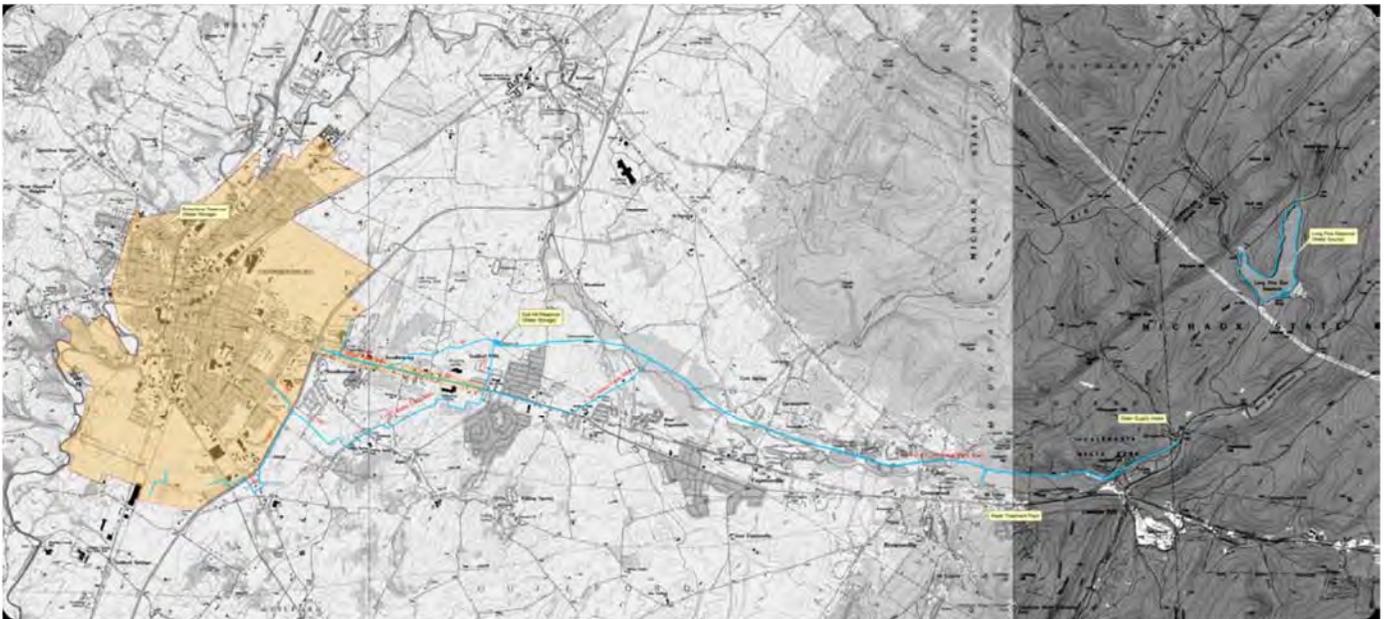


Birkinbine Tank was Re-Painted in October 2015

New Water Connections



Projects: 20 (2019); 31 (2018)



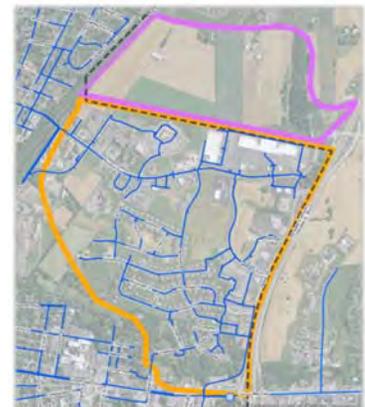
Chambersburg Water System Runs from Caledonia Back to the Borough

Act 57 Tapping Fee Study

In 2020, the Water and Sewer Departments propose to complete a professional study to update the current tapping fees (capital charges). A tapping fee is a charge reflecting capital cost to property owners who desire or are required to connect to the Borough's water and/or sewer systems. The basic concept of charging tapping fees is to recover a portion of fixed capital investment costs from new customers as they connect to the water and sewer systems. The customer "buys in" to the system before obtaining service. When water and sewer facilities are constructed or upgraded, such as treatment plants, mains, and storage facilities, they are designed and constructed to not only provide service to the existing customer base, but also to serve the growth needs of the community. The existing customers, through years of payment of rates, pay for the cost of constructing facilities that will someday be utilized by future customers. Guidelines and requirements for establishing or updating tapping fees is set forth in the Pennsylvania Municipality Authorities Act. The proposed study to update fees shall be in accordance with the current regulations Act 57 of 2003. The last Act 57 study was completed in 2005.

Recommended 2020 Capital Projects

- Street Repair Projects: \$82,000 per year dedicated to fixing water infrastructure before streets are paved
- Water Treatment Plant second clearwell: \$8,155,000 (2020 costs: \$3,200,000)
 - Bidding and initial construction of a multi-year project
- Watershed Weirs: \$680,000
 - Rehabilitation of one weir and construction of two weirs within the watershed
- Chambers Street water main extension: \$171,400 (2020 costs: \$10,000)
- Distribution system leak detection loggers and flow meters: \$75,000
- Water Treatment Plant chemical feed system improvements: \$150,000
- Lead service line study: \$50,000
- Research on alternate sources of raw water supply: \$50,000
 - Study to determine the viability of raw water wells within the Borough's watershed
- Grand Point Water District Service: \$40,000
 - The project supports future development and water service in Greene Township
 - Water service will be through the Borough's Authority



Grand Point Water District

Town Council has already given tentative approval for the Chambersburg Water Department to sell a bond in early 2020 to finance a Water Department construction project at the Julio D. Lecuona Water Treatment Plant in Greene Township. The bond sale will be in January 2020 and paid off using water fees and no taxes over the next twenty years.

Preliminary numbers developed by the Borough's Financial Advisor, John Frey, of PFM Financial Advisors, indicates a level debt service of between 2.26% and 3.050% for this debt. Authorization to proceed has already been granted by Town Council.



Water Department

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

Department Head: Lance Anderson, PE

| | <u>2018 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|------------------|--------------------|--------------------|--------------------|
| Revenue | \$3,317,954 | \$3,478,840 | \$4,234,390 |
| Expenses | \$3,293,349 | \$3,478,840 | \$4,234,390 |
| Excess (Deficit) | \$ 24,605 Surplus | - Balanced - | - Balanced - |

In 2018, the Water Department retained their small surplus (0.7%) as fund balance.

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

Previous water rate increases – 1991, 2001, 2018, and 2019

- Average Borough monthly residential rate (2019): \$16.50
- Average GHD Engineering Survey monthly residential rate: \$32.00 (35 participants)

Following the plan first introduced in 2018, the Water Department proposes, in 2020, to raise retail water rates \$.01 per unit per year (2018-2020). In 2020, the “per unit rate” would increase from \$.14 to \$.15. The rate increase is necessary to generate additional revenue to cover increased operational and maintenance costs as well as to help fund capital improvements.

- Average Borough monthly residential rate (2020) will be \$17.25 per household per month

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

- The average residential household uses 185 gallons of water per day
This usage equates to 75 “units” per month (1 “unit” = 74.8 gallons)
- 2017 usage charge: 0.12¢/unit
- 2017 average monthly billing: \$15.00
- 2018 usage charge: 0.13¢/unit
- 2018 average monthly billing: \$15.75
- 2019 usage charge: 0.14¢/unit
- 2019 average monthly billing: \$16.50
- 2020 usage charge: 0.15¢/unit
- 2020 average monthly billing: \$17.25



| Other Water Systems: |
|---------------------------------|
| Chambersburg (2019): \$16.50/mo |
| Chambersburg (2020): \$17.25/mo |
| Shippensburg: \$30.39/mo |
| Guilford Water: \$30.86/mo |
| Waynesboro: \$32.37/mo |
| Washington Twp: \$36.59/mo |
| Greencastle: \$53.43/mo |
| Bear Valley: \$69.06/mo |
| LIDA: \$78.00/mo |

In 2019, the Water Department has reserves of over \$6,245,000 in capital funds for future capital projects. In addition, the Water Department also has reserves of \$2,844,000 in operational funds.

The system is mostly exempt from Pennsylvania Public Utilities Commission regulations (except our Guilford Township customers), although staff's efforts on a cooperative initiative with the Guilford Water Authority have failed to improve that situation.

Currently, staff is working on a cooperative initiative with Greene Township to serve the area north of Norland Avenue in Greene Township. This area would ultimately be served through the Borough's Authority. The 2020 budget includes \$40,000 in support of this initiative.

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

Treatability of raw water is always an issue facing a water system using surface water. Specifically, the Julio D. Lecuona Water Treatment Plant was historically plagued by shutdowns due to turbidity and color issues with the raw water coming into the plant. This so-called Iced Tea issue still exists; however, in 2018 our team evaluated a treatment alternative through pilot testing a new water treatment coagulant, Delta-Floc 801. The testing was completed in 2019 under a Pennsylvania Department of Environmental Protection limited duration construction/operation permit. Operational testing has shown the ability to treat raw water beyond 200 color units where our previous shutdown was at 70 color units (cu). In 2019, as a result of the new coagulant use, there have been no shutdowns due Iced Tea raw water.

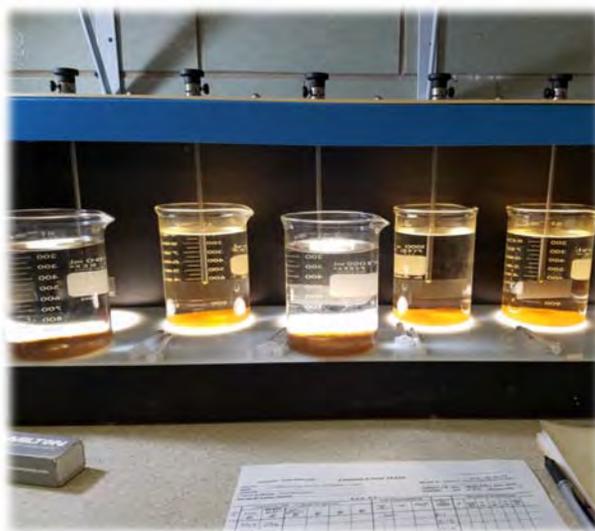


“Iced Tea” Raw Water – Conococheague Creek

The Water Department continues to evaluate its staffing needs. In 2019, the Borough's Water/Sewer Engineer, GHD, completed a staffing analysis of Water/Sewer operations. The analysis recommended two additional WTP employees based on the plant's operational needs, maintenance needs, and regulatory needs. The 2020 Water Department Budget includes a request for one additional WTP

employee as a WTP Lab Technician/Operator. The new position will primarily focus on daily operations and PADEP increased regulatory sampling and reporting requirements, which include the following:

- Lead and Copper sampling increased from 30 samples every 3 years to 120 samples per year (12x increase)
- Routine regulatory sampling increased from 20 to 40 samples per month in 2017
- Unregulated Contaminant Monitoring Rule (UCMR) 5 sampling requirements begin in 2020 with UCMR 4 sampling currently underway
- Bacteria analysis is projected to increase to 1,800 samples in 2019 with increased reporting requirements for Public Water Supplies Typically, the WTP Lab analyzed 1,100 samples 5 years ago
- Sampling plans (DRR, RTCR, LCR, Method 334, Filter Bed Evaluation) require updates and submissions to DEP

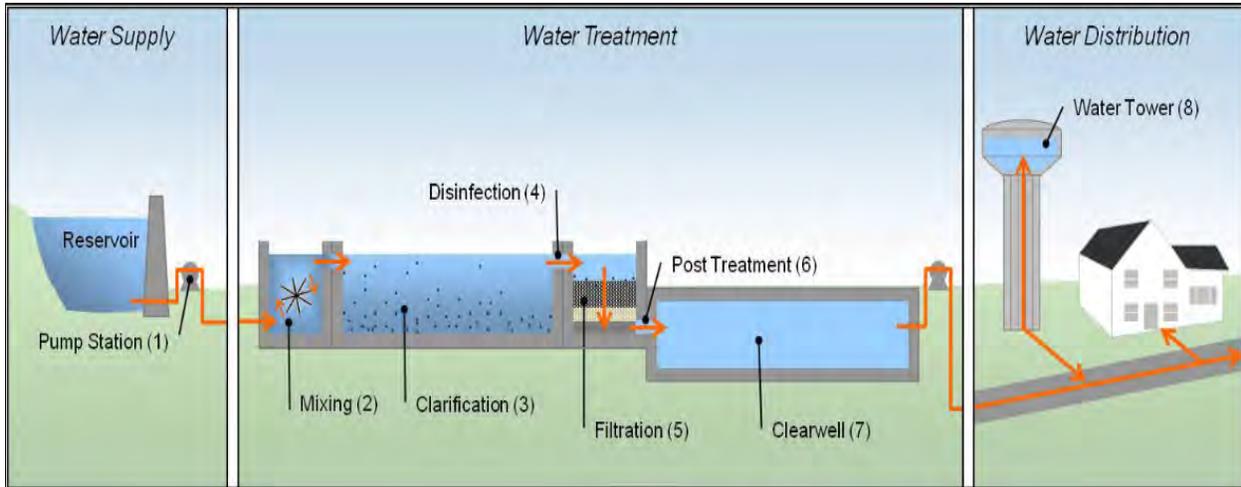


Laboratory Testing of Raw Water

The Borough continues to make significant maintenance upgrades at the Long Pine Reservoir, the Raw Water Intake, the Water Treatment Plant Filters, and throughout the distribution system. This process will continue into 2020 with the construction of a second 2.5 million gallon clearwell at the Water Treatment Plant

Major items for 2020:

- The proposed budget includes \$4,280,000 in capital improvements to the Water Department infrastructure; including:
 - WTP second clearwell
 - Construction of watershed weirs
 - Chambers Street water main extension
 - Distribution system leak detection loggers, flow meters, and equipment
 - WTP chemical feed improvements
 - Professional studies



Largest Customers (in dollars sold)

| Customer | Units Used | Net Amount | Daily Avg. (Gallons) |
|--------------------------|------------|--------------|-------------------------|
| Bear Valley Authority | 4,133,289 | \$748,384.68 | 847,041 |
| Ventura Foods LLC | 830,411 | \$93,511.80 | 170,177 |
| Chambersburg Hospital | 395,458 | \$62,219.91 | 81,042 |
| Knouse Foods Co-op Inc | 320,829 | \$36,465.66 | 65,748 |
| Menno Haven Penn Hall | 120,000 | \$31,227.96 | 24,592 |
| Menno Haven Inc | 125,490 | \$19,694.76 | 25,717 |
| TB Woods Inc | 126,188 | \$16,302.98 | 25,860 |
| Barclay Village Ltd | 61,644 | \$16,174.37 | 12,633 |
| Crider's Water Service | 37,515 | \$13,130.25 | 7,688 |
| Chambersburg High School | 41,271 | \$12,877.95 | 8,458 |
| HTI Recycling | 106,070 | \$12,762.04 | 21,737 |
| Wilson College | 41,604 | \$11,268.41 | 8,526 |

Payment In Lieu Of Gross Receipts Taxes (PILOT)

In years past, the Borough Water Department made a tax-like contribution to the General Government operations of the Borough. The Water Department paid \$72,000 per year through 2013, but in anticipation of a possible change in State law that would prohibit water utilities from making payments for general government operations, we ceased this practice.

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



Nitterhouse Tank

11/12/2019



Sewer Department Budget

As Proposed for 2020 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Sewer Department Budget

As Proposed for 2020

Background and History:

In 1910-1911, the Borough of Chambersburg decided to obtain its water supply from the State Forest at Caledonia. It was necessary to obtain a permit from the Pennsylvania State Health Department. When the State Health Department issued a permit for the right to the water of Birch Run, it also provided that, for this right, the Borough of Chambersburg was to install “a Sanitary Sewerage System with a proper Disposal Plant of a capacity sufficient to take care of the town for twenty years to come.”

The same bond issue, which provided funds for the construction of the water supply line between Caledonia and Chambersburg, also provided for sufficient bonds in the amount of \$65,000 to put in a Sanitary Sewerage System in Chambersburg. The finance office is the proud possessor of bond number 25, in the amount of \$500, an “Improvement Bond of 1910” Series A which carried a 4 ½% interest rate. This note matured in 1915. The current Borough’s logo is adapted from a depiction of City Hall found on that bond. This original system was constructed and put into service August 1, 1912, and portions of this initial system are still in service today.

From the time of the initial construction, continuous improvements have been made with major improvements being made in 1939, 1959, 1978, 1997 and 2013 to the treatment facility. Following is a list of major facility milestones:

- 1938 Upgrade: Upgrades were completed in October 1939 at a cost of \$217,715.41 (45% was funded through a grant). Plant capacity was rated at 2 million gallons per day.
- 1948: A Waste Water Treatment Plant laboratory was established and the plant processes have been monitored for efficient operation ever since. The Pennsylvania Department of Environmental Protection accredits the current laboratory facility.
- 1957 Upgrade: Upgrades were completed in 1959 at a cost of \$990,330.13.
- 1978 Upgrade: The J. Hase Mowrey Regional Wastewater Treatment Facility was dedicated on November 16, 1980. The facility was upgraded to a capacity of 5.2 million gallons per day, at a cost of \$9.045 million (75% was funded through a grant).
- 1997 Upgrade: Upgrades were completed in July 1999 at a cost of \$18.5 million. Plant capacity was rated at 6.8 million gallons per day, with a maximum capacity of 17.0 million gallons per day.
- 2013 Upgrade: Upgrades were completed on March 31, 2017 at a cost of \$39.9 million. Plant capacity is rated at 11.28 million gallons per day, with a maximum monthly capacity of 14.66 million gallons per day.

Additionally, the treatment plant has evolved into a regional facility providing sewage treatment for our Municipal partners in Greene, Guilford, and Hamilton Townships. Hamilton Township initially provided connections in 1972. Through an expansion of the conveyance system in the 1970’s, the remaining townships ultimately connected to the system in 1980.

The Current Sanitary Sewer System

- 86 miles of pipe length
- 2,285 manholes
- 4 interceptors (Falling Spring, East Conococheague, West Conococheague, and South End)
- 4 Borough owned and maintained sewer meter stations (6 township owned and maintained)
- 4 Borough pump stations (Pennsylvania Ave. SPS, Hollywell Ave. SPS, Chambers 5 SPS, Progress Village SPS)

J. Hase Mowrey Regional Wastewater Treatment Facility

2019



2018 – Borough Aerial Photography



2015 – Under construction



2017 – After project was completed



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

Prior to 2013, Chambersburg's 6.8 mgd, J. Hase Mowrey Regional Wastewater Treatment Plant served Chambersburg, Greene Township, Guilford Township, Hamilton Township and indirectly part of Letterkenny Township. In addition to the Commonwealth's 2008 Chesapeake Bay Tributary Strategy, which forced a cap on the amount of nitrogen and phosphorus discharged from the facility, Chambersburg was also facing the demand of building additional capacity (a 60% increase) to meet projected twenty-year build out in the service region, as required by DEP's Act 537 Plan Study. These two mandates initially resulted in proposed facility renovations with an estimated price tag of over \$50 million.

The existing treatment facilities at the Chambersburg plant were not able to meet the pending nutrient discharge limits. Therefore, upgrades to the facility were required to meet the nitrogen and phosphorus caps. In addition to meeting these caps, an expansion from 6.8 mgd to 11.28 mgd was needed to accommodate the anticipated growth within the service area. The facilities must be able to convey a total influent peak flow of 33.5 mgd based upon analysis of the Borough's collection and conveyance system. The resulting extensive scope included upgrades to all facets of the treatment process with an emphasis on being cost effective, energy efficient, and environmentally sensitive. Key project components included:

- A new headworks and influent pump station to replace the existing deficient facilities. The new facility is sized for 33.5 mgd of influent flow, and all internal conveyance infrastructures must be capable of passing flows that are associated with this peak as well.
- An improved biological treatment process to provide nutrient (nitrogen and phosphorus) removal in order to meet discharge limits that have been established by the PA DEP. Compliance with these limits were required beginning in October 2012. In order to meet these requirements during the construction period, the Borough purchased, through 2016, nutrient credits on the open market from other treatment facilities on an interim basis.
- A new biosolids treatment process resulting in an improved final product quality which can be utilized for beneficial reuse in land application. Land application of biosolids has become one of the most cost-efficient biosolids management strategies available to treatment facilities.
- An expanded UV disinfection system sized to meet a peak flow of 33.5 mgd. The new UV system was installed in spring 2012.

The upgrades were completed at a cost of \$39.9 million. Construction activities initially began in 2012 with the primary upgrades completed in March 2017. This made the project the largest public works project in Chambersburg's history. Initially, prior to design, projected costs were estimated to over \$50 million with a reduced scope of construction. Costs were shared with the Municipal Partners, as defined in the Intermunicipal Agreement, which was executed on September 13, 2010.

Chambersburg's J. Hase Mowrey Regional Wastewater Treatment Plant has been a symbol of intermunicipal cooperation for 40 years. The current upgrades will allow the facility to support the Chambersburg area for decades to come.



Final Clarifiers



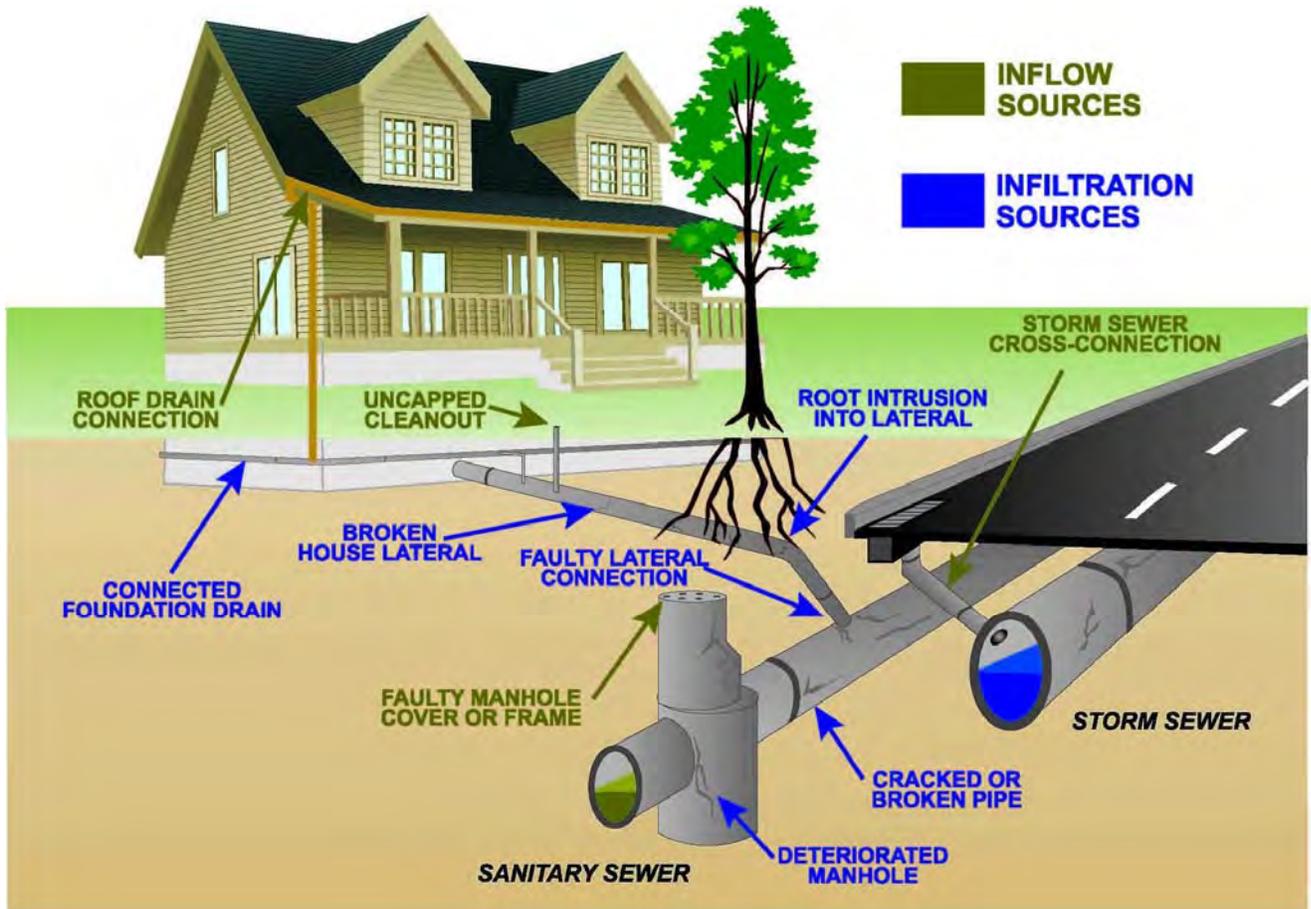
Biosolids Treatment Facilities



Disinfection Facilities



Final Outfall to Conococheague Creek



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



Raw Water Influent vs. Final Effluent

Sewer Department Services

- Regional wastewater conveyance and treatment
 - Treated 2,675,000,000 gallons of sewage in 2018
 - Average daily wastewater treatment plant flow: 733 MGD
 - 30% decrease from 2017
 - The increased flow resulted from record rainfall in 2018
- Sewer customers
 - Residential 7,469
 - Commercial 858
 - Industrial 20
 - Municipal 3
- Operation and maintenance of the collection and treatment facilities
 - Replaced 5,005 feet of sewer main in 2018
 - 10 wastewater maintenance repairs in 2018
 - 7,010 feet of mains televised in 2018
 - Repaired/lined 4 manholes in 2018
- Operation of the sewer treatment plant laboratory
 - Perform regulatory and control testing for the WWTP
- Sewer Inspections
 - In-house plumbing inspection is performed by Pennsylvania Municipal Code Alliance
However, exterior inspections as well as other types of in-house inspection services, such as sewer system inspections, are performed by Borough personnel

Capital Investments

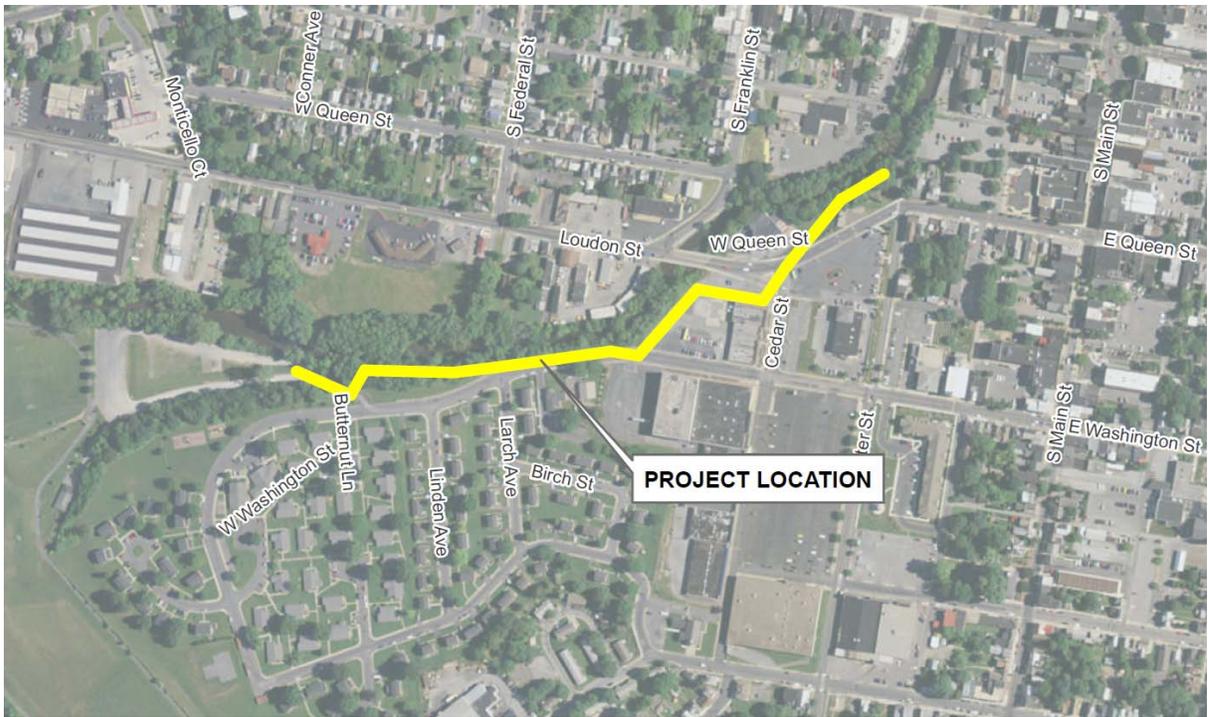
- Collection/Conveyance Act 537 Plan: \$3,100,000 construction (2013-2019)
 - Included upgrades to the Plant approach interceptor (completed in 2016) and East Conococheague Interceptor (projected 2019 completion) The projects eliminate capacity restrictions and sources of inflow (rainwater) and infiltration (groundwater)
 - Continued investigation of inflow and infiltration (I&I) throughout the sewer system
- East Conococheague Pump Station: \$1,325,000
 - Includes the abandonment of a section of the East Conococheague Interceptor between King Street and Chambers Street
 - Currently in the design/permitting phase
- Street Repair Projects: \$260,000 per year dedicated to fixing infrastructure before streets are paved

Collection/Conveyance Act 537 Plan

- Pennsylvania Department of Environmental Protection approved the plan in September 2012
- Plan includes upgrades to the conveyance system and continued investigation to remove sources of inflow and infiltration (I&I)
- DEP lifted our Consent Order and Agreement on August 13, 2014, thereby freeing resources of the Borough to concentrate on development and system improvements
- The plan includes upgrades to the Plant Approach Interceptor and the East Conococheague Interceptor The Plant Approach Interceptor Project was completed in 2016 at a construction cost of \$980,000

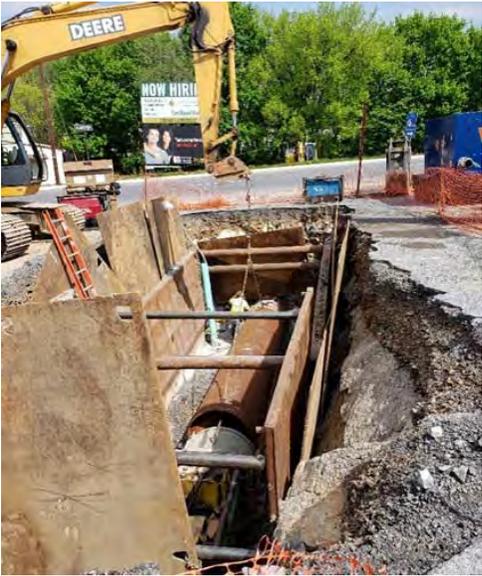
East Conococheague Interceptor Project

- The project includes the replacement of nearly 2,200 linear feet of existing 24” pipe with new 24” PVC pipe and the abandonment of 1,100 linear feet of existing 24” pipe
- The interceptor path to be realigned away from the stream bank and diverted to the West Conococheague Interceptor
- The East Conococheague Interceptor Project was bid on August 13, 2018, with a low bid of \$2,117,568 received The Borough’s share is 46%
- The project was awarded to DOLI Construction Corporation of Chalfont, Pennsylvania on October 8, 2018
- Construction began on April 1, 2019
- Interceptor work was completed October 2019 with final completion anticipated in November 2019





Washington Street Construction: up to 27 feet deep



Boring Under U.S. 30



Right-Of-Way Construction

East Conococheague Pump Station Project

Estimated cost: \$1,325,000

The project will allow the abandonment of 1450 feet of the East Conococheague Interceptor between King Street and Chambers Street. The interceptor was built in 1911.

Repair obstacles:

- Located in the stream bank or wetlands
- Adjacent to the cemetery behind Falling Spring Presbyterian Church
- The pipe was cast in place on an existing stone wall
- The pump station will transfer flow across the Conococheague Creek to the West Conococheague interceptor
- Anticipated construction year: 2021



Chambers Street



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

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

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

The NPDES Permit System

*National Pollution Discharge Elimination System

Point Source Pollution is regulated by NPDES permits.

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

*These are:

technology-based standards



Sewer Department



The Chambersburg Sewer Department is committed to its fundamental objective of providing the highest quality municipal wastewater service for its residential, commercial and industrial users at a reasonable price; and to meet that objective, the Sewer Department will adhere to the following principles:

- Providing effective collection and treatment of wastewater which complies with all state and federal regulations
- Working with the regional community to plan for future capacity to ensure the long-term success, public health, and environmental quality of the area
- Providing prompt and effective customer service
- Staffing the organization with qualified professionals
- Striving for excellence with each employee participating as a team member to continually improve the performance of the organization.

Department Head: Lance Anderson, PE

| | <u>2018 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|------------------|--------------------|--------------------|--------------------|
| Revenue | \$6,673,291 | \$6,429,775 | \$6,563,825 |
| Expenses | \$6,260,975 | \$6,429,775 | \$6,563,825 |
| Excess (Deficit) | \$412,316 Surplus | - Balanced - | - Balanced - |

In 2018, a surplus was realized, which was transferred to Capital Reserve to help pay for future projects.

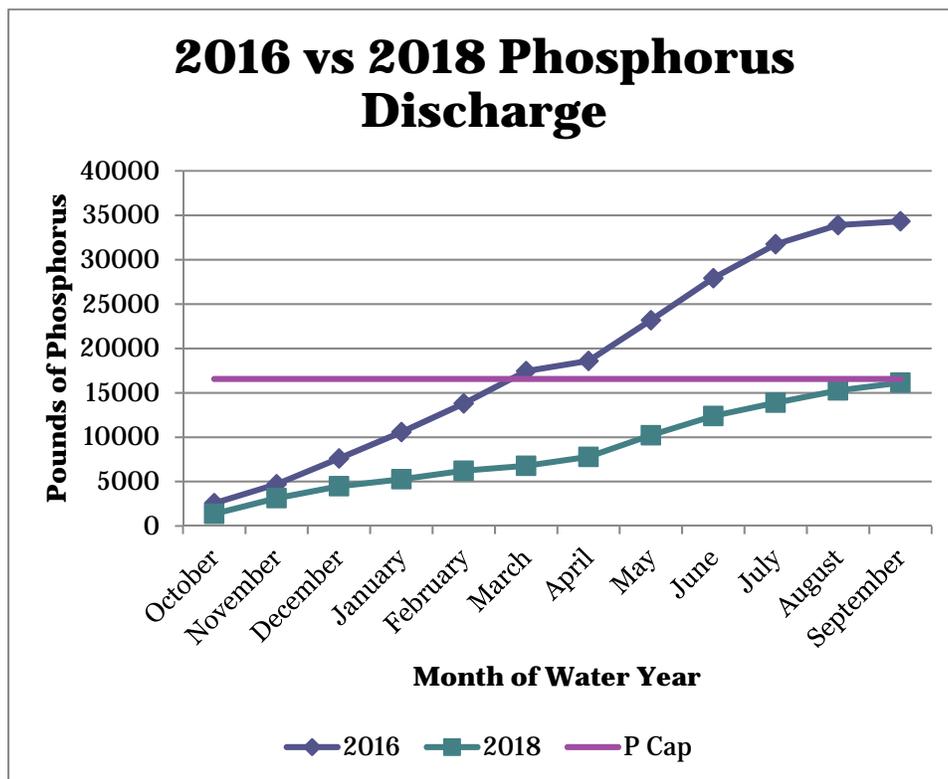
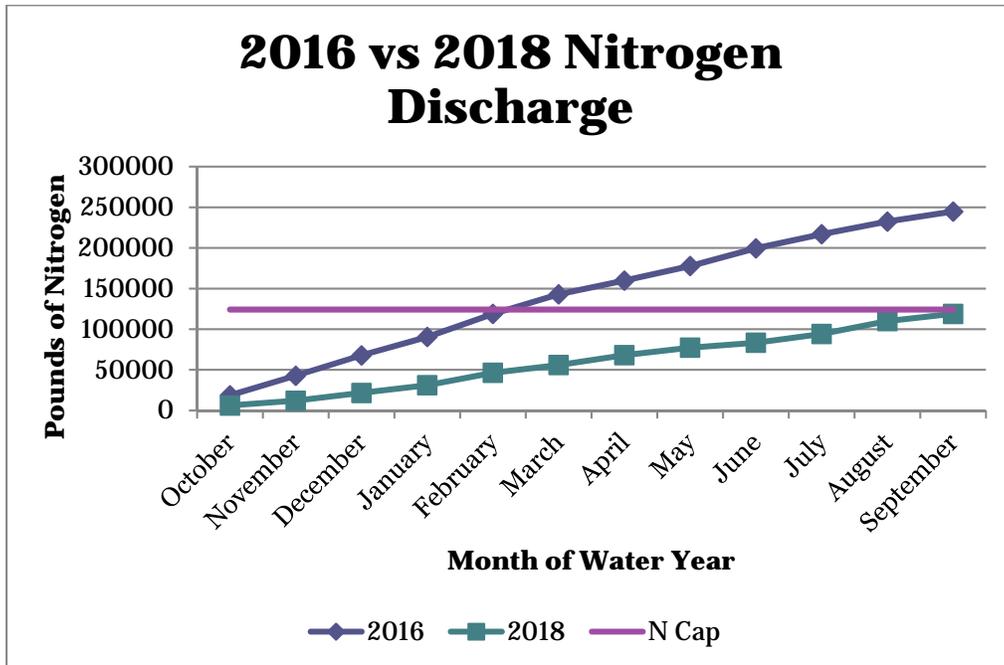
As of now, no additional rate increase is contemplated.

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

In 2020, we will continue aggressive investment in capital projects to improve the system; with no rate increase.

In addition to capital projects, the Sewer Department continues to evaluate its staffing needs. In 2019, the Borough's Water/Sewer Engineer, GHD, completed a staffing analysis of Water/Sewer operations. The analysis recommended four additional WWTP employees based on the plant's current design, maintenance needs, and operation. The recommended staffing increase would likely require a future rate increase. At this point, further investigation of actual staffing need is required prior to any recommendations being made. It is possible more employees will need to be hired in the future.

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



Sewer Department Intermunicipal Cooperation

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

- Borough of Chambersburg 30.32% or 3.42 mgd AAF
- Greene Township 32.89% or 3.71 mgd AAF
- Guilford Township 18.79% or 2.12 mgd AAF
- Hamilton Township 18.00% or 2.03 mgd AAF

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

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

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

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

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

Currently, staff is also working on a cooperative initiative with Greene Township to assist in providing sewer service to the area north of Norland Avenue in Greene Township. The 2020 budget includes \$50,000 in support of this initiative.



Sewer Rates

Staff is proposing no rate increase; the last rate increase was in December 2012; the average residential sewer bill is \$29.50 per month. The existing rates are sufficient to provide for the operation and maintenance of the system and capital investment for projects already underway or conceived.

It is likely that future capital improvements or staffing changes may require future rate increases.

That being said, for now, for the 2020 Budget, there are no rate increases planned.

Industrial Pre Treatment Customers (in ADD order)

| | Avg Daily Discharge |
|-------------------------------|---------------------|
| Ventura Foods | 140,000 gallons |
| Knouse Foods | 140,000 gallons |
| IESI Blue Ridge Landfill | 100,000 gallons |
| Martin's Famous Pastry Shoppe | 52,000 gallons |
| BWise Manufacturing | 4,000 gallons |



11/12/2019

Other Enterprise Department Budgets

As Proposed for 2020 by Jeffrey Stonehill, Borough Manager

The Borough of Chambersburg

Other Enterprise Department Budgets

As Proposed for 2020

An enterprise fund establishes a separate accounting and financial reporting capacity for borough services for which a service charge or fee is collected in exchange for services provided. Under enterprise fund accounting, the revenues collected and expenditures related to services are separated into separate accounts; each with its own financial statements, rather than commingled with the revenues and expenses of all the government activities of the General Fund.

Enterprise funds may be established, "for a utility, healthcare, recreational, or transportation facility." Examples of which include the following.

- Public utilities - water, sewer, or sanitation operations
- Healthcare – day care centers or nursing homes
- Recreation - skating rinks, pools, or golf courses
- Transportation - airports, marinas, or port facilities

A borough may not establish enterprise funds for a normal government operation or services, such as police, fire, code enforcement, or zoning services.

Creating an enterprise fund does not create a separate or autonomous entity from the municipal government operation, such as a municipal authority; although an independent authority is often an alternative approach to enterprise creation. The borough department operating the enterprise service continues to comply with financial and managerial requirements like every other department; supervised by the Borough Manager, who is also the Director of Utilities.

Financial transactions are reported using full accrual accounting standards similar to private sector businesses. Revenues are recognized when earned, expenses are recognized when incurred, and assets are depreciated. An enterprise fund provides council and taxpayers with information to:

- Measure performance
- Analyzed the impact of financial decisions
- Determine the cost of providing a service
- Identify any subsidy from the general fund in providing a service

Enterprise funds allow the Borough of Chambersburg to express to the public the cost of services provided. They also allow these enterprises to utilize our internal service fund cost based accounting method by renting vehicles, or paying administrative or engineering expenses

In addition to major utility enterprise funds, Chambersburg maintains a Sanitation Fund, a Storm Sewer System Fund, and a Parking, Traffic and Street Lights Fund; all operated as separate enterprises of the Borough.

Officially, in 2017, Chambersburg added another business-like fund to our list: the new Aquatic Center. Now, after its first year of operation, with the financial success of the inaugural season of operation, this facility will remain operated as a business or utility, with its own set of accounts. This is common for municipal swimming pools.

Sanitation Department



The Sanitation Department pursues a commitment to provide a safe, efficient, and effective municipal solid waste collection and disposal system that protects the natural environment, citizens of Chambersburg, and businesses. We also strive to preserve the quality of life of our citizens and their environs today and in the future.

Our Goals:

- To safely and efficiently collect residential solid waste and dispose of it at a landfill
- To safely and efficiently collect residential recyclable materials for processing and reuse
- To provide general cleanliness to the Chambersburg community

Department Head: David Finch, Assistant Borough Manager

Operations Supervisor: Chad Ebersole

| | <u>2018 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|------------------|--------------------|--------------------|--------------------|
| Revenue | \$3,191,684 | \$3,325,705 | \$3,574,140 |
| Expenses | \$3,122,621 | \$3,325,705 | \$3,574,140 |
| Excess (Deficit) | \$69,063 Surplus | - Balanced - | - Balanced - |

As with every enterprise fund, the Sanitation Department's goal is to cover all costs of operation. The last rate increase was in 2016. In 2018, through smart management, the department realized a small surplus (2.2%) which was reserved by fund balance. In 2019, it is possible that the department will similarly get by with no rate increase. However, in 2020, there are three factors driving a request for a rate increase:

1. Two settlements with two former employees who were injured under workers compensation claims resulted in a payment of \$178,250 in additional benefits
2. The first payment for the purchase of the new public works facility on Wayne Avenue is due in late 2020 at an estimated annual cost of \$81,155
3. The cost of bulky item collection and e-waste collection is due to rise by \$30,000 in 2020

As a result, the Sanitation Department is requesting an increase in rates of 11% beginning in January 2020. This increase would be across the board on all fees charged. The rates charged by the Sanitation Department remain some of the lowest for trash disposal in the region, even after the rate increase. For example, private refuse removal companies in our area often charge a family over \$30 per month for basic residential trash and recycling collection. With the rate increase, the Chambersburg residential rate would rise from \$18.75 per month to \$20.81 per month; significantly below private sector competition.



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

The Sanitation Department also oversees and maintains the Borough Farm.

The Sanitation Department is also responsible for a number of other activities, such as street sweeping, annual electronic waste collection, twice annual bulky item collection, and managing the recycling program.



Borough Street Sweeper and Operator

In 2020, the Borough plans to switch from using Waste Management to pick up and process our recycling, to picking up the recycling with our own staff, and then using a broker to sell the material that the Borough collects. This will result in significant savings to the department. Best of all, from their perspective, our citizens will still be able to participate in recycling in the same manner as they have been doing for years.

Chambersburg to Transition to New Recycling System in January 2020

On Monday, June 3, 2019, the Chambersburg Town Council approved the first changes to the successful Borough recycling system in four years. Since 2015, the community of over 8,000 households has maintained a contract with Waste Management for the curbside collection of single stream commingled residential and small business recycling. This system has been very popular and very successful as the quantity of recycled materials rose significantly from before this system was put in place.

Unfortunately, the global marketplace for recycled materials are in flux and a recent request for proposals resulted in no applications from any vendors to continue the system.

While the Borough's experiences with Waste Management were very satisfactory, for the firm to continue to provide recycling to Chambersburg, the system would need to have been extensively changed, and Town Council was not supportive of those changes. In the end, Council thought it best to transition back to a system where Borough-employees in Borough-owned trucks collect the same single stream of recyclable materials.

Chambersburg personnel have for many years collected all residential and commercial municipal waste, so the transition back to collecting our own recycling was not too difficult to arrange.

The key to the transition was to find a way to process properly the recycled materials. To that end, Chambersburg Town Council has entered into a three-year contract with McCardle Recycling, a firm recently started by longtime veteran waste consultant Kevin McCardle, who will take possession of and be responsible for the marketing of Chambersburg's recycling material.

At the Council meeting on June 3, Mr. McCardle explained that he has a relationship with a number of recycling processing facilities and the contract ensures that he will find a home for the entire single stream of commingled materials, including the less popular items such as glass and certain types of plastic.

The Borough of Chambersburg recycling will therefore not significantly change under this system. The Borough will remain a green community and we do so with our wholesale electricity purchases, our commitment to the environment, and this sanitation program.

Chambersburg Borough had previously received a Sustainable PA community Gold Level designation from the Pennsylvania Municipal League and Sustainable Pittsburgh.

As a part of this plan, the Borough will hire additional Sanitation Department personnel, purchase a new recycling vehicle from G-S Products of Somerset, Pennsylvania, and build a temporary transfer station where recycled material will be transferred from the Borough to McCardle Recycling.

The 2020 Budget includes sufficient resources to make this transition.



New Recycling Transfer Station under Construction at the Borough Farm

Beginning in January 2020 all residential recycling to be collected by Borough employees on Borough trucks



Borough of Chambersburg

Borough residential trash customers have single stream recycling:



**Plastic Bottles
or Containers**



**Food or
Beverage Cans**



Paper



**Flattened Cardboard
or Paperboard**



**Food or Beverage
Cartons**



**Clear, Green or
Brown Glass**

Do NOT include in your mixed recycling bin:



NO Food Waste
(Compost instead!)



**NO Plastic
Supermarket
Bags or Film**



**NO Foam Cups,
Packing Peanuts
or Containers**



NO Needles
(Keep medical waste out of recycling. Place in safe disposal
medical trash containers)

Please place all recycling in one bin to be picked up by Chambersburg Borough employees every week on the same day and in the same place as your Borough trash pick up.

It is very important to make sure you only recycle those empty containers and those items eligible for recycling. When in doubt, throw it out.

Also, absolutely no food, no liquid and no plastic bags allowed.

Changing Landscape of Recycling

Recycling still works, but we have to think of it as a commodity, not just a way to deal with our trash.

Justin Stockdale, Western Regional Director of the Pennsylvania Resources Council, a statewide environmental group, jokes that he has been working in the dumpster for 25 years, and says he doesn't want people to be discouraged by all of this.

"It's heartbreaking to say that, 'well I buy my thing in that package because I think it's recyclable. Now you're telling me it's not. I've changed my life to support recycling. And now it's all been for naught."

Stockdale says recycling still works, but we have to think of it as individual commodities, not just a way to deal with our trash. He says single stream recycling, where we put all of the materials into one bin, is easier for consumers. It was instituted about a decade ago to grow the volume of the material that recyclers actually wanted, like those #1 and #2 plastic bottles. Stockdale says one solution might be collecting other materials the old-fashioned way, as we used to recycle in the 1980s, when we sorted glass and paper at home then dropped them off at a dedicated facility.

"I think we need to think about this as an opportunity to get it right, and to do better," Stockdale says.

Therefore, each commodity has its own challenge. Glass remains the immediate challenge for Chambersburg. There is no good way to address glass. There appears to be no local demand for glass and glass is too heavy to ship to other places or even to haul to the landfill. The future of glass recycling is very concerning.

Two issues complicate the future of plastic recycling. More and more packaging, sometimes marked as recycling, is not recyclable. In the U.S., any manufacturer can place a recycling seal on their packaging, but that often is deceptive or misleading. So a significant amount of non-recyclable (i.e. trash) plastic ends up in the recycling stream through no fault of the consumer. The second problem is consumer contamination. Plastic or packaging with food, liquids, or chemicals is automatically trash. The industry does not clean your recycling. In fact, when consumers contaminate their recycling, they often contaminate the whole load; and everything just goes into the trash. Some experts say 50% of recycling arrives at the sorting facility as contaminated.

Finally, paper and cardboard recycling is under crisis. For many years, the U.S. exported paper and cardboard to China for recycling. Often China placed the material in Chinese landfills. In 2018, this practice ended. China is no longer accepting most paper or cardboard. As a result, there are few places to send paper or cardboard in the U.S. The recycling contractors have significant inventories and no choices as of now. The future of paper recycling is therefore in doubt.

McClatchy reported that for just the month of January 2018, according to the Solid Waste Association of North America, U.S. recyclers sent more than 208,000 tons of paper and nearly 75,000 tons of plastics to China. University of Georgia researchers recently estimated that by 2030 the amount of plastics alone that would have been exported to China, and now would have to be processed or landfilled elsewhere, would weigh in at nearly 111 million metric tons. That is roughly the weight of 7 million full-load semi-trailer trucks, which would be nearly as many semis as there are cars registered in Los Angeles County.

As of today, the future of recycling is very much of concern and in doubt.



Bales of bundled plastic awaiting processing in 2018

Bulky Waste

In 2020, the budget recommends bulky item collection and electronic waste collection be scheduled to cover two weekends and expanded hours on Wednesday for each of the three collection events, limited to Borough Sanitation customers only, at no cost. A number of local landlords and business owners wanted to participate in these programs. The Borough Sanitation Department has made the administrative decision this program remains for residential customers only.

Bulky items that are dumped in the right-of-way will be picked up by the Sanitation Department, but the adjacent property owner will be charged \$50 per major item. We realize that the item might not be their bulky trash. However, there is no other way to assess a fee fairly. It costs the Borough about \$50 to remove, transport, and place a bulky item into the landfill. Someone has to pay that expense. It would be less expensive if the property owners brought it to the landfill themselves. That being said, to not charge the adjacent property owner encourages dumping, and leaves a large unreimbursed expense in the budget.



Bulky Item Collection at the Borough Farm, April 2019

Electronic Waste Recycling

Another aspect to recycling is the disposal of electronic waste. The Borough continues to work with Waste Management to provide our citizens with an opportunity to dispose of electronic waste since it is no longer legal to dispose of e-waste in the trash. There are a small number of recyclers doing electronic waste collection, Waste Management was very expensive in 2018; as a result, they were not an ideal business partner. Therefore, the Borough will see if there are any other outlets for disposal in 2019. Very few municipalities provide this service or provide it free. Borough sanitation customers are therefore limited to the disposal of two items each.



Any bulky waste that is dumped illegally will be collected by Borough employees and the *adjacent property owner* will be assessed a \$50 special disposal fee to reimburse the Borough Sanitation Department for our actual cost to collect and dispose of the improperly dumped bulky item. Additionally, anyone caught illegally dumping will be subject to a fine of up to \$1,000 pursuant to Chapter 248 of the Code of the Borough of Chambersburg. If you own property, you are required to ensure that no illegal dumping occurs because you will be held responsible.

If you or your tenant is moving out of a house or apartment, or if you have accumulated bulky trash, you have three options which comply with our ordinances: (1) rent a dumpster from the Borough of Chambersburg, or another licensed service. (2) Transport your bulky trash yourself to the IESI Blue Ridge landfill located in Scotland, PA, or to any other licensed waste disposal location, at your expense. (3) Hold your bulky trash, out of sight, within the confines of your property until this annual borough bulky trash disposal event.

The following are bulky items:

- | | | |
|--------------------|----------------------|------------------------------|
| Air Conditioners | Freezers | Rugs |
| Bathtubs | Furnaces | Screens |
| Beds | Furniture | Sheds (metal) |
| Bicycles-Tricycles | Heaters | Sinks |
| Bookcases | High Chairs | Speakers |
| Box Springs | Ladders | Spouting |
| Carpet | Lamps | Stands (wire, wood, plastic) |
| Chairs | Landscape Logs | Stoves |
| Commodes | Lawn chairs | Stools |
| Couches | Lawn Mowers/Sweepers | Strollers |
| Cribs | Lighting fixtures | Tables |
| Desks | Mattresses | Toys (large plastic) |
| Dishwashers | Mirrors | Trash Cans |
| Drapery Rods | Mops and Brooms | Vacuum Cleaners |
| Dry Paint Cans | Ottomans | Washers |
| Dressers | Picnic Tables | Water Heaters |
| Drums | Picnic Umbrellas | Wheelbarrows |
| Dryers | Refrigerators | Windows |

No construction debris will be accepted: no bricks, no drywall, no cinder blocks, no floor or ceiling tiles, no construction wood

No green yard waste will be accepted: all green yard waste should be brought to the Green Yard Waste recycling center on W. Commerce Street in Hamilton Township. A Borough Green Yard Waste card is required for drop-off. Cards are available at City Hall during regular business hours.

Green Yard Waste Recycling Center

Beginning in April 2015, the Borough's new Green Yard Waste Recycling Center opened on W. Commerce Street in Hamilton Township. Initially a requirement by the PA Department of Environmental Protection to relocate our site from the Borough Farm, off Dump Road, this directive led to a \$1.5 million project, which included the acquisition of a new site, construction of the site, installation of truck scales, and purchase of a second leaf vacuum truck. To offset this expense, the PA Department of Environmental Protection pledged to Chambersburg a grant for \$225,000.

Overall debt payments (the mortgage) for the site continues in 2020 with a payment of interest and principle for \$81,155.

In addition to a full time employee who manages the waste and checks identification during the warm weather months, the Borough has hired one extra part time Sanitation worker to expand the open times at the facility. This worker works 10 hours per week at the site. During the cold weather months, the full time employee supplements the Sanitation Department crew.

Finally, the Borough has seen a significant decrease in the use of this new regulated facility by area landscapers, who much preferred our old unregulated facility. While this is a shame, and changed our business model, it also reduced the cost to the Borough to get rid of the green waste at the end of the season.



Borough contractor: H & H General Excavating d/b/a Country Boy Mulch & Soil Products



Leaf Vacuum Truck

Wagner Supply Building and New Wayne Avenue Public Works Facility

At the end of 2019, the Borough had the opportunity to acquire a vacant commercial building at 366 Wayne Avenue in order to plan the relocation of the Loudon Street Sanitation Department, Motor Equipment Department, and Highway Department facility.

The site, recently the home of Wagner Supply Depot, will be renovated over time to eventually replace the existing Borough public works facility located on Loudon Street, at the corner of S. Franklin Street. The existing facility on Loudon Street is reaching the end of its useful life, has a number of problems, including vehicle maintenance bays that are too small for today's modern trucks, poor equipment and materials storage, no room to grow, and is along the Conococheague Creek, in the floodplain.

The facility at 366 Wayne Avenue is owned by the Wagner Family and the Borough has entered into a conditional sales agreement for the Chambersburg Sanitation Department to acquire the site, which includes the building and several adjacent parcels, for a sales price of \$1.2 million. A valuation recently completed by Apex Valuation Services of Shippensburg, Pennsylvania, indicated that the 3.78-acre site has an "as-is" market value of \$1.2 million.

The plan is to have the Sanitation Department buy the site and renovate it over time to include facilities for their use as well as the motor equipment maintenance operation of the Borough, and some facilities for the Highway Department. This is the same basic function as now housed at the Loudon Street facility, which will be relocated sometime in the future, after renovations are completed. Once the move is over, the Borough plan is to sell someday part of the existing Loudon Street facility, and to build a creek access park adjacent to the Loudon Street Bridge on a remaining parcel now used to store motor equipment, such as dump trucks.

The facility at 366 Wayne Avenue has "good bones". The Borough did a facility review by SGS Architects/Engineers of Carlisle, Pennsylvania, and according to their principal, Dennis Sowers, the facility is in very good shape and can be renovated to accommodate the eventual uses as proposed by the Borough.

The Chambersburg Sanitation Department intends on using an upcoming bond sale in early 2020 to finance the acquisition costs. Town Council had already given tentative approval for the Chambersburg Water Department to sell a bond in early 2020 to finance a Water Department construction project at the Julio D. Lecuona Water Treatment Plant in Greene Township. The Sanitation Department will add this site acquisition on to that same bond and pay it off using trash fees, and no taxes, over the next twenty years.



2020 Budget Impacts

Despite the fact that the Borough plans to save a significant amount of money for recycling, the purchase and renovation of the new public works facility as well as workers compensation claims will result in a recommendation to raise recycling fees in 2020. This may increase the sanitation fee by as much as 11%. Although this sounds very significant, it must be remembered that the Borough's sanitation fees have been kept very low for many years and currently stands at \$18.75 a month; this equates to an increase of only \$1.87, for a total monthly cost of \$20.62. This is still a very reasonable rate compared to other sanitation companies in the area, such as Waste Management (at \$32.10 per month) and Progressive Waste Solution (formerly IESI), at \$28 per month; and Parks \$23.50 per month (and these rates may also increase in 2020).

Finally, these programs are very important to our community. Periodic increases that preserve the rates as the lowest in the area should be our goal, rather than no rate increases ever.





Municipal Separate Storm Sewer System (MS4) Department

The Borough – located in the Conococheague Creek Watershed – regulates stormwater according to a Stormwater Management Ordinance adopted by Town Council on June 20, 2004, and amended on July 14, 2014. The Ordinance was originally drafted and adopted according to the Act 167 Conococheague Creek Watershed Plan, as approved by the Pennsylvania Department of Environmental Protection (DEP) on November 10, 2003.

2019 will mark the fifth year of existence of the Storm Sewer Utility; one of the first such municipal utilities in the Commonwealth of Pennsylvania.

Department Head: Phil Wolgemuth, Deputy Borough Manager
Storm Sewer System Manager: Andrew Stottlmyer

| | <u>2017 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|------------------|--------------------|--------------------|--------------------|
| Revenue | \$412,177 | \$511,000 | \$1,007,090 |
| Expenses | \$427,111 | \$511,000 | \$1,007,090 |
| Excess (Deficit) | (\$14,934) Deficit | - Balanced - | - Balanced - |

In 2017, the utility transferred \$154,640 to capital reserves for future construction projects, more than was anticipated.

In the 2020 Budget, the Storm Sewer Utility will undergo a significant transformation.

The Storm Sewer Pollution Control Fee is recommended to drive this transformation.

The Storm Sewer Utility began operation in 2015. It is dedicated to improving health, safety, and welfare in the Borough of Chambersburg. It does this by providing for the safe and efficient capture and conveyance of stormwater runoff resulting from development. Its methods include enforcing the Borough's Stormwater Management Ordinance, by maintaining compliance with the Borough's municipal separate storm sewer system (MS4) permit, and through construction and maintenance of the Borough's storm sewer system; according to sound financial resource and capital improvements management.

On December 8, 2014, Town Council adopted an Ordinance establishing the first-ever storm sewer utility for the Borough of Chambersburg. Up until 2014, the storm sewer system was a part of the Highway Department and little thought, planning, resources, or management was provided. The utility generates its revenue through a Storm Sewer Pollution Control Fee that is assessed at \$4.00 for every sanitary sewer connection to a building. Through September 30, 2019, the utility collected \$405,567 for 8,377 customers, and will ultimately collect approximately \$460,650 in 2019 to operate the utility and fund storm sewer system capital improvements.

The Borough municipal separate storm sewer system (MS4) operates under Pennsylvania Department of Environmental Protection NPDES General Permit No. PAG 133704. This edition of the permit commenced on June 1, 2018, and will expire at midnight on March 15, 2023. With the new 2018 NPDES General Permit, along with the filing of a required Chesapeake Bay Pollutant Reduction Plan, which was

subsequently approved by the Pennsylvania Department of Environmental Protection, the Borough's utility is compelled to follow up with certain activities. The Borough has until May 31, 2023, to achieve pollutant-loading reductions for sediment, total nitrogen, and total phosphorus.

The MS4 Permit requires the Borough to operate a stormwater management program to address the following Minimum Control Measures (MCM):

MCM 1. Public Education and Outreach on Stormwater Impacts

MCM 2. Public Involvement and Participation

MCM 3. Illicit Discharge Detection and Elimination

MCM 4. Construction Site Stormwater Runoff Control

MCM 5. Post-Construction Stormwater Management in New Development and Redevelopment

MCM 6. Pollution Prevention and Good Housekeeping

Storm Water Consulting Engineer & Advisory Committee

In 2017, the Borough chose Herbert, Rowland & Grubic, Inc. (HRG) as the utility's consulting engineer. Their mission was to guide Town Council, staff, and the community through a detailed planning and analysis process to change from the current \$4 per month Storm Sewer Pollution Control Fee to a fee schedule based on lot impervious coverage.

In 2017, Town Council appointed community stakeholders to advise the utility in the implementation of a new fee system as well as other storm sewer issues.

Advisory Committee Members

Carla Christian, YMCA

Alice Elia, Council Member

Tanya Nitterhouse, Sunnyhill Properties

Ken Adams, King Street Church

Herb Dolaway, Council Member

Mike Kalathas, The Orchards

Tim Murray, Chambersburg Hospital

Edward Peters, Chambersburg Area School District

Phil Tarquino, Franklin County Planning Department

Jason Warrenfeltz, Wilson College

Bernie Washabaugh, Jr., Second State Enterprises



In 2019, Bruce Hulshizer and Bill Kick from HRG led seven Advisory Committee public meetings between February and August 2019 where the following challenges and opportunities were discussed:

- Assess and clean pipe system 2020-2022
- System needs maintenance/repairs totaling \$100,000 in 2020 with increase to \$250,000 in 2021-2023

- System needs capital improvements, along with Chesapeake Bay Pollutant Reduction Plan BMP projects, totaling \$86 by 2023
- Continue to seek grant funding sources for system improvements
- Monitor and plan for changes and associated expenditures to be required through next MS4 Permit effective in 2024
- Like other Borough utilities, funding for system operation and maintenance will be constant forever, regardless of future MS4 Permit requirements
- As much as possible, implement incremental increases to program and fees

On August 20, 2019, the Advisory Committee recommended significant changes to the budget of the utility and the Storm Water Pollution Control Fee program. This budget reflects their recommendations.

Frequently Asked Questions about the New Storm Water Pollution Control Fee

What is storm water?

The water running off developed properties

What is an MS4?

In Chambersburg, a separate system of pipes, inlets, ponds, and channels that handle storm water from where it lays to our creeks

How big is this system?

110+ miles of pipe/channel, 2758 inlets, 225 basins/rain gardens/storage

Much of it has reached end of serviceable life

The Borough is very concerned about the condition of the system and one of the primary goals is to dispatch engineers to evaluate its condition and necessary repairs

How is an MS4 regulated?

The Pennsylvania Department of Environmental Protection based upon Federal Law issued a permit. It requires the Borough to do many things including public education, maintenance, spill response, housekeeping and implement a plan to hit certain targeted goals for our share to clean up the Chesapeake Bay.

What is our required Chesapeake Bay targeted clean up?

By 2023, Chambersburg Borough must reduce from our storm water 10% of the sediment, 5% of the phosphorus, and 3% of the nitrogen being sent into the creeks by building six projects costing about \$8.6 million. This is in addition to system maintenance.

How much will this cost?

It is estimated by the Borough's consulting engineer that a budget of about \$1 million per year rising to \$1.8 million per year is required.

What is the current Storm Water Pollution Control Fee?

From 2015 until July 2020, the fee has been based upon the number of sanitary sewer connections on each tax parcel. Through July 2020, every sanitary sewer customer will pay \$4 per month per sanitary sewer connection although there is no relationship between sanitary sewer connections (toilets, sinks, etc.) and the storm sewer system.

What is impervious area (IA) and why use IA to figure what customers should pay?

Impervious Area is the actual amount of paved or building area on a tax parcel. Using IA to measure your property is a "fair" way to distribute the costs associated with MS4.

Does not every property have a different amount of impervious area?

Yes, but for single-family homes (regardless of whether rental or owner occupied) the Borough will use

the typical (or average house) instead of measuring each house. For non-single family homes, the Borough will measure every lot.

Why should every house pay the single-family residence (SFR) IA calculation whereas commercial, industrial, and institutional uses pay actual IA?

First, 80% of utility customers will pay the same rate as each other, making it simpler to figure things out. Second, most homes in Chambersburg are actually almost the average, so there is little to be gained by breaking SFR into tiers or measuring their actual IA.

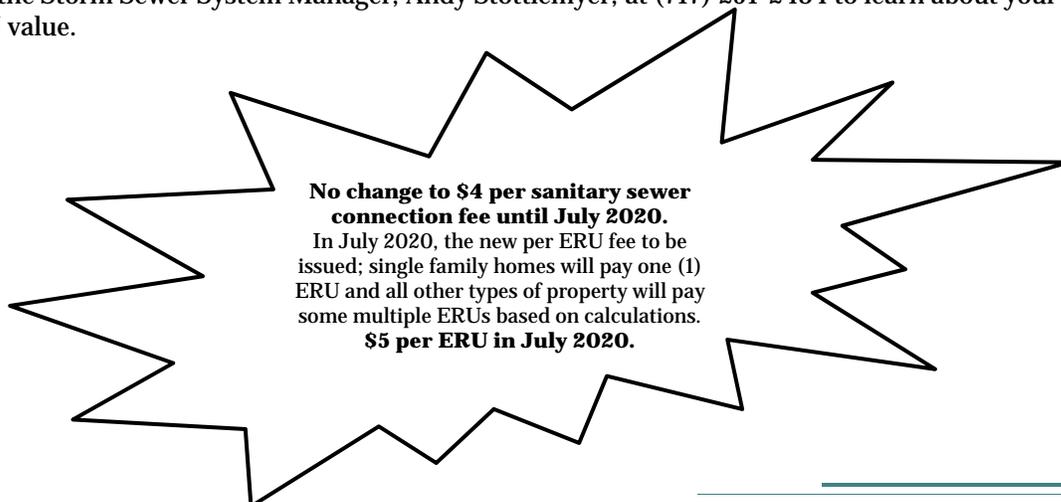
What do you call the average SFR IA?

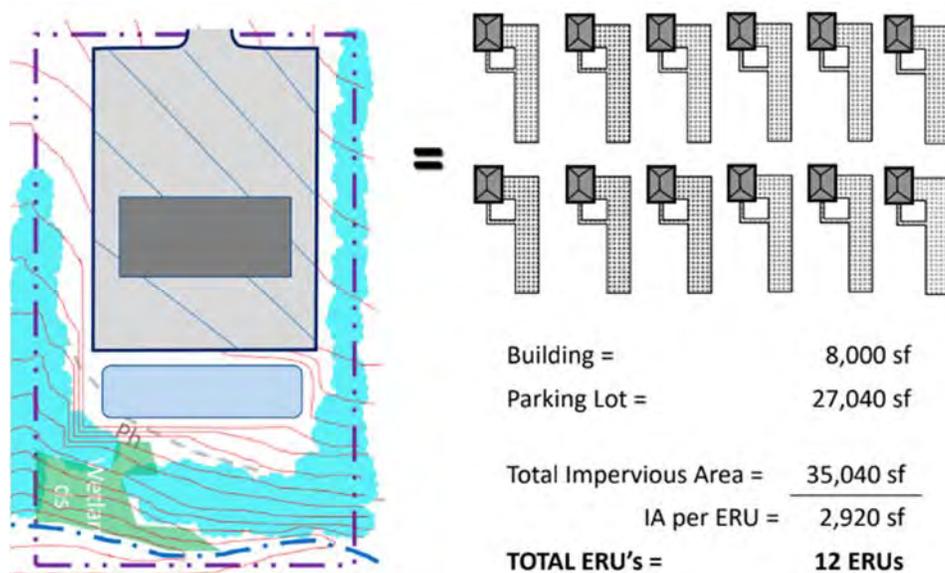
In storm sewer system terminology, one calls the average single-family residential impervious area one ERU. An ERU is the IA of an average house; which in Chambersburg is 2920 sq feet. We use the ERU to measure all properties.

Changes to Storm Water Pollution Control Fee

- Since 2015, the Borough has collected a Storm Water Pollution Control Fee to pay for maintenance/upgrades to storm sewers
- The Borough is required, like all urban communities, to invest money in maintenance & projects to clean the Chesapeake Bay
- A citizen committee recommended to Council to change the way the Pollution Control Fee is calculated beginning in July 2020
- From 2015 until July 2020, fee was flat (first \$3 then \$4) per sanitary sewer connection (has nothing to do with stormwater)
- Beginning in July 2020, fee will be calculated on quantity of impervious area (pavement & buildings) on each tax parcel
- Every tax parcel has been measured and mapped in anticipation of the switch
- Beginning in July 2020, each single-family house (owned or rented) will pay \$5 per month, called an ERU.
- Beginning in July 2020, each multifamily house (owned or rented) (duplex, townhouse, apartment building) will pay \$5 per unit
- Beginning in July 2020, every non-residential property (business, industrial, commercial, or institutional) will pay \$5 per equivalent single-family home actual impervious area. Called an ERU, each non-residential parcel will be measured against the average Chambersburg house, and then invoiced a multiple of ERUs based on actual impervious surfaces.
- A much more detailed flyer will be mailed to every property owner in Chambersburg to explain the new system before July 2020

Call the Storm Sewer System Manager, Andy Stottlemeyer, at (717) 251-2434 to learn about your property's ERU value.





ERU is just the measurement, the yardstick that utilities use to distribute fairly costs.

In the above example, this non-single family residential property (maybe a bank or similar) is the actual equivalent of 12 homes. Therefore, it should be 12 x the ERU rate.

If you are responsible for a property's utilities and that property is not a single-family residential property call the Storm Sewer Utility and obtain your ERU value for your property.

Finally, Council has set the July 2020 ERU rate at \$5 per ERU per month.

This system is fairer because as mentioned, using the sanitary sewer connection has nothing to do with storm water. Second, these properties actually do have the equivalent of multiple home's worth of impervious area (IA). So this is a fair system.

Non-single family residential property owners have choices. Chambersburg also gives commercial, industrial, and institutional customers two options:

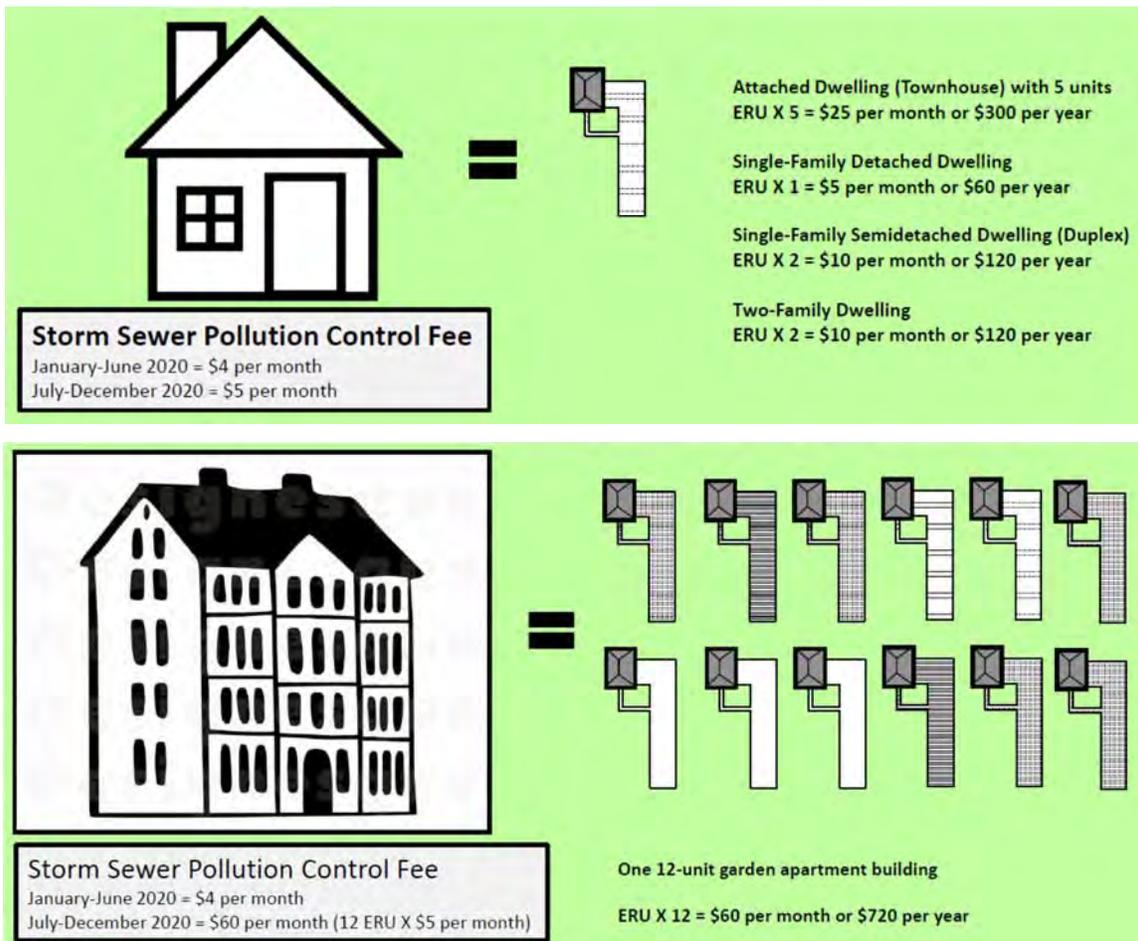
1. Reduce the IA on your property and lower bill
2. Install storm water device (called a Best Management Practice or BMP) and get a credit of up to 30% off your bill.

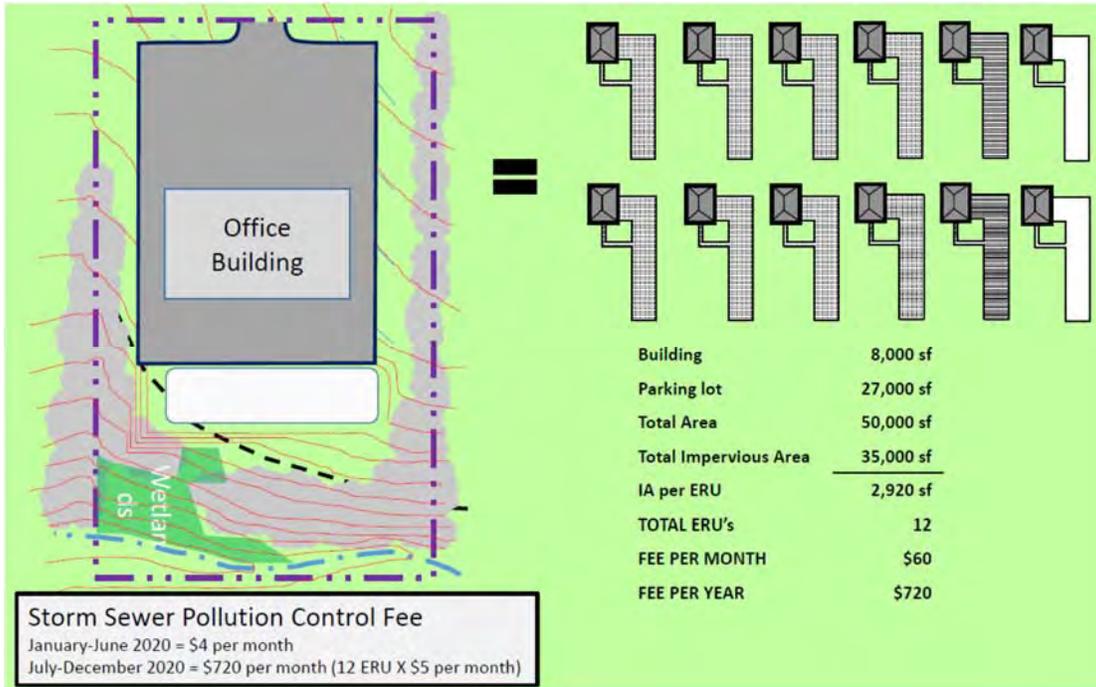
The Borough will begin a public education program to explain Best Management Practices to non-residential property owners.

The Borough encompasses 4,434.99 acres with approximately 2,555.47 acres (57.62%) of pervious area and approximately 1,879.52 acres (42.38%) of impervious cover. Of the impervious cover, approximately 571.67 acres (30.42%) is covered with buildings, approximately 401.62 acres (21.36%) is covered with streets (Borough, State Routes and private) and approximately 417.11 acres (22.19%) is covered with parking lots. The remaining 489.12 acres (26.03%) is covered with items such as sidewalks, concrete slabs, swimming pools and decks that were not incorporated into the previously noted categories.

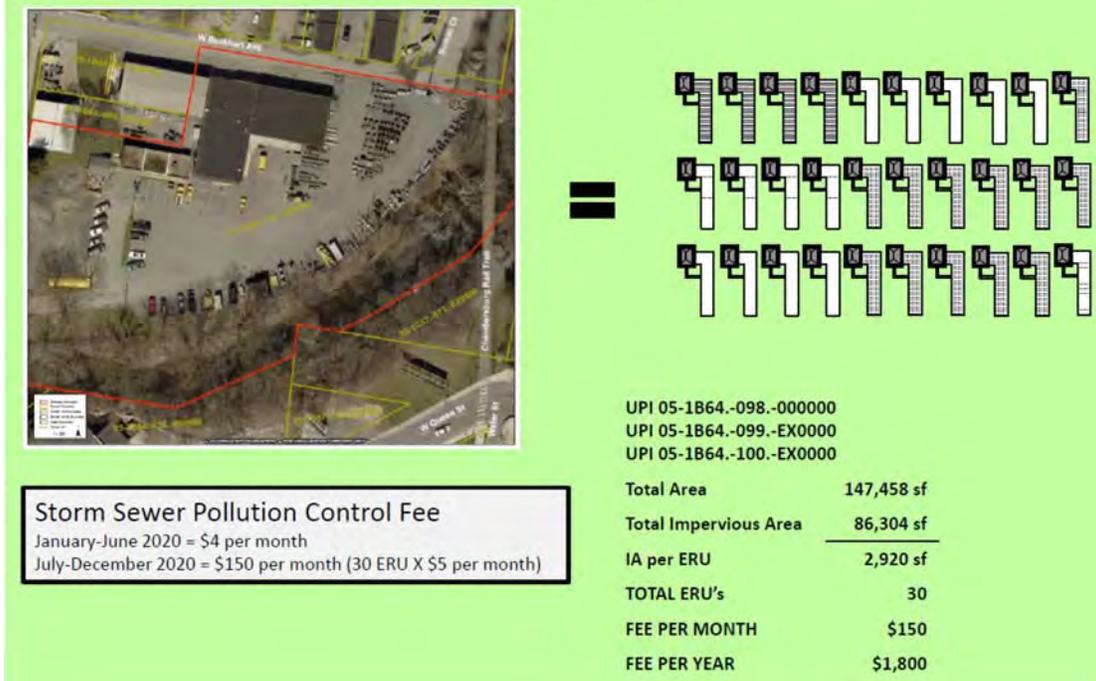
The new Storm Sewer Pollution Control Fee is based upon an aerial survey of the town and how much paved or impervious surface exists on an average lot and on your lot in particular. Beginning in 2020, a non-single family residential property owner could also get credit from the Borough by installing BMPs to reduce the amount or improve the quality of stormwater generated on their property. This will help encourage good stormwater management.

The system offers credits as means for customers to reduce monthly fees by implementing Best Management Practice (BMPs) activities to reduce the contribution of stormwater and pollutants to the storm sewer system and/or to aid in meeting MS4 Permit obligations. Single-family residential properties would benefit from Education Credits to provide small percentage monthly fee reduction. Non-single-family residential properties eligible for larger percentage monthly fee reductions (up to 30%) by implementing structural BMPs, which would have to be maintained in perpetuity to retain credit. There will also be appeal process if property owner feels their IA is incorrect.





BOROUGH UTILITIES SERVICE CENTER: South Franklin Street



Intergovernmental Cooperation on Municipal Separate Storm Sewer System Compliance

Town Council approved Intergovernmental Cooperation Agreements with Hamilton Township and St. Thomas Township to provide Stormwater Management Program Administrative Services for their MS4 Permits and Pollutant Reduction Plans that were approved by the Pennsylvania Department of Environmental Protection.

Services to be provided through Intergovernmental Cooperation Agreement with Hamilton Township:

- Prepare their MS4 Annual Report
- Provide their public education, outreach, involvement, and participation
- Provide their code enforcement
- Develop and implement their operation and maintenance program for Township facilities
- Develop and implement their training program for Township employees to ensure prevention of pollutants from municipal operations to the MS4

\$4,179.27 invoiced for services provided through September 30, 2019.

Intermunicipal cooperation is the hallmark and the overall object of the Borough's Storm Sewer Utility.



Hamilton Township Storm Sewer Meeting

Storm Sewer System 2020 Budget

YEAR 6: 2020 Revenue

| | |
|--|--------------------|
| Storm Sewer Pollution Control Fee \$4 per month per sanitary sewer connection from January 1, 2020 through June 30, 2020 | \$204,000 |
| Storm Sewer Pollution Control Fee \$5 per month ERU from July 1, 2020 through December 31, 2020 | \$786,000 |
| Hamilton Township and St. Thomas Township | \$10,000 |
| TOTAL | \$1,000,000 |

YEAR 6: 2020 Budget

| | |
|--|-------------|
| Revenue | \$1,000,000 |
| Operations | \$400,000 |
| Maintenance (Pipe camera/cleaning and general repairs) | \$300,000 |
| Capital Improvements (Construction contracts or grant match) | \$300,000 |

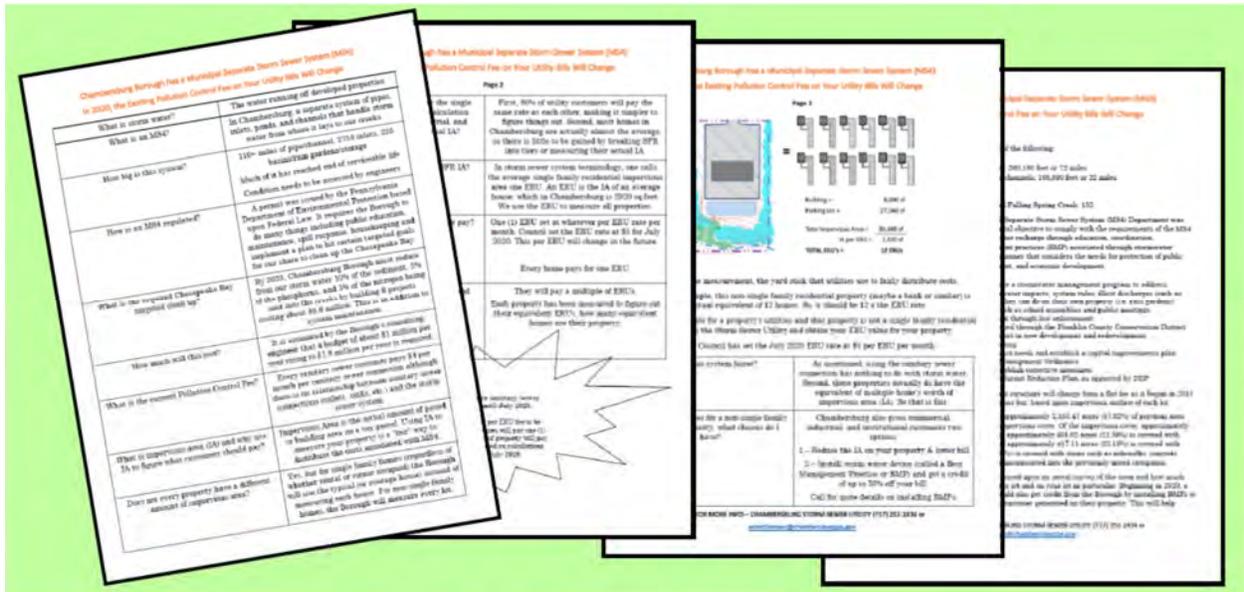
2020 Goals and Objectives

- Storm Sewer System Inspector to become full-time position
- Hire Secretary I
- Move Storm Sewer System Manager and Storm Sewer System Inspector to Utility Departments Addition to Borough Hall
- Establish system to manage tax parcel data for new software and Storm Sewer Pollution Control Fee collection Currently 8,377 customers but that number will increase when billing changed from per sanitary sewer connection to ERU and IA, which will include some tax parcels that have never received utility bill from Borough
- Prepare and advertise bid specifications to hire contractor for pipe camera inspection and cleaning
- Establish better capital improvements planning program by using data from pipe camera inspection
- Work with GMS Funding Solutions to seek grant funding for South Main Street Stream Restoration and Riparian Buffer Project, fourth BMP project proposed through Chesapeake Bay Pollutant Plan
- Work with Engineering Office and Community and Economic Development Office to prepare plan to repair Mill Alley stormwater drainage
- Prepare and advertise bid specifications to hire contractors for Franklin County Courthouse Water Discharge Project, North Fourth Street Streambank Restoration Project and Broad Street Storm Sewer System Improvements Project

The draft ordinance establishing these changes will be advertised in preparation for Town Council to consider approval. Staff estimates that in December 2019 or sometime in the first quarter of 2020, a final program will be adopted. This will set the new Storm Water Pollution Control fee and credit program, to include final appeal and credit manual, to go into effect with issuance of July 2020 utility invoices for June 2020 utility usage.

Following adoption, the new flyers explaining the program will be distributed to everyone.

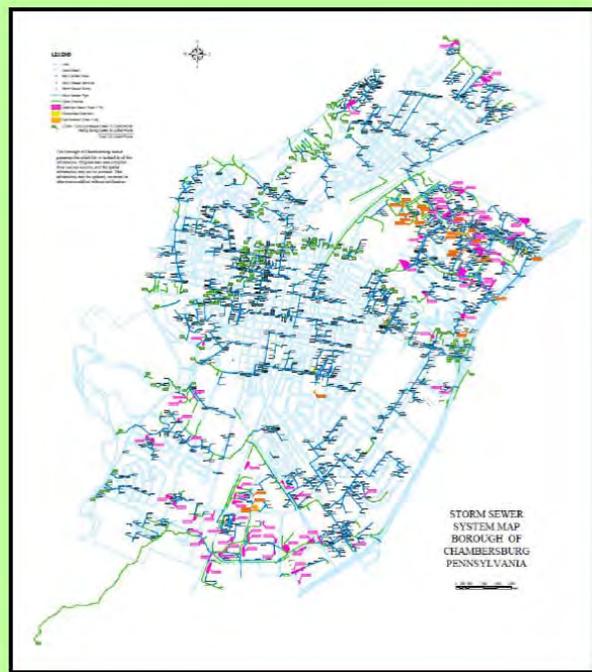
The utility will continue outreach to explain the new program to customers.



Storm Sewer System

The Borough storm sewer system is comprised of the following:

- 63.99 miles of pipe
- 2,533 inlets
- 128 outfalls to Conococheague Creek and Falling Spring Creek
- 108 stormwater basins and rain gardens
- 60 subsurface detention areas
- 35 pervious areas (parking lots/sidewalks)





Example of an Impervious Surfaces Survey Using GPS

The 2020 budget includes significant legal services and consultant services costs in order to pay our engineering consultant to develop the Storm Sewer Utility Rate Structure and Credit Program. The program will establish a new Storm Sewer Pollution Control Fee based on impervious coverage for each parcel in the Borough and in relation to the demand for stormwater management services; along with, a credit program to reduce the fee if best management practices (BMPs) are implemented.

This project, which was recommended through the Storm Sewer Utility Feasibility Report, which was presented to Town Council on October 13, 2014, contemplated a significant revenue shift for the storm sewer utility, to be implemented in three phases:

Phase 1: A monthly Storm Sewer Pollution Control Fee for every sanitary sewer connection to a building.

Phase 2: A monthly fee based on the impervious coverage for each parcel in relation to the demand for stormwater management services.

Phase 3: A credit system for BMPs to offset stormwater service fees.



Example of Stormwater Best Management Practice (BMP) on Private Property

Chesapeake Bay Pollutant Reduction Plan

The Borough discharges stormwater to surface waters located within the Chesapeake Bay watershed. Therefore, the Borough was required by the Pennsylvania Department of Environmental Protection (DEP) to prepare a Chesapeake Bay Pollutant Reduction Plan, in order to address nutrients and sediment in stormwater discharges to the Falling Spring Branch and the Conococheague Creek. The plan, which was approved by Town Council in 2017, and subsequently by the PA DEP in 2018, includes Best Management Practices (BMPs). These projects will serve a dual benefit of alleviating flooding and aging infrastructure issues, while also meeting the required reduction goals for the Chesapeake Bay by improving the quality of local waterways. The proposed BMPs include bio-retention, infiltration, stream restoration, porous pavement, and riparian buffer plantings projects. The design and construction of the BMPs will be funded through the Storm Sewer Utility fees as well as local, state, and federal grants. The Borough has until May 31, 2023, to implement the plan to achieve pollutant-loading reductions for sediment, total nitrogen, and total phosphorous. To date, two of the BMPs proposed through the plan, Fifth Avenue Extension and Rhodes Drive have been completed. In 2020, the North Fourth Street Streambank Restoration Project will be completed and planning and funding for the South Main Street Stream Restoration and Riparian Buffer project will begin, with both project listed on the Capital Improvements Plan for 2020.

| Site | BMP ID | BMP Type | Permitting & Engineering Design (Permit Year) | Construction/ Reporting (Permit Year) |
|----------------------------------|---------|-------------------------|---|---------------------------------------|
| Rhodes Drive | BMP-1A | Bioswale | 1 | 1 |
| | BMP-1B | Pervious Pavement | | |
| Fifth Ave Extension | BMP-2 | Subsurface Infiltration | 3 | 4 |
| Elder Street / W Commerce Street | BMP-3A | Subsurface Infiltration | 2 | 3/4 |
| | BMP-3B | Streambank Restoration | | |
| | BMP-3C | Subsurface Infiltration | | |
| Stevens Elementary | BMP-3D | Bioretention | 4 | 5 |
| | BMP-4A | Streambank Restoration | | |
| | BMP-4B | Riparian Buffer | | |
| Wilson College | BMP-5 | Bioretention | 4 | 5 |
| Mill Creek Acres Park | BMP-5 | Bioretention | 3 | 4 |
| Nitterhouse Park | BMP-7 | Bioretention | 1 | 2 |
| Wolf Ave Rail Trail | BMP-8A | Bioretention Pocket | 2 | 3 |
| | BMP-8B | Bioretention Pocket | | |
| | BMP-8C | Bioretention Pocket | | |
| | BMP-8D | Bioretention Pocket | | |
| | BMP-8E | Bioretention Pocket | | |
| Fourth Street | BMP-9 | Streambank Restoration | 3 | 4 |
| South Fourth Street | BMP-10 | Subsurface Infiltration | 4 | 5 |
| Ludwig Ave Parking Lot | BMP-11 | Subsurface Infiltration | 4 | 5 |
| South Main Street | BMP-12A | Stream Restoration | 2 | 3 |
| | BMP-12B | Riparian Buffer | | |
| Sheffler Drive | BMP-13 | Riparian Buffer | 3 | 4 |

Make no mistake, commitment to the plan, commitment to building the BMPs, and commitment to management of stormwater, is extremely important to the Borough, the PA DEP, and the U.S. EPA.



Parking, Traffic and Street Lights

Created in 2012, this Department includes: Downtown Parking, Street Lights, Traffic Signals, and Parking and Traffic. An inter-departmental agency, the mission of this department is Public Safety through the proper management of vehicular infrastructure and regulation under the advice and direction of the Borough’s Parking, Traffic, and Street Lights Committee. Services include:

- Downtown parking meters and parking lots
- Traffic control devices, traffic signals, and speed control devices
- Street lights, illumination, and public lighting

As an inter-departmental agency, the Borough Manager supervises these functions. The Engineering Supervisor, the Assistant Electric Superintendent, the Finance Director, and the Police Chief, and the support the Committee assist him.

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

| | <u>2018 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|------------------|---------------------|--------------------|--------------------|
| Revenue | \$985,675 | \$1,840,800 | \$1,850,840 |
| Expenses | \$1,483,308 | \$1,840,800 | \$1,850,840 |
| Excess (Deficit) | (\$497,633) Deficit | - Balanced - | - Balanced - |

In 2018, the department ran a deficit due to completion of the Wilson College Streetlight Project where the college’s share was provided in 2017 and resulted in a surplus for the previous year’s operations.

In the 2019, 2020, and 2021 budgets, the Borough will account for, and anticipate, the undertaking of the Federal Highway Administration (FHA) Congestion Mitigation and Air Quality (CMAQ) grant funds to upgrade the Borough’s traffic signal infrastructure, which increases for each year, the size of the budget.

The Parking, Traffic, and Street Lights Department is a separate enterprise fund of the Borough; run like a utility with most proceeds supplied by the Electric Department and parking fees. There are no actual employees; however, the fund pays the payroll of employees by the hour working on projects. The fund owns the street lights, traffic signals, parking meters, and electronic traffic control devices. It is managed directly by the Borough Manager and the PTSL Committee provides advice and guidance.

2019 saw no changes to parking meters, number of parking lots or parking meter rates In 2011, Council set meters at 25¢ only

Downtown Parking 2019

No Need to Feed the Meter Permits:

- Proposal from the Borough Manager’s Office to increase use of certain on-street parking meters that are underutilized
- Proposal to allow downtown workers to buy permits in order to pre-pay meters without use of coins

- In general opposition to the purpose of downtown parking meters, permits would allow permit holders to stay parked at one meter all day rather than force the rotation of cars, the typical point of parking meters
- It was suggested that once the new courthouse was completed there would be many new downtown workers
- Council rejected this permit concept

Update to on-street parking meter rules:

- Clarified that meters can be adjusted as needed without update to local law
- Expanded parking meters to Third Street between Queen Street and old Public Opinion building
- Allowed certain meters to be timed for 3-hour periods rather than everything timed for 1-hour periods
- Emphasized the ban on feeding the parking meters
 - When time expires, the user must relocate their vehicle
 - Was done to discourage downtown workers from hogging spaces
 - Limited success due to challenge to enforce and general disregard of certain businesses to rule

Update to off-street parking lot rules:

- Clarified and restated rules for Borough parking lots
- Established that parking permits in Borough parking lots were in effect ONLY Mon-Fri 8am-5pm; except at Rosedale Lot, where permit holders could pay for a 24/7 parking permit
- Established that unlike on-street parking meters, it is OK to feed the meter in parking lot parking meters
 - One can redeposit additional coins for additional time
- Borough Manager can close lots for special events or maintenance
- Parking fines and ticket process re-defined to match on street parking enforcement protocol

Part-time Police Traffic Unit:

- Recent review by CPD outlined the goals of this part time unit
- Enforcement remains the number one request by complainants
- Signs, rules, traffic patterns, etc., are irrelevant without enforcement
- CPD doing more vehicle and truck enforcement in 2019

New Traffic Rules at CASHS very successful:

- Working with CASD & Police developed new drop-off and pick-up pattern around CASHS
- First week it created some chaos, but things much improved
- Outstanding police presence at CASHS & other Borough schools in first two weeks
- Addressed concerns of CASD Police & YMCA
- Some additional changes may be made in summer of 2020 at CASHS & other Borough schools

Downtown Parking Study Reminder:

- On January 29, 2018, Derck & Edson released Downtown Parking Utilization Study
 - “Within the Central Core study area of Chambersburg, there are approximately 180 on-street spaces and nearly 1000 spaces held in parking lots (of which 68 are public spaces managed by the Borough.) Additionally, the Borough has estimated that an average of nearly 600 spaces are vacant throughout the downtown each day. The main complaint

that the Borough hears about these spaces relates to proximity to the desired destination.”

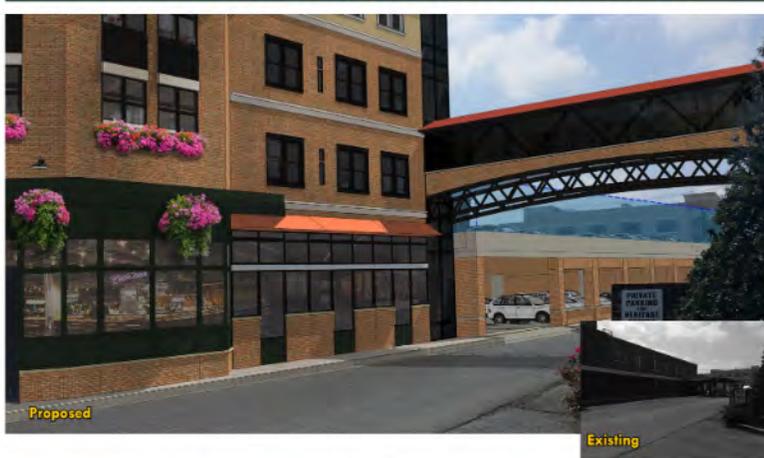
- “The following pages of this report will document the analysis of parking utilization in the Central Core as well as summarize options for integrating structured parking as a possible solution. For clarity, structured parking in this report shall generally describe parking arranged in a vertical manner using structural building elements to elevate parking above the natural ground level.”
- In my reading of the report, the following statement is the most important conclusion of Derck & Edson’s analysis:
 - “...this analysis determined that the notion of building a standalone structured parking facility will likely not be financially viable. Further, the anticipated likely loss of spaces for any future County courthouse expansion project, as well as increased demand for surrounding businesses, provides reasonable evidence that a mixed-use project in the Central Core, with uses beyond parking, will be more likely viable than a structured parking facility alone. Given the upcoming increase in demand and shrinking availability of surface parking, a concerted effort by a local development organization is highly recommended.”

A downtown parking garage would earn insufficient revenue by itself to justify construction, debt service, and maintenance. There is not sufficient off-hour parking and surface parking rates are still too inexpensive. However, a parking garage as a part of a more extensive Downtown Office Building Project may make sense if the office-building tenants subsidize the parking operation.

Soon Land Identified in Study Will Be Clear of Buildings

- The block identified in the Derck & Edson study as being the preferred site for a mixed use development including a parking garage was Lincoln Way East between Second Street and the Heritage Center
- In 2019-2020, Franklin County will demolish two of the buildings on this site for a surface parking lot (the Lodge and the Kaye Building).
- The third building on the lot, the F&M Bank Drive-Thru is available for redevelopment as a result of the relocation of the F&M Bank HQ out of downtown
- This leaves only the two single family homes on S. Second Street as an impediment to consolidation of the site.

Site 2 - Elks Club Corner Lot - Preferred Option



Upgrade Project for the Borough's Traffic Signal Network

On Monday, February 9, 2015, the Borough of Chambersburg Town Council unanimously endorsed a recommendation of the Parking, Traffic, and Street Lights Committee. The Committee recommended that an application be filed with the Franklin County Metropolitan Planning Organization (MPO) committee to utilize the full all available funds in Federal Highway Administration (FHA) Congestion Mitigation and Air Quality (CMAQ) grant. These funding would upgrade the Borough's traffic signal infrastructure, to install communication equipment, and to make improvements that would allow performance metrics to be ascertained from the Borough's traffic signal network but not to otherwise yet pursue the concept of adaptive signal technology until these infrastructure improvements are implemented.

On Monday, May 20, 2015, the Metropolitan Planning Organization (MPO) voted unanimously to allocate C.M.A.Q. (Congestion Mitigation and Air Quality (CMAQ) Improvement Program funds – and any other available state or federal transportation funds – not to exceed \$3.7M for the Traffic Signal Improvement Project that was presented by the Borough. According to the MPO, no local cash match will be required.

Council Member Allen Coffman is a voting member of the MPO.

The goal of the Traffic Signal Improvement Project is to upgrade Borough-managed traffic signal infrastructure by replacing copper wire with fiber optic wire, replacing outdated controller and communication equipment with uniform equipment and replacing outdated loop detection traffic sensors with radar-detection traffic-sensors. The project affects 66 street intersections in the Borough, Greene Township, Guilford Township, Hamilton Township and Peters Township. The project will take approximately 9-12 months to complete.

The Borough created a detailed scope of work and cost estimates for the project, which was submitted to PennDOT and approved in 2016. We created intermunicipal agreements with surrounding townships to allow the project to upgrade traffic signals outside the Borough, which was approved in 2016. Council approved the hiring of a second traffic signal technician (in addition to Borough Electrician Supervisor) to allow enough labor to undertake coordination of the project in the 2019-2021 budgets.

In 2017, PennDOT authorized the Borough to seek the required Traffic Engineer to manage the project (at no cost to the Borough). In November 2017, the Borough, using the PennDOT required ECMS computerized contract management system, selected Traffic Planning and Design (TPD) as the Traffic Engineer to manage the project.

In 2018, the Council entered into all intermunicipal agreements necessary to undertake the project.

Preliminary Design with its many focus areas has been completed and Notice to Proceed on Final Design was issued to TPD, the PennDOT selected engineer, was issued on September 5, 2019. They will continue to work through signal permit submissions and reviews along with complete project design dealing with fiber routing and technical items. Once all is approved, they will assist the Borough with bidding for a contractor through the ECMS system. Recently, PennDOT set the "Let Date" to April 9, 2020. From there the plan will be for work to begin early summer 2020.

Concurrent with the project, while all permits are being updated, the Borough will modernize many outdated pedestrian signals primarily through the downtown area. This will reduce re-occurring maintenance costs and provide safer pedestrian facilities to line up with the Borough's Ped and Bike initiatives

The 2020 Budget includes sufficient funding for Pedestrian Signal Upgrades associated with this project.

In 2020, it is anticipated the project will begin and take approximately one year.



Typical controller box that will need to be interconnected to system

Complete Streets Initiative

In 2020, the Engineering Department and the Planning Office will work with the Borough's Parking, Traffic, and Street Lights Committee to develop a Complete Streets Initiative for Council's consideration. That initiative will include:

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

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

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

- Promote environmental stewardship and protection with residents, businesses, developers, and government.
- Adopt a complete streets policy and amend ordinances and design standards to require public and private investment comply with this policy; add reference to the Subdivision and Land Development local law.
- Create identified corridors that provide safe and accessible mobility for multiple forms of transportation (cars, trucks, bicycles, pedestrians, etc.)

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

2019 Curb & Sidewalk Master Plan/Map as a Part of Pedestrian Traffic

The Borough of Chambersburg requires property owners to maintain curbs and sidewalks along their property frontages on public streets. For example, in addition to clearing snow and ice from sidewalks, property owners must keep sidewalks and curbs in good repair, safe condition and free of vegetation or other obstructions. The Borough, on a complaint basis, enforces maintenance standards or when a street is scheduled for reconstruction, at which time property owners are notified that curb and/or sidewalk repairs are necessary.

Properties in the Borough without curbs and sidewalks are required to install those improvements in several ways. Land being developed with new residential, commercial or manufacturing uses is in most instances required to install curbs and sidewalks as part of the approved land development plan. Land that is already developed, but lacks curbs and/or sidewalks, is required to install those improvements when adjacent public streets are scheduled for reconstruction. In addition, in certain instances, curb and sidewalk installation is required even when a street is not scheduled for reconstruction. It is anticipated that by the end of 2019, Council will conduct a public meeting in Council Chambers in to review and discuss the program and then consider approving it.

Pedestrian traffic and the Borough’s Pedestrian and Bike efforts are important types of multimodal transportation for the Borough. At the Borough’s Pedestrian and Bicycle Plan Advisory Committee Meeting on October 23, 2019, the Committee discussed the future of the Committee. Committee members expressed their desire to be updated on any projects that staff and Council are working on from the Pedestrian and Bicycle Improvements Plan. It was suggested that the Committee not disband but meet one time each year in August or September, prior to budget season, for an update regarding projects associated with the Pedestrian and Bicycle Improvements Plan. Projects to improve the multimodal plans of the Borough are still being developed.

Future Projects:

| Funding | Project | Cost |
|----------------------|--|-----------|
| Parking & Traffic | Traffic Signal Improvements Project (PennDOT CMAQ) (Multi-Year Project) | \$0 |
| | (\$4,150,000) | |
| Parking & Traffic | Pedestrian Signal Improvements (Required as Part of CMAQ Project) (Year One) | \$100,000 |
| Parking & Traffic | Portable Camera Trailer with Telescoping Boom | \$75,000 |
| Parking & Traffic | Radar Speed Indicator Signs | \$10,000 |
| Bicycle & Pedestrian | Third St. Pedestrian Greenway | Unknown |
| Bicycle & Pedestrian | Rail Trail Extension to Stevens Elementary School | Unknown |
| Bicycle & Pedestrian | Bicycle Routes Overlay on Existing Street Network | Unknown |
| | <i>Total</i> | \$175,000 |

Swimming Pool Fund (Aquatic Center)



Created in 2017, this Department owns and manages the new Chambersburg Aquatic Center finances. The facility began construction in 2017 and opened on May 25, 2018, to great acclaim.

The Pool Fund has three functional areas: facility operations, facility administration, and facility construction/capital outlay.

Department Head: Julie Redding, Superintendent of Recreation

| | <u>2018 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|------------------|------------------------------------|----------------------------------|---------------------------------|
| Revenue | \$1,092,081 | \$1,040,130 | \$1,153,125 |
| Expenses | \$5,582,129 | \$1,815,772 | \$1,203,125 |
| Excess (Deficit) | (\$4,490,048) Deficit ¹ | (\$775,642) Deficit ² | (\$50,000) Deficit ³ |

1 – In 2018, the Aquatic Center was under construction. The deficit represented \$4,058,336 in construction costs and \$74,218 in legal/engineering costs paid for by the 2016 Recreation Bond.

2 – In 2019, the Aquatic Center had its second year of operations. The deficit represented a transfer of \$842,957 from the 2016 Recreation Bond to the General Fund to pay for playground and park improvements. Actual operation of the Aquatic Center generated positive cash flow.

3 – In 2020, the Aquatic Center will have its third year of operations. The deficit represents a transfer of \$50,000 from the 2016 Recreation Bond to the General Fund to pay for the last of the park improvements associated with this bond issue.



2019 Aquatic Center

| Financial Review - Operating Revenue vs Operating Expense | 2018 | 2019 |
|---|-----------|-----------|
| Revenue Generated from Admission Fees (memberships and daily admissions) | \$410,870 | \$446,425 |
| Revenue Generated from Programs | \$20,450 | \$24,000 |
| Revenue Generated from Rentals / Parties | \$27,750 | \$35,500 |
| Revenue Generated from Point of Sale Purchases (Goggles, Swim Diapers, Sunscreen, Lifejacket Rentals and Chairs) | \$5,675 | \$9,450 |
| Concession Income | \$121,060 | \$141,900 |
| <i>Operating Revenue</i> | \$585,805 | \$657,275 |
| Miscellaneous Revenue (Donations and Bond Interest Earned) | \$78,230 | \$30,140 |
| <i>Total Revenue</i> | \$664,035 | \$687,415 |
| <i>Total Operating / Admin Expenses</i> | \$562,325 | \$564,700 |
| <i>Total Net Operating Revenue</i> | \$128,000 | \$122,715 |

In 2019, the Aquatic Center was intending to operate in typical summer mode with the exception of one transaction: the transfer of the balance of the proceeds from the 2016 Recreation Bond to the Borough's General Capital Reserve. This one time transfer will finance the balance of Parks and Recreation improvements projects selected by Council (a transfer of \$842,957). Therefore, it was anticipated that this 2019 season would only generate an operating surplus of \$67,315. While there are still remaining expenses to be paid before the end of the year, the anticipated balance will certainly exceed this target. Instead, it now appears that the 2019 season will generate \$122,715 in revenue over expenses.



| Snapshot Review of the Season | 2018 | 2019 |
|---|------------------------|-----------------|
| Number of Possible Days Available | 89 + 3 Friday evenings | 91 + 6 Evenings |
| Number of Days Open | 89 + 3 Friday evenings | 90 + 3 Evenings |
| Number of Days Over 500 | 58 | 62 |
| Number of Days Over 1000 | 32 | 30 |
| Number of Days under 200 | 18 | 9 |
| Number of Daily Borough Patrons Served | 14,900 | 12,200 |
| Number of Daily Non-Borough Patrons Served | 28,200 | 27,000 |
| Total Member Attendance | 25,348 | 24,200 |
| Total People Served in all Daily Admission Categories | 51,300 | 53,000 |
| Number of Memberships Issued | 851 | 871 |
| Percentage of Borough Memberships Issued | 59% | 55% |
| Percentage of Non-Borough Memberships Issued | 41% | 45% |
| Number of "Basic" Parties | 25 | 28 |
| Number of Parties with Upgrades (Pavilion, Event Room, Picnic Pad) | 87 | 110 |
| Number of Rentals without Parties (Pavilion, Event Room, Picnic Pad) | 51 | 91 |
| Number of Full Facility Rentals (after-hours) | 21 | 26 |
| Number of Discount Daily Pass Books Sold | 64 | 68 |

Facility Improvements

- Installed pavers / drainage system around the entire perimeter of the pool to rectify the drainage issues resulting in multiple muddy areas around the deck
- Installed a Tot Playground near the pavilion which had been in storage since 2006
- Worked with a turf management company to address the poor soil issues (which resulted in most of the grass dying this year) by tilling, adding top soil, compost and planting new grass around the majority of the areas within the facility
- Installed the Frog Slide at the Tot Pool
- Installed a new, people counting system to maintain a very close to accurate number of patrons in the facility (+/- 2%)
- Applied a topcoat to all bathroom/locker rooms floors to improve traction



New play structure

New frog slide

New pavers

Growing grass

Recommended Facility Improvements for 2020 Utilizing the Operating Budget

- Modify / improve a few of the newly paved areas around the perimeter of the pool to provide better drainage and eliminate ALL muddy areas
- Install one additional picnic pad near the far fence to provide more rental opportunities
- Install two new charcoal grills at the pavilion to accommodate larger groups wishing to grill during their event

2020 Operating Challenges

- Hire a new, Full-time Aquatic Center and Sport League Manager to provide strong leadership and supervision to this important facet of the Department
- Hire other key supervisory staff members to lead and mentor staff alongside the new Aquatic Center Manager
- Evaluate Aquatic Center seasonal pay rates and possibly increase if, upon evaluation, it is determined that we are paying less than the industry standard for these respective roles
- Continue to monitor and balance operating expenses without compromising excellent safety and customer service standards

While the Aquatic Center's second season proved to be very successful upon review of numbers and statistics alone, staff continues to invest a significant amount of time evaluating revenue, expenses, policies and procedures that will result in consistently offering an exceptional experience for both members and visitors from near and far.

Recommended Operational and Maintenance Changes / Improvements for 2020

- Increases rates for memberships, daily patrons, parties and rental opportunities
- Increases prices and modify food options at the Concession Stand
- Modify daily and member benefit options
- Update facility policies
- Continue to provide more programming opportunities

Recommended Aquatic Center Daily Admission Price Increases for 2020

| Recommended Increases for Daily Patrons: | | | | |
|---|-------------------|---|------------------------|--------------------------------|
| Category | 2019 Rates | 2020 Proposed Rate | 2019 Boro Rates | 2020 Proposed Boro Rate |
| Adult (Ages 18+) | \$9.50 | \$10 | \$5.50 | \$6 |
| Youth (Ages 3 & older) | \$9.50 | \$10 | \$5.50 | \$6 |
| Children under 3 yrs of age | Free | Free | Free | Free |
| Senior Citizen (Ages 60+) | \$6.50 | \$7 | \$3.50 | \$4 |
| Twilight (after 5 PM) | \$6.50 | \$7 | \$3.50 | \$4 |
| Chaperone/Non-Swimmer | \$5.50 | \$6 | \$3.50 | \$4 |
| Special Days / Events | | | | |
| - 3 rd Thursday of the Month | \$5.50 | \$6 | \$4.50 | \$5 |
| - Teen / Adult Night | \$5 | \$6 | \$3 | \$4 |
| Discounted Weekend Pass (Saturday / Sunday, 1-8 PM) | | | | |
| - Sat/Sun Adult & Youth | \$16 | \$17 | \$9 | \$10 |
| - Sat/Sun Sr. Citizen | \$10 | \$11 | \$6 | \$7 |
| Discount Pass Booklets | | | | |
| - Book of 10 passes | \$85 | \$90 (savings of \$1/off each admission - \$10 total savings) | | |
| - Book of 15 passes | \$120 | \$127.50 (savings of \$1.50 off each admission - \$22.50 total savings) | | |
| Military Benefit: Active Military Personnel and family showing proper ID receive 50% off daily and borough discounted rates. Does not apply to special day or discounted prices. Recommend to remain unchanged. | | | | |
| Financial Aide: Financial assistance provided to families that are income eligible for SNAP benefits. Recommend to remain unchanged. | | | | |
| Daily Entrance Includes the Following: | | | | |
| • Super Swimmer Card: with every 10 punches, earn one free Daily Rate admission. Recommend to remain unchanged | | | | |

Recommended Membership Price Increases for 2020

| Category | 2019 Rates | 2020 Proposed | 2019 Boro Rates | 2020 Proposed Boro |
|--|-------------------|----------------------|------------------------|---------------------------|
| Family Memberships | | | | |
| Family Membership Regular Season | \$349 | \$375 | \$215 | \$225 |
| - 20% Family discount by January 31 st | \$279 | \$300 | \$172 | \$180 |
| - 15% Family discount by March 31 st | \$297 | \$2 | \$182.75 | \$1 |
| - 10% Family discount by May 25 | \$314 | \$3 | \$193.50 | \$1 |
| Adult Membership | | | | |
| Adult Membership Regular Season | \$159 | \$175 | \$99 | \$115 |
| - 20% Adult Discount by January 31 st | \$127 | \$1 | \$79 | \$ |
| - 15% Adult Discount by March 31 st | \$135 | \$1 | \$84 | \$ |
| - 10% Adult Discount by May 25 | \$143 | \$1 | \$89 | \$ |
| Youth Memberships | | | | |
| Youth Membership Regular Season | \$149 | \$159 | \$89 | \$95 |
| - 20% Youth discount by January 31 st | \$119 | \$1 | \$68 | \$ |
| - 15% Youth discount by March 31 st | \$127 | \$1 | \$72.25 | \$ |
| - 10% Youth discount by May 25 | \$134 | \$1 | \$76.50 | \$ |
| Sr. Citizen Memberships | | | | |
| Sr. Citizen Membership Regular Season | \$139 | \$149 | \$79 | \$95 |
| - 20% Sr. Citizen discount by January 31 st | \$111 | \$1 | \$63 | \$ |
| - 15% Sr. Citizen discount by March 31 st | \$118 | \$1 | \$67 | \$ |
| - 10% Sr. Citizen discount by May 25 | \$125 | \$1 | \$71 | \$ |
| Specialty Memberships | | | | |
| Twilight Family (after 5 PM) | \$219 | \$235 | \$129 | \$139 |
| Twilight Individual (after 5 PM) | \$99 | \$ | \$65 | \$ |
| Weekend Family (begins Fri after 5 PM) | \$219 | \$2 | \$129 | \$ |
| Weekend Individual (begins Fri after 5 PM) | \$95 | \$ | \$65 | \$ |
| Membership Additions | | | | |
| - Grandparent/Nanny | \$75 | \$79 | \$55 | \$59 |
| Must accompany a family pass holder or pay the daily rate accordingly. | | | | |

Recommended Changes to Member Benefit Options

It is recommended that the following current definitions and benefits in black remain unchanged.

Definition of a Family Membership: a family membership includes up to a maximum of five (5) family members, regardless of age, residing at the same address. It is limited to four (4) adults, age 18 and older. **Each additional child over the age of three (3): \$15/person (Recommend to change to \$20 / each additional person. Has not been changed in over 10 years)**

Military Benefit: Active Military Personnel and family showing proper ID receive 50% off membership and borough discounted membership rates. Does not apply to previously discounted prices.

Financial Aid: Financial assistance provided to families that are income eligible for SNAP benefits. Call the Recreation Office for full details.

Pre-Season, Membership Payment Plan Option:

- You may purchase any type of membership prior to the first official day of the 2020 pool season and pay in up to two (2) installments. The first payment made must be equal to or greater than 50% of the cost of the membership being purchased.
- The membership is not valid and will not be issued until the balance of the cost is paid in full; and must be paid no later than July 4. If the final payment is not received by July 4, a refund of the first payment will be issued.
- Upon request, the first installment may be refunded as the pass will not have been issued; however, all refunds will be assessed a 10% processing fee deducted before return. The refund will be paid by check and mailed by the Borough to the address given at the time the first payment was made.
- On or after the first official day of the pool season (May 24, 2019) only full payments will be accepted.

Membership Benefits Include:

- Early Admittance: Saturday and Sunday 11:30AM - 1PM; M-F, 12-1 PM; May bring a guest during early admission with a Membership Issued Guest Pass
- Proposed 2020 Benefit: Sell additional Guest Pass Books providing a member more opportunities to bring a guest during early admission; Book of 5 passes: \$40**
- 10% discount at the Concession Stand when showing a membership card
- Free water walking and admission to Teen / Adult Nights **(Change to the following: 50% off the Resident/Non-Resident Rate of Admission);**
- 10% discount off Parties, Pavilion, Picnic Pad and Event Room Rentals; 10% discount on Swimming Lessons
- Free Guest Passes with purchase of a Membership: Five / Individual Membership; 10 / Family Membership

Recommended Party and Rental Rate Increases for 2020

| Category | 2019 Rates | 2020 Proposed | 2019 Boro Rates | 2020 Proposed Boro |
|--|------------|---------------|-----------------|--------------------|
| Pool Party during operational hours | \$119 | \$125 | \$105 | \$110 |
| - All parties include ONE free pass good for another visit to the pool which must be used during current season. - 3 hours includes up to 30 people, children under age of 1 not included in this count. - Each additional person, \$2 per person. - Discounts at concessions (food options provided with reservation form) - Parties may be scheduled beginning at 1 PM and be held in 3-hour increments. All parties must end by 7:30 PM. - Picnic tables near mini golf (not under pavilion). - One umbrella per table. Each table seats 8. | | | | |
| Pool Party with Pavilion Rental (Whole) | \$189 | \$199 | \$175 | \$185 |
| - Includes all Pool Party options, but with tables under the pavilion instead of near mini golf. Seats approx. 75 | | | | |
| Pool Party with Pavilion Rental (Half) - Seats approx. 35 | \$159 | \$165 | \$149 | \$155 |
| Pavilion – full day rental without a party | | | | |
| - Whole (seats 75) | \$95 | Unchanged | \$75 | Unchanged |
| - Half (seats 35) | \$65 | Unchanged | \$45 | Unchanged |
| Pool Party with Event Room - Capacity 30 | \$169 | \$175 | \$155 | \$159 |
| - Includes all Pool Party options, but with Event Room instead of tables near mini golf. Tables / chairs provided. - Time slots: 1– 4 PM or 4:30 – 7:30 PM. | | | | |
| Event Room Rental Only – Capacity 30, tables and Chairs provided | | | | |
| - During operational pool hours | \$29/hr | Unchanged | \$25/hr | Unchanged |
| - Before / After pool hrs. (year-round avail.) | \$45/hr | Unchanged | \$39/hr | Unchanged |
| These rates apply to businesses as well. | | | | |

Recommended Party and Rental Rate Increases for 2020

| Category | 2019 Rates | 2020 Proposed | 2019 Boro Rates | 2020 Proposed Boro |
|---|-------------------------------|---------------|-----------------|--------------------|
| Pool Party with Picnic Pad Rental – Seats 15 people | \$139 | \$145 | \$125 | \$129 |
| - Includes all Pool Party options, but with Picnic Pad instead of tables near mini golf | | | | |
| - Grill; Electricity | | | | |
| - Time slots: 1– 4 PM or 4:30 – 7:30 PM | | | | |
| Picnic Pad Full-day Rental Without Party | \$45 | \$49 | \$39 | \$45 |
| - Seats approx. 12-15; Grill; Electricity | | | | |
| *Pool Rental after hours - Full Facility | \$399 | \$425 | \$375 | \$399 |
| *Pool Rental after hours - Pool side only | \$375 | Unchanged | \$350 | Unchanged |
| *Activity Area Only Rental after hours | \$149 | Unchanged | \$129 | Unchanged |
| *All after-hour rentals occur between 8-10 PM and are limited to 500 people. | | | | |
| Post-Labor Day Activity Area Rental Rates: | | | | |
| Category | 2019 Rates | 2020 Proposed | 2019 Boro Rates | 2020 Proposed Boro |
| Group Activity Area (ONLY) Party | | | | |
| - Groups Up to 50 People | \$85 | Unchanged | \$75 | Unchanged |
| - Groups between 50-100 People | \$135 | Unchanged | \$125 | Unchanged |
| - Saturdays or Sundays beginning the weekend after Labor Day through mid October | | | | |
| - Times: May begin at 1 PM and be scheduled in three-hour increments. Must finish by 5:30 PM on Saturdays and 4:30 PM on Sundays. | | | | |
| - Includes unlimited games of mini-golf, volleyball, basketball, use of skate park, and picnic tables under the pavilion. | | | | |
| Summer Camps Group Rates: The Aquatic Center will not accept more than 175 total campers in any one calendar day. | | | | |
| -Groups may schedule time between the hours of 1-3:30 PM, M-F (Change to M-TH only) | | | | |
| Category | Rates | | | |
| *Summer Camps that charge their participants | \$6/person (camper/counselor) | Unchanged | | |
| *Summer Camps that do not charge their participants | \$3/person (camper) | Unchanged | | |
| -No charge for group chaperones/counselors for camps that do not charge their participants | | | | |



11/12/2019



Internal Service Funds

As Proposed for 2020 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Internal Service Funds

As Proposed for 2020

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

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

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

The Borough’s internal service funds consist of:

- Stores Fund – The Stores/Warehouse Department is responsible for the purchase, storage, and disbursement of inventory which is used to support the construction and maintenance functions of the Borough utilities, as well as our Customer Service Center.
- Administrative Services Fund – Administrative Services used to be synonymous with the Finance Department, which is responsible for the complete financial management, utility meter reading, and parking meter operations, as well as the operation and maintenance of the City Hall campus. In 2012, the Borough expanded these services to include: the clerical pool of employees, Information Technology, and Personnel/Payroll.
- Motor Equipment Fund – This fund supports the activities of the Motor Equipment Department which manages a rolling stock of more than 200 vehicles and our garage operations.
- Self-insurance Fund – This fund is used for the purpose of funding risk which the Borough does not transfer to commercial insurance carriers or insurance pools.
- Engineering Fund – This fund supports the activities of the Engineering Department, which is responsible for furnishing civil engineering, surveying, drafting, digital mapping, and utility location information to other departments. The department also designs and inspects public works projects including streets, sidewalks, and curbs.
- Worker’s Compensation – This fund underwrites the risks to the Borough resulting from job-related injury or illness to its employees.

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



Stores/Warehouse Department

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

Department Head: John Leary

| | <u>2018 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|------------------|--------------------|--------------------|--------------------|
| Revenue | \$1,123,328 | \$1,295,930 | \$1,287,150 |
| Expenses | \$1,188,309 | \$1,295,930 | \$1,287,150 |
| Excess (Deficit) | (\$64,981) Deficit | - Balanced - | - Balanced - |

The 2018 Fiscal Year produced a small deficit, which was the result of inventory passing in and out of the warehouse in different fiscal years, 2018 and 2019. In theory, this internal service fund should balance every year.

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

This department provides two key internal services for the other departments of the Borough: first, it is the centralized purchasing and inventory location for parts, supplies, and utility hardware (the Stores/Warehouse) and, second, it provides a 24/7/365 Customer Service Center for utility emergency and routine customer service. It processed 6,611 trouble tickets in 2018. An electric utility and a gas utility are federally required to provide emergency support to its customers.

The facility, acquired with the original purchase of the Chambersburg Gas Company in 1946, has different buildings, including ones for Gas, Electric, and Sanitation, as well as a break room, and the warehouse, and it is under the supervision of Rachel Strite.

The Chambersburg Stores/Warehouse Department has over \$1 million equity invested in its large utility parts inventory. The purchase of supplies and the distribution to the various utilities drives the fiscal performance of the department. In general, it is just a pass-through operation, consolidating purchasing for the utilities, storing material until needed, and covering its expenses.



The Chambersburg Stores/Warehouse Department has seen a number of challenges in 2019. This includes the hiring of a new Dispatcher, proper disposal of hazardous chemicals, and being home to some of the few lead software testers for the Borough's new computer system. The department is proud of our ability to continue to find new ways to benefit our residents and Borough operations without adding personnel or costs.

The department also moved forward with trying to improve the facility this year. This is exemplified by a renovation to the break room and some offices, furnace replacement, installation of an ice machine for the utility crews, and site work for a proposed new Electric Department line crew facility.

To date, the Service Center has handed out several thousand recycling containers to Borough residents. The department anticipates handing out hundreds more in 2020 as new residents move into the Borough, and as old containers break.

The Stores/Warehouse Department is proud of our excellent customer service center dispatchers, who work around the clock dealing with issues and concerns of our residents. It is in no small measure that our public feels the Borough provides excellent customer service because a "live" voice can be reached at any hour. A continuing goal for 2020 will be keeping the dispatch area free from being a social gathering place for employees during work hours.

The warehouse is responsible for:

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

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

In 2020, the warehouse will be integrated into the new Borough-wide Enterprise Resource Planning (ERP) software project. Initial software testing was conducted for several months in 2019.



Electric Department Transformers and Cable Stored Securely at Warehouse



Loading Cable Reels

2020 Goals

- Warehouse items needed for Borough utility emergencies and normal operations – over \$1.1 million inventory including office supplies, janitorial supplies, wire, pipe, and transformers
- In 2020, purchase approximately \$540,000 of material, mostly consisting of numerous small dollar purchases
- Financially sound per item markup expected to remain constant for 2020 (No increase past 20+ years)
- Replace computer system
- Eliminating excess inventory levels to decrease waste due to items becoming obsolete, damaged or corroded prior to use
- Reducing inventory value frees up capital for better use
- There is always a goal of identifying and adding new ways to benefit the Borough



Keeping watch all night long at the Customer Service Center

Customer Service Center

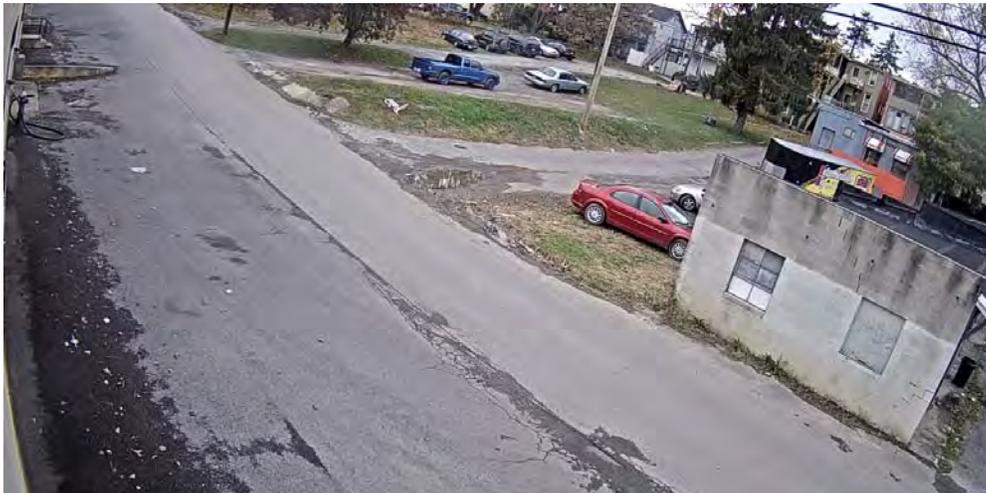
The Chambersburg Stores/Warehouse Department is also the home of the Borough's 24/7/365 Call Center, the Customer Service Center. The Borough's utility operations require live 24/7/365 customer service for both safety and Federal Pipeline Safety law.

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

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



Our team of customer service personnel manage requests from internal and external customers



In 2019, the Customer Service Center worked with the Codes Office to stop the tradition of illegal dumping on Burkhart Alley behind the facility

Future of the Franklin Street Site

The Stores Department operates the Borough's Warehouse yard operation. This Department has a number of buildings, structures, and open spaces for this purpose. In 2020, the Department will analyze the best use of the available space at the facility and determine future site functions. One advantage to the Franklin Street Site is that it has available space. One disadvantage is that some of the yard is in the floodplain.



- Service Center parking lot will need to be repaved within the next few years
- No inside storage space for electric cable reels, wooden spools often deteriorate due to rain exposure – new building planned by Electric Department
- Customers visiting the facility stand in office to be assisted by dispatchers
- Lots of underutilized spaces

In 2020, the Chambersburg Electric Department will design a new building to store their vehicles and equipment at the facility. It will replace some of the older, underutilized buildings on the site. It will be constructed outside the floodplain. In 2020, they will hire an engineer to complete a conceptual plan for Town Council consideration. Construction of this improvement to the facility is scheduled for 2021.

Administrative Services Department



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

Our Goals:

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

| | <u>2018 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|------------------------|--------------------------------|------------------------|------------------------|
| Revenue | \$12,273,919 ¹ | \$6,800,670 | \$6,892,940 |
| <u>Expenditures</u> | | | |
| Utility Addition | \$297,696 ² | \$700,650 | \$626,825 |
| Personnel/Payroll | \$317,637 | \$459,000 | \$470,675 |
| Information Tech | \$983,002 | \$1,017,200 | \$993,575 |
| Finance/Accounting | \$670,775 | \$735,900 | \$775,400 |
| Cust Service/City Hall | \$1,362,216 | \$1,461,775 | \$1,532,725 |
| Clerical Pool | \$927,701 | \$1,017,550 | \$1,115,325 |
| General Administration | \$677,264 | \$556,065 | \$675,135 |
| Misc./Township EMS | \$499,102 ³ | \$251,900 | \$247,890 |
| Construction/Capital | \$5,958,503 ⁴ | \$600,630 ⁴ | \$455,390 ⁵ |
| <i>Total</i> | <i>\$11,643,876</i> | <i>\$6,800,670</i> | <i>\$6,892,940</i> |
| Excess (Deficit) | \$630,043 Surplus ⁶ | - Balanced - | - Balanced - |

Financial Notes

1 – 2018 includes final drawdown of \$5,580,265 from construction loan to build Utility Departments’ Addition to City Hall, which concluded at the end of 2018

2 – 2018 included the first year of debt service for loan to build Utility Departments' Addition to City Hall, which was only a one-half year (or smaller amount of debt service than in subsequent years)

3 – 2018 included a one-time expenditure of \$253,129 for furnishing the Utility Departments' Addition to City Hall

4 – 2018 and 2019 included expenditure associated with Borough-wide ERP software installation

5 – 2020 will include final expenditures associated with Borough-wide ERP software installation



Chambersburg Town Council Chambers in 1957 in what is today the Engineering Department and Chambersburg Town Council Chambers in 2019 in the new Utility Departments' Addition to City Hall

The Chambersburg Administrative Services Department is the home of:

- Clerical Pool Office: The shared secretaries leased to each department
- The Personnel & Payroll Office: The human resources office
- Information Technology: Computers, software, and utility invoicing
- City Hall & Customer Service: The custodians, meter readers, and front counter
- Finance & Accounting: Accounting and financial management for all departments

Most municipalities do not own and operate large-scale utility operations so, whatever back office operations they manage are often in their General Fund. In Chambersburg, most of the employees, equipment, personnel, and financial work involve our utilities and therefore putting all the back office operations in a fund that bills back its costs to other departments makes much more sense. In doing so, the utilities, the largest users of these services, also pay the largest share of these back office operations.

Who supervises the employees of the Administrative Services Department?

- Clerical Pool Office: Borough Manager
- The Personnel & Payroll Office: Borough Manager
- Information Technology: Borough Manager
- City Hall & Customer Service: Finance Director
- Finance & Accounting: Finance Director

State and Local Law establish the position of Borough Manager. The Borough Manager is the Chief Administrative Officer of the municipality. He serves at the pleasure of the Town Council and manages all the day-to-day operations of the organization on their behalf. In addition, he is the Personnel Officer of the Borough, responsible for management of the employees.

Local Law establishes the position of Finance Director. However, State Law establishes the position of Treasurer. In Chambersburg, the Finance Director is also the Borough Treasurer. That person is responsible for the fiscal and fiduciary management of the Borough operations. In addition, he is the fiduciary in charge of the Borough's independent pension plans.

The current Finance Director is Jason H. Cohen, MPA. Jason serves at the pleasure of the Borough Manager and was appointed as Treasurer by Town Council in 2013.

Finally, Town Council appoints an independent auditor to confirm that the fiscal operations are being handled in accordance with generally accepted accounting principles for local government and State Law. The current independent auditor is Smith Elliott and Kearns & Company of Chambersburg, Pennsylvania.

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

All expenses are billed directly back to all the other departments of the Borough. Any surplus is for non-cash items and is equity from capital equipment.



Teller stations in the Utility Departments' Addition to City Hall

In late 2018, these departments were relocated into the Utility Departments' Addition to City Hall. Customer Service is located on the first floor. Finance and Accounting is located on the second floor. The Information Technology office and the new data center is located on the third floor, and finally, the new Personnel office is located on the fourth floor.

This has been a significant change for the Administrative Services Department and has resulted in new workflow, new challenges, and exciting new changes in 2019.

Personnel Office and Payroll Services

This office operates under the direct supervision of the Borough Manager. It has four full time staff members. Among their accomplishments are the processing of wages, benefits, and payroll for over 400 full time, part time, and seasonal employees. The office administers, processes, and pays benefits, such as health, dental and vision insurance, life and long-term disability insurance, workers compensation claims processing and payments, pension plan payments, 401A and 457B Deferred Compensation management, and health reimbursement accounts for employees, dependents, and retirees. The office is responsible for organization-wide recruitment and retention of personnel by working with the community and local outreach groups such as BOPIC, La Voz, and the School District, as well as organizing the internal and external advertisement of promotional and vacant opportunities. In 2020, the Personnel Office will begin hosting bi-monthly workshops focused on training and preparing today's young people into future professionals that will transition easily into possible careers with the Borough of Chambersburg. The office continuously prepares, changes, and updates job descriptions, maintains the Pay Plan (Chambersburg's compensation tables), and administers the disciplinary processes on behalf of supervisors. Finally, the office participates in collective bargaining and union relations, including grievance tracking, union bookkeeping paperwork, deadlines, agreements, and implementation of collective bargaining arrangements, and labor relations issues, and the participation in the negotiation process with all three labor unions. Finally, the office arranges professional development opportunities, and travel and training organization-wide for all personnel.

The Health and Safety Program Manager works in the Personnel Office and is responsible for auditing and observing Safety Practices at various departments' locations throughout the Borough. The primary objective is Safety and Wellness. Utilizing and instituting policy objectives, through communication with Supervisors and Department Heads, and the implementation of practices and procedures for the improvement of our current Safety Policies. In summary, this employee assists the Personnel Supervisor by managing the day to day operations of the Borough's Health and Safety Programs including, but not limited to, overseeing management of the Borough's self-administered workers compensation, loss prevention, and safety programs; and, ensuring the proper and timely compliance with personnel policies and departmental standard operating procedures pertaining to employee safety. Ultimately, this employee ensures the maintenance of an appropriate level of training, awareness, knowledge and preparedness across all Borough Departments to assist in creating a culture that prioritizes effective employee safety and health while balancing overall associated costs.

While it seems clear that the Personnel and Payroll Services Office will soon need to add a clerical employee, this 2020 Budget includes no personnel changes for the office. The addition of a secretary is a proactive response to the continuous growth of the organization and is centered on the desire to continue providing top-notch service to internal and external customers alike. Soon, this position will focus on the small details of customer service that can and do make a huge impact on first impressions.

In 2019, the Personnel office added an employee to manage the Diversity, Outreach and Employment Resources Program. This position is one of the first of its kind for the Borough of Chambersburg and resulted in a job description that outlined basic strategies and goals such as community outreach, expansion of future employees by tapping into next generation work force and processing basic recruitment and onboarding paperwork such as job postings and orientation packets. Town Council knew that the job had potential to show much more in the area of opportunity, potential and creativity. In the last year, we have seen this position and the job description grow exponentially. It is anticipated that the job to become a vital part of Borough's management of future needs and opportunities.

In 2020, the personnel and the payroll functions will transition to a new Human Resource Software Module as a part of the Borough-wide Enterprise Resource Planning (ERP) Software project. This change will directly affect how pay is processed, including timecard operations. Employees will have the opportunity to print out paystubs and get a clearer picture on their benefits, pay increases and taxes through an online portal. In addition, job postings and application processes will begin to have a larger presence on the internet. The Human Resource Office will be monitoring all incoming job and

recruitment traffic via the Borough's new application interface. Currently, our office processes all pay transactions for the Borough to include timecard review, payroll every two weeks, step increases, and benefit payments. The new software will streamline all these processes, dramatically reducing the number of steps needed to complete daily tasks. The office also focuses on processing of more than 600 travel claims per year.

Benefits Management

The Personnel Office manages relationships with the various consultants that provide the Borough benefits. For health insurance, the Borough is a member of the Pennsylvania Municipal Health Insurance Cooperative (PMHIC) run by Benecon. For 20 years, Benecon has responded to the common healthcare issues faced by municipalities, authorities, and regional municipal entities in Pennsylvania through the PMHIC Program. This unique healthcare purchasing cooperative allows many municipalities to come together and joint purchase health insurance at a lower cost than they would pay individually. Benecon has 222 member municipalities totaling over 6,000 covered employees. The self-funding arrangement is based on achieving sustainable and competitive pricing without the financial risk encountered when smaller entities self-fund individually. In fact, members actually get money back in a refund check if they pay in more than is needed to cover their claim liability (less any shared risk commitment). As a result, from 2006-2014, Benecon returned over \$227 million to their members, while boasting a retention rate in excess of 98%. Finally, if you have a 'bad' claim year, a maximum risk for paying claims is capped off.

"With Benecon's assistance, we have finally attained the stability in premiums and insurance providers that we had been looking for in our medical plan. I have found the Benecon staff to be very responsive to our needs and any issues that may arise. Benecon's compliance division has provided much needed support in navigating the Affordable Care Act", said Darlene Childs, Manager, Human Resources, City of Westminster, Maryland.

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

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

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



Chief Camacho leads Situational Awareness Staff Training in 2019

Information Technology Office

Under the supervision of the Borough Manager, with the assistance of Peter Kolva, Information Technology Supervisor, this office has three full time IT staff members who do computer helpdesk, programming, hardware and software installation, backup, maintenance, and special projects/reports programming and publishing for all the departments of the Borough. In addition, this Office has two full time data processing employees who take the utility meter reading data and transpose it digitally into the utility billing system. This office provides direct support to the Customer Service/City Hall Office and helps do everything from run cables to move furniture. The Office has a full time employee who is doing cell phone, tablet and telephone account management, and customer service. This is a part of the organizational initiative to use technology throughout the organization and improve our workflow and document management processes through technology.

The 2019 Budget included enough resources to grow the Information Technology Office by one employee. In 2020, the budget does not anticipate any additional personnel changes.

The IT complement includes:

- 20 servers
- 148 Desktops
- 20 Laptops
- 70 Smart Phones
- 24 Tablets
- Server Disk Used Total 18.3 TB
- Total Server Disk Available 41.2 TB
- Average 53 support tickets a week
- Fire, Police, Service Center, Water, Sewer, Electric Plants – all supported 24x7
- 125 IP Videos Cameras
- 11 NVR camera system
- 11 Police In car camera / wireless
- 5 Police LPR systems
- 2 External Websites

2019 Accomplishments

- Setup redundant virtual server location, Utility building and Orchard Park Power Plant
- Implemented new Borough-wide IP based telephone system all locations are complete
- Improved security flaws found in penetration testing
- Moved Water Plant connection to a Comcast connection back to City Hall Through a site-to-site VPN connection.
- Symantec AV and Patch is completely implemented to all devices
- Replaced all non-POE Switches in Borough to POE compatible
- Implemented more Active Directory controls for better security
- Migrated to new Data Center in new Utility Addition
- Migrated people and computers to new Utility Addition

2020 Challenges

Authentication security: Employees used to only have one device, that being a desktop computer. Today most employees have at least two sometimes three devices. Regardless, all these devices need to have security on them. Passwords are currently a major concern. Most people still do not pick passwords that are smart as security goes. Once one password is cracked, most times this is the same password for all the

devices. Moving people to work with other forms of authentication other than passwords is a struggle. As technology makes our life easier, it is making the IT security more complex and demanding.

Data and Systems Security of the Borough: IT Security, both internal and external is of growing concern. Every day more and more companies are being breached. Patching and software updates have become an everyday job, one that could be considered a sole job responsibility. Having employees understand the risks of cyber-attacks when using Borough networked computers/devices is crucial to the integrity of our data network. All software/hardware should be tested for any possible exploits before integrating into the Borough's network, which takes time to do. The end user is still the last person that can mitigate the problem. Finding time to talk and train people to be more aware of their own role in the security of the Borough's data and systems is difficult.

Fiber Network: Over the past decade, our fiber optic communication network has been built out to mostly all significant Borough facilities. This was made possible through relationships with Summit Health and now Franklin County in joint efforts. Through interconnection of the County buildings, the Borough was able to incorporate our first loop of fiber between downtown facilities. Going forward the Borough will work toward more looped setups building on the existing vulnerable radial fiber routes. Newly built County and Wellspan Health buildings planned for the next decade will expand network. This includes new runs into the new Utility Addition and new datacenter while the existing remain to the original. Finally, older fiber will begin to need replacement as was recently done on a section along the RR high line that was damaged by rodent chewing.

Ransomware Attacks: The Borough cannot function if IT supplied services are down. Ransomware attacks are still a threat in today's cyber world, even though it is not in the news as much as it had been. So how does the Borough protect itself and what are is it doing? IT uses a layered approach to help protect from the outside in. The Borough provides a firewall system, intrusion prevention system, web filter system, and anti-virus system. With a layered approach, it is harder to jump the barrier and move forward. The harder it is to jump will most likely make someone move on to an easier target. With that said these are all systems and systems fail, so nothing is foolproof. Employees also have a greater part in this as they are most times one click away from giving viruses, malware, and ransomware a chance to run and affect us. So, nothing is fool proof, but an easy target will most likely have low hanging fruit. IT would like to say the Borough system is not an easy target based on pen testing done every year.

The Borough should keep moving forward in obtaining new technology systems, but not overlook the security aspect in order to rush and meet project deadlines, devices installation, or the software implementation. There is good technology out there, but many might leave the Borough exposed if implementation is done without looking closely at security. It is sad to say, but security is often overlooked and by then it is too late.



The I.T. Office Works to Maintain Downtown Cameras

Multiple Departments' Work on ERP Software

In 2019, the Manager's Office, Finance, and the IT Office sought to address two technology items that cross all departments:

1. A new Point of Sale (POS)/Accounting/Utility Billing/Code Enforcement/HR systems/Resident & Customer Interface Enterprise Resource Planning (ERP) software package
2. A new Borough-wide telephone system

The discovery process that consisted of hundreds of questions and answers being exchanged, in order for Borough staff to best determine which Point of Sale (POS)/Accounting/Utility Billing/Code Enforcement/HR systems software was capable of meeting our complex requirements, and subsequently narrowing the field down to the top candidates, concluded in 2018, bringing the Borough closer to the reality of a new Enterprise Resource Planning software implementation. In February of 2018, Finance Director Jason Cohen briefed Council on the staff's recommendation to proceed with the purchase and installation of Harris ERP's Innoprise software, intended to serve the needs of the Borough for the next generation. Upon receiving Council's approval to proceed, business process reviews, configuration, and implementation began in June of 2018 and continued throughout 2019. As such, the 2020 budget includes an allotment to finalize purchasing and implementation of the software. It is anticipated that the new software will be live and responsible for handling numerous logistics for the Borough and its utilities in various phases; but, ultimately fully implemented and operational in late 2020.

Finance and Accounting

2019 was a year of moderate personnel changes for the Finance and Accounting, Customer Service and City Hall Maintenance and Personnel and Payroll Services Offices:

- Creation of the Utility Addition Custodian position
 - This position was created to provide all of the necessary custodial services required to maintain the state of the Utility Addition.
- Promotion of a Front Counter Teller I (FCT I) to a Front Counter Teller II (FCT II)
 - As a result of their extended tenure and experience, this employee advanced to a position of increased responsibility.
- Hiring of one new Front Counter Teller I
 - As a result of an existing employee moving to a position in another department, this vacancy was filled by an internal candidate, already familiar with the department's operations.
- Hiring of two new Front Counter Reception Clerks
 - Two vacancies occurred in this position, as a result of one employee taking an opportunity elsewhere, and another taking the opportunity to advance to the position of FCT I.

In 2019, Finance Director Jason Cohen and the Borough's Accounting group are proud to once again receive the Government Finance Officers Award for the publication of the 2017 Comprehensive Annual Financial Report (CAFR).

Finance and Accounting continues to work with Sterling Advisors toward the goal of maximizing the Borough's return on investments. Currently, the Borough has \$50.1 million under management and are realizing an average yield of 1.80% with an average maturity of only 1.0 years, and estimated annual income of \$608,819 (as of 7/31/2019). For those who do not know, State Law significantly limits the type of permitted investment devices, thereby limiting the risk, and limiting the yield.

Finance and Accounting continues to administer a prescribed collections process, staffed by the Collections/Tenants Rights Clerk, as a result of the creation of the position in 2015. Customer Service has realized year-to-date collections (as of 7/31/2019) of 32% (\$61,069) of delinquent merchandise and

jobbing debt identified as collectible, as of January 1, 2019. The total year-to-date collections (as of 7/31/2019) of delinquent merchandise and jobbing debts equal \$107,536.

The 2020 budget includes the purchase of one new vehicle; the intended replacement of a Parking Meter Serviceman/Utility Meter Reader's 2002 pickup truck.

The 2020 budget includes an allocation to allow for the hiring of an additional Accounting Clerk, intended to restore the Finance Department to its full contingent, and afford the functionality and dexterity that is becoming increasingly required in order to maintain the accurate administration of all of the Borough Departments' business functions.

Finance and Accounting goals for 2020 include:

- Using technology to increase the efficiency & effectiveness of services provided; Particularly a POS/Accounting/Utility Billing/Codes Enforcement/Human Resources functions, via the implementation of new ERP software. This is a Borough-wide endeavor, as all departments will be affected in some manner.
- Improved citizen access to the Borough's services via a "customer portal" for payments, applications, etc.
- Improve availability of all data to other departments & ensure that departments are tutored on how to access
- Improved inter-departmental communication and efficiency through real-time reporting technology
- Chipping away at supply costs due to increased use of technology
- Reducing overhead costs as a result of increased use of technology
- Improving customer service while maintaining efficiency
- Improving collections process/results to achieve a success rate commensurate with private debt collection agencies
- Improve meter reading operation efficiency and safety in conjunction with the utilities staff – particularly via technology integration

Customer Service and City Hall Maintenance

Under the supervision of the Finance Director, this office has all of the full time Meter Readers and Technicians, the Parking Enforcement Officer, the Front Counter Reception Clerks, Tellers, and Customer Service Representatives, the Buildings, Grounds, and Maintenance Supervisor, the Live-In Residence Downtown Custodian & Maintenance Worker, the Aquatic Center Facility and Maintenance Technician, and the custodians. Responsibilities in this office include the successful reading of over 11,000 electric meters, 5,000 gas meters, and 9,000 water meters every month. The office receives payments for utilities, accounts receivables, and processes claims, complaints, challenges, and disconnections. The Buildings, Grounds, and Maintenance Supervisor maintains City Hall plumbing, electrical, and HVAC systems, as well as downtown maintenance responsibilities, while Custodians clean City Hall and other facilities, run errands, and do deliveries. This office also supervises the parking enforcement program: writing tickets, maintaining the parking meters, accepting payments, and handling all of the logistics of Borough parking.



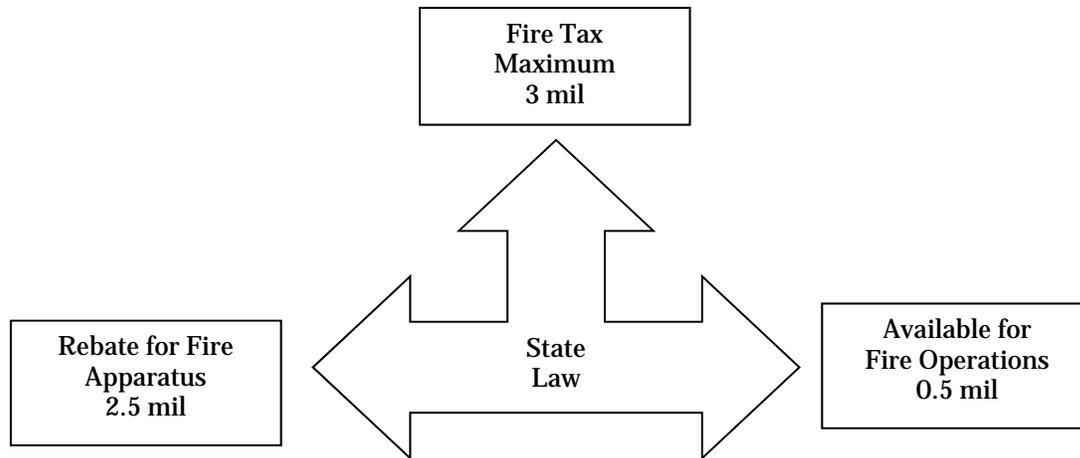
Downtown Custodian Cleaning Street Lights

Fire Tax Fund

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

Prior to 2018, the fire tax was used only for equipment and vehicles for the Emergency Services Department; it had no direct impact on the General Fund. Proceeds from the fire tax were given to the Motor Equipment Fund; the motor pool of the Borough, which is a separate fund. However, in the Motor Equipment Fund, all those proceeds are be used for the motorized equipment fleet; fire apparatus and ambulances. This, in turn, helped by allowing a rebate on its contribution to support fire apparatus and ambulances; representing an indirect benefit for the General Fund. Beginning in 2018, an additional 0.5 mils (for a total of 3 mils) were levied in order to assist with the funding of Emergency Services Department salaries, which does represent a direct benefit to the General Fund.

| | | |
|--------------------------|-----------|--|
| 2020 Fire Tax Yield | \$575,000 | 3 mil |
| 2020 Fire Tax Revenue | \$614,680 | includes prior year delinquency, liens, interest, and PILOTs |
| 2020 Fire Tax Transfer | \$104,400 | to the General Fund for ES Department Salaries |
| 2020 Fire Tax Transfer | \$510,000 | to the Motor Equipment Fund for ES Department Equipment |
| 2020 General Fund Rebate | \$510,175 | to benefit the ES Department budget in the General Fund |
| 2020 Budget | \$614,680 | |



Also beginning in 2018, 0.5 mils were levied in order to assist with the funding of the Borough’s 24/7 Basic Life Support (BLS) ambulance service, which does represent a direct benefit to the General Fund. However, after examining the revenue generation capability of this assessment, through 2019, Town Council is left responsible for generating further additional funding necessary to operate the EMS services that our community is increasingly requiring. To that end, in 2020, Town Council has eliminated the 0.5 mil levy, and has adopted the assessment of an Ambulance Fee, at a rate of \$7.00, to be billed monthly to any utility account holder, with the intent of removing the deficit that is being created as a result of the Borough attempting to provide the level of EMS services that the community is requiring.

| | | |
|-----------------------------|-----------|--|
| 2020 Ambulance Fee Yield | \$0.00 | 0 mil |
| 2020 Ambulance Tax Revenue | \$3,900 | includes prior year delinquency and liens |
| 2020 Ambulance Tax Transfer | \$3,900 | to the General Fund for BLS Ambulance Services |
| 2020 Ambulance Fee | \$850,000 | |
| 2020 Budget | \$853,900 | |

Recreation Bond Tax Fund

Beginning in 2018, Town Council decided to begin the levy of a separate recreation bond tax. This decision was tied to the sale of the Recreation Bond that occurred in 2016. Town Council’s decision to fund replacement of the Memorial Park Pool, as well as a package of other Recreation Department improvements, necessitates the levying of a new tax of 3 mil, beginning in 2018.

In the 2017 Budget, the fund was created and the first debt service payment was due. The proceeds to pay this first payment came from a transfer from the Recreation Department in lieu of swimming pool operations. This was only the case for 2017. Beginning in 2018, the tax shall provide the resources to pay debt service payments.

| | |
|---|---|
| 2020 Recreation Tax Yield | \$575,000 3 mil |
| 2020 Recreation Tax Revenue | \$594,100 includes prior year delinquency, interest, liens, and PILOTs |
| 2020 Recreation Bond Payment | \$75,000 to pay down the Recreation Department’s portion of the 2016 General Obligation Bond |
| 2020 Recreation Tax Transfer | \$477,745 to the Swimming Pool Fund, to pay down the Fund’s portion of the 2016 General Obligation Bond |
| 2020 Recreation Expenses & Fund Balance | \$41,355 expenses and addition to fund balance |
| 2020 Budget | \$594,100 |

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.

Jamia Wright and Kristine Baker function as the Borough Secretary and Assistant Borough Secretary respectively. Both serve as Administrative Assistants to the Borough Manager and provide the following:

- Prepares Council meeting agendas as well as supporting materials on a web smart app called BoardDocs
- Take, transcribe and record minutes for meetings
- Maintain the Borough’s records system
- Prepare correspondence regarding Council actions to staff, agencies and residents
- Post and arrange for publication of notices of public meetings in accordance with legal requirements
- Administer and score Civil Service testing for fire and police and maintain the eligibility lists
- Retrieve information as requested by Council, staff and citizens daily
- Codifies Borough ordinances
- Assists the Borough Manager with the preparation and administration of the annual budget
- Coordinates the distribution of the Annual Report
- Receive and respond to requests for information and documents from Borough employees and the public
- Maintains a list of names and addresses of all elected and appointed officials and sends appropriate agendas and other material to the same
- Distribute financial interest statements in accordance with laws and maintains files for completed statements
- Process Solicitor and Assistant Solicitor monthly billing
- In charge of supply ordering for City Hall and Utility Addition

- Process quarterly township ambulance billings
- Process various invoices for payment
- Coordinate Special Events for Council
- Meet the public, giving information requiring thorough knowledge of departmental policies and procedures, and serves as a representative of the Borough Manager, as delegated, in contacts with other employees, officials and the general public
- Schedules appointments for superior and facilities for the public
- Prepares and types various reports
- Sort, code and file correspondence, budgets, requisitions, civil service employment applications, and other documents numerically, alphabetically or according to other predetermined classification
- Interview office visitors and screens for referral to a higher level or to other offices
- Enters and retrieves data in computer

Miscellaneous Expenses

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



1921



1961



2005



2014



2017

Charge Back Calculation to Other Departments

As with all internal service funds, other Borough departments provide all the funding for the Administrative Services Department. In order to complete the 2019 proposed budget, the Administrative Services Department is proposing the enclosed charge-back formula for its expenditures. The formula results in the following shared expenses:

| | |
|---------------------------------|--------|
| Electric | 32.13% |
| General Fund | 19.56% |
| Gas | 11.63% |
| Sanitary Sewer | 10.23% |
| Water | 9.67% |
| Motor Equipment | 6.90% |
| Sanitation | 3.51% |
| Parking Traffic & Street Lights | 2.78% |
| Stores/Warehouse | 1.02% |
| Engineering | 0.91% |
| Storm Sewer (MS4) | 0.87% |
| Aquatic Center* | 0.78% |
| TOTAL | 100.0% |

Based on actual 2018 expenditures by department

* - 2018 is the first year that the Aquatic Center has paid their fair share of expenses



Receptionist Window in Lobby

Motor Equipment Department



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

Department Head: David Finch

Operations Supervisor: Chad Ebersole

Mechanics: Jason Snyder, Dirk Lautenslager, and Cole Stull

| | <u>2018 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|------------------|---------------------|---------------------|---------------------|
| Revenue | \$3,365,380 | \$3,537,805 | \$4,007,725 |
| Expenses | \$2,297,049 | \$2,463,300 | \$2,997,725 |
| Excess (Deficit) | \$1,068,331 Surplus | \$1,074,505 Surplus | \$1,030,000 Surplus |

The finances of the Motor Equipment Fund are usually lopsided, because the purpose of the fund is to receive the cash rental payments from all the other departments, and keep them on deposit until the time comes to spend the accumulated depreciation for replacement-motorized-equipment. For example, in 2018, the fund took in \$1.068 million more in reserves than were spent on equipment, fuel, maintenance, and insurance. This surplus is designated (assigned) to each vehicle in the fleet. The Finance Department tracks individual pieces of equipment and individual accumulated reserves on that equipment.

| | <u>2018 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|-----------------------|--------------------|--------------------|--------------------|
| Equipment investment: | \$169,163 | \$165,000 | \$858,000 |

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

The Borough does not use credit to buy vehicles, we accumulate resources. In addition to maintaining and repairing the Borough’s vehicle fleet, the Department is managed to make sure that funds are available to replace all Borough vehicles when it becomes necessary to do so.



Borough Mechanics at Work

In 2013, the Assistant Borough Manager developed a new system to determine the correct amount that each department should be paying for their motorized equipment. Up until that point, there was no set of procedures to describe how much money should be set aside; it had mostly been done as “educated guesses” and the oral tradition of how it was done in the past. Working with staff and the Finance Office, a working formula was developed, dubbed the RENO formula:

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

Where R is the cost to replace a vehicle, E is the equity, or how much has been retained so far, N is the number of bi-weekly payments until the anticipated replacement date, and O is operation and maintenance (such as fuel) that is also paid for by the rental rate. So, if a vehicle costs \$20,000 to replace, and we’ve already saved \$10,000, and there are 50 bi-weekly payments left until its projected replacement date, and it costs \$100 in fuel and maintenance to operate every two weeks, the formula looks like this:

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

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

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

$$X = \$300$$

The department will have to set aside \$300 dollars every two weeks if it wants to replace the vehicle on its expected replacement date.

In 2018, a new variable was added to the formula to account for overhead. Since vehicle rental rates provide the only income for the Department, payments have to be made to the Department for overhead costs such as new tools, employee training, etc. This was calculated to be approximately 15%, so that the formula is now: $X= (((R-E)/N)+O)+OH\%$, where $OH = 15\%$; so in the equation above, $X=\$345$.

In an effort to control costs, in 2019 all departments were prohibited from purchasing new vehicles unless there was a strong need. Only three new vehicles were approved: a new utility truck for the Electric Department, which is viewed as being critically important, and two replacement pickup trucks for worn out vehicles, one for the Gas Department and one for the Fire Department.

No borrowing or leasing is necessary to accomplish the following purchases:

| Department | New Purchase | Replacing Vehicle | Cost |
|---------------------|-----------------------------------|--|------------------|
| Admin Services | None in 2019 | | |
| Codes | 2020 Ford Escape | <i>Addition to the Land Use & Comm. Dev. Fleet</i> | \$25,000 |
| Electric | 2020 Ford F-350 AWD Utility Truck | 2008 Ford F-350 4WD (Vehicle No. 814) | \$65,000 |
| Emergency Services | 2020 Ambulance | 2014 Ambulance (Vehicle No. 18) | \$280,000 |
| Engineering | None in 2019 | | |
| Gas | 2020 Ford Ranger Truck | 2002 GMC Sonoma Truck (Vehicle No. 210) | \$30,000 |
| Highway | 2020 Ford Dump Truck | 2002 GMC Dump Truck (Vehicle No. 24) | \$130,000 |
| Parking and Traffic | 2020 Ford Utility Truck | 2002 Chevrolet Truck (Vehicle No. 231) | \$50,000 |
| Police | 2020 Ford Explorer | 2015 Ford Explorer (Vehicle No. 507) | \$50,000 |
| | 2020 Ford Explorer | 2013 Ford Explorer (Vehicle No. 1387) | \$50,000 |
| Recreation | 2020 Ford F-250 Truck | 2005 Chevrolet 4WD Truck (Vehicle No. 581) | \$38,000 |
| Sanitation | 2020 Ford F-250 Truck | 2000 GMC Truck (Vehicle No. 58) | \$60,000 |
| Storm Sewer | 2020 Ford F-250 Truck | 2002 Ford Truck (Vehicle No. 24) | \$35,000 |
| Water/Sewer | 2020 Ford F-150 Truck | 2000 GMC Sonoma Truck (Vehicle No. 405) | \$38,000 |
| TOTAL | | | \$851,000 |

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, Deputy Borough Manager

| | <u>2018 Actual</u> | <u>2019 Budget</u> | <u>2020 Budget</u> |
|------------------|--------------------|---------------------|---------------------|
| Revenue | \$538,200 | \$488,790 | \$539,040 |
| Expenses | \$494,636 | \$768,790 | \$739,040 |
| Excess (Deficit) | \$43,564 Surplus | (\$280,000) Deficit | (\$200,000) Deficit |

In most years, the Engineering Department attempts to be balanced but usually finds itself with a surplus. Therefore, in the 2020 Budget, the department will transfer \$200,000 to the General Fund, to fund specific engineering activities (\$30,000 for Planning and Zoning operations, \$100,000 for the Comprehensive Plan project, \$35,000 for engineering associated with street paving, and \$35,000 for engineering associated with sidewalks/curbs). This is a proper use of accumulated fund balance.



The Engineering Department has significant equity invested in most of the GIS (digital mapping), surveying, and engineering equipment of the Borough. The management of utility engineering and construction drives the fiscal performance of the department. In general, it is just a pass-through operation, consolidating engineering functions for the utilities and covering its expenses.

The Engineering Department goals and challenges for 2020 include:

- Work with Town Council to implement Curb and Sidewalk Installation Program;
- Establish program to inventory and analyze alley's in the Borough to determine appropriate ways to finance maintenance;
- Continue work with Director of Finance and Harris Software representatives to learn, test and implement new software and consider using web-based portal for customer access;

- Work with Storm Sewer Utility and Community & Economic Development Office to prepare plan to repair Mill Alley stormwater drainage;
- Work with Pedestrian & Bicycle Advisory Committee and Planning and Zoning Office to determine whether Complete Streets Policy should be drafted and implemented;
- Prepare plans/bid specifications and administer construction contracts for 2020 street improvement projects.
- Support the initiatives of the Borough Manager

Sidewalk and Curb Installation Program

The Borough of Chambersburg requires property owners to maintain curbs and sidewalks along their property frontages on public streets. For example, in addition to clearing snow and ice from sidewalks, property owners must keep sidewalks and curbs in good repair, safe condition and free of vegetation or other obstructions. The Borough, on a complaint basis, enforces maintenance standards or when a street is scheduled for reconstruction, at which time property owners are notified that curb and/or sidewalk repairs are necessary.

Properties in the Borough without curbs and sidewalks are required to install those improvements in several ways. Land being developed with new residential, commercial or manufacturing uses is in most instances required to install curbs and sidewalks as part of the approved land development plan. Land that is already developed, but lacks curbs and/or sidewalks, is required to install those improvements when adjacent public streets are scheduled for reconstruction. In addition, in certain instances, curb and sidewalk installation is required even when a street is not scheduled for reconstruction.

State and local laws that also permit the Borough to hold property owners accountable for associated costs authorize the noted curb and sidewalk maintenance, in addition to installation standards. As such, the Borough does not pay for curb and sidewalk maintenance or installation on private property, but rather requires property owners to pay those costs.

In January 2017, at the recommendation of the Curb and Sidewalk Policy Compliance Committee, Town Council instructed the Engineering Department and the Solicitor to develop a Curb and Sidewalk Installation Program. A Master Plan/Map would identify where curb and sidewalk networks are necessary Borough-wide and the Committee would recommend to Council whether the existing policy, requiring those improvements to be installed when streets are scheduled for reconstruction, should be changed. The program includes a series of maps depicting every property in the Borough where curbs and sidewalks are currently located and where they may or may not be required in the future.

In April 2018, property owners, and the public were provided opportunities to review and comment on the draft maps and policies through a series of public meetings, website, and Borough staff interaction with property owners.

In July 2018, staff provided to the Curb and Sidewalk Policy Compliance Committee a report of public comments received, as well as recommendations for further program development.

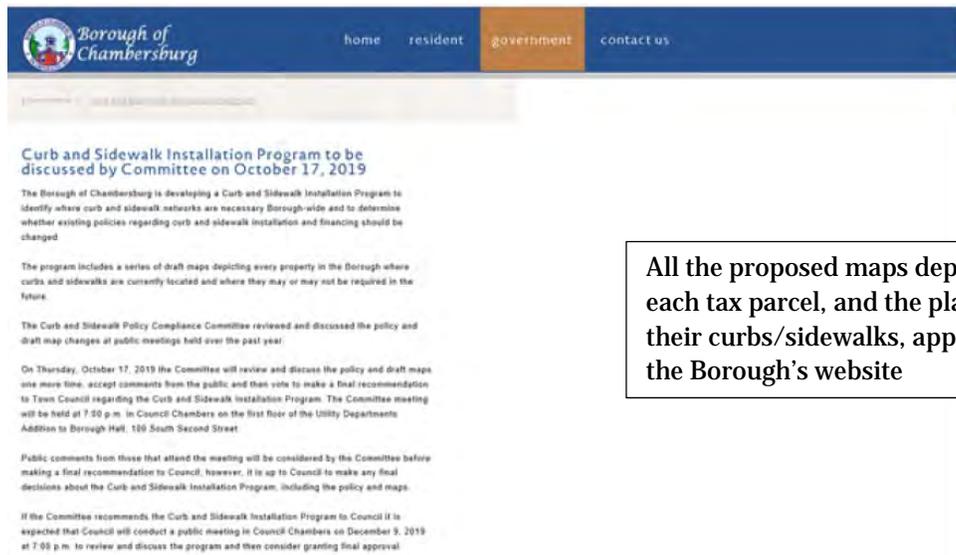
In October 2018, the Committee discussed changes to the policies regarding curb and sidewalk installation and financing; and, decided to discuss changes to the draft maps starting in 2019.

In 2019, the Committee reviewed draft maps for each Ward and made recommendations regarding how the maps should address sidewalks.

On October 17, 2019, the Committee voted unanimously to recommend the Curb and Sidewalk Installation Program to Council regarding the program.

The next step is for Council to conduct a public meeting in Council Chambers in December 2019 to review and discuss the program and then consider approving it.

Like the Official Map that was approved by Council in 2014 through an Ordinance, Council will be asked to approve the policy and maps associated with the Curb and Sidewalk Installation Program through an Ordinance, which would then be followed when issuing future installation notices for curbs and sidewalks depicted on the maps and required according to the policy. The Curb and Sidewalk Policy Compliance Committee would be disbanded, and replaced with a three-member Committee comprised of Council Members only to hear appeals and make future recommendations to Council for policy and/or map changes. Council would then only make changes by approving an Ordinance to amend the Ordinance that originally approved the Curb and Sidewalk Installation Program.



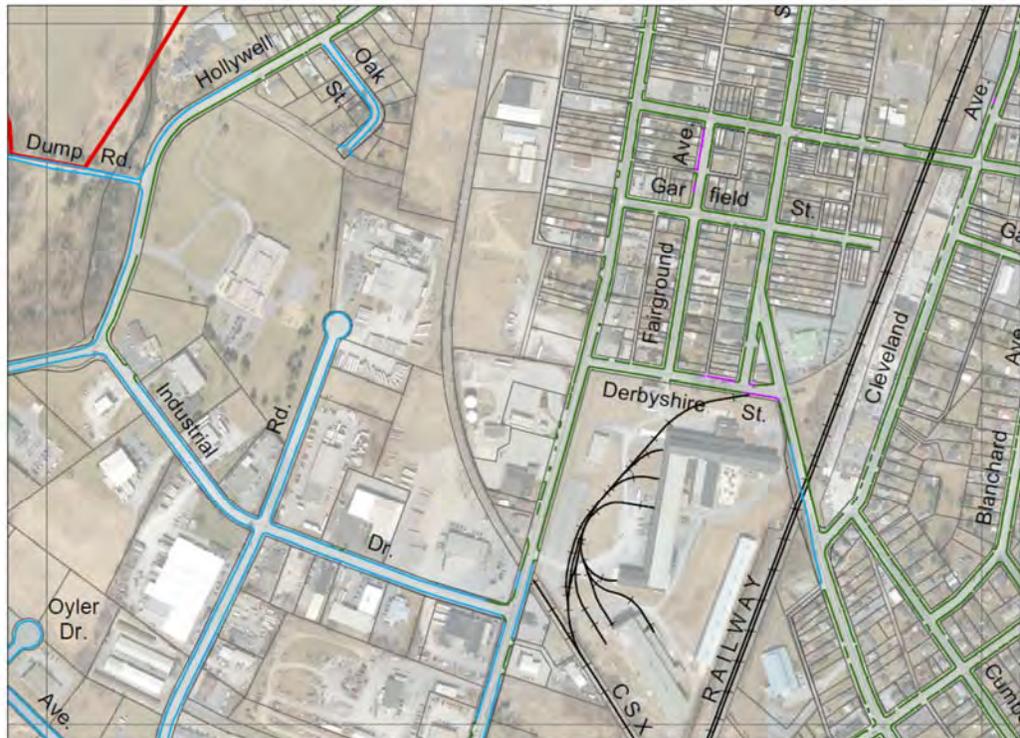
All the proposed maps depicting each tax parcel, and the plan for their curbs/sidewalks, appear on the Borough's website

Sheet F2



- Legend**
- Borough Boundary Line
 - Parcel Boundary Line
 - CURB INSTALLATION STATUS**
 - Curb, Installed / Required
 - Curb, Not Installed / Planned
 - Curb, Not Installed / Not Required
 - Curb, Installed / Optional

The Borough of Chambersburg makes no representations or warranties of any kind, expressed or implied, about the completeness, accuracy, reliability, suitability, or availability with respect to the information provided through this document.



Engineering Permits

| Year | Curb & Sidewalk | Excavation | Encroachment by Tres/Shrubs | Alternate Materials Between Curb and Sidewalk |
|---------|-----------------|------------|-----------------------------|---|
| 2016 | 71 | 131 | 82 | 0 |
| 2017 | 100 | 100 | 72 | 0 |
| 7/31/18 | 12 | 52 | 106 | 26 |

Utility Locator Calls

| Year | Calls |
|---------|-------|
| 2016 | 3,333 |
| 2017 | 4,023 |
| 7/31/18 | 2,520 |

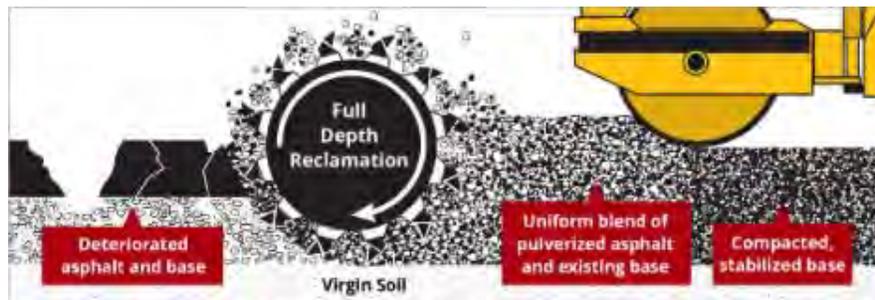
Street Improvements 2019-2022

The Engineering Department, with assistance from engineering consultant Geo-Technology Associates, will conduct a street condition evaluation, laboratory testing, and recommendations to determine the appropriate construction methods to be used when preparing bid specifications and contract documents for the 2019 street improvements projects:

- **Cold-In-Place Recycling (CIR):** An eco-friendly pavement rehabilitation process performed without the use of heat. 2 to 5 inches of the current road surface is pulverized down to a specific aggregate size, mixed with a rejuvenating asphalt emulsion, and then reused to pave that same road.
- **Full Depth Reclamation (FDR):** Another eco-friendly process which pulverizes the existing pavement materials and mixes a specified depth of underlying materials to create a new sub base. A recycling method where all of the asphalt pavement section and a predetermined amount of underlying materials are treated to produce a stabilized base course. Both CIR and FDR are especially efficient in saving costs on labor and transportation and finalized with a standard asphalt wearing course application.
- **Ultra-Thin Friction Course:** One of the most versatile tools in the road maintenance arsenal, Ultra-Thin Friction Course is a polymer-modified cold-mix paving system that can remedy a

broad range of problems on streets and highways. Ultra-Thin Friction Course is made and applied to existing pavements by a specialist machine, which carries all components, mixes them on site, and spreads the mixture onto the road surface. Materials are continuously and accurately measured, and then thoroughly combined in the surfacing machine's mixer. As the machine moves forward, the mixture is continuously fed into a full-width "surfacing" box which spreads the width of a traffic lane in a single pass. Or specially engineered "rut" boxes, designed to deliver the largest aggregate particles into the deepest part of the rut to give maximum stability in the wheel path, may be used. The new surface is initially a dark brown color and changes to the finished black surface as the water is chemically ejected and the surface cures, permitting traffic within one hour in most cases.

At the end of 2018, Town Council approved street improvements lists for 2019-2022, which allowed Borough utility departments time to plan and complete facility improvements before streets are to be reconstructed. At the Council discussion of the Capital Improvements Plan in October 2018, they authorized notices to be issued for some streets involved in the 2019 Budget. In general, Council delayed decisions regarding new curb and sidewalk construction notices for streets to be reconstructed 2020-2022 until after the pending Curb and Sidewalk Installation Program is finalized and approved. However, for the 2019 approval of 2020 street construction, notices will be issued for properties depicted on the draft maps prepared for the Program. Finally, they instructed the Engineering Department to determine, as part of the annual street improvements planning process, whether pedestrian crosswalks, not associated with traffic signals, should be upgraded or removed. Crosswalks deemed necessary for upgrade should be brought into compliance with PennDOT standards as part of the associated street improvement project.



Council will be asked to approve this plan on Monday, November 18, 2019. It is anticipated that the 2020 paving budget will be \$604,434.61.

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 leftover from the previous fiscal year. Our Highway Aid grant only pays for construction on Borough owned streets and not much of that at all. Keeping up with all highway maintenance on Borough streets without a dedicated funding source has always been very challenging. Street repair is extremely expensive and Highway Aid is very small.

In 2020, the Borough will use accumulated balances from Liquid Fuels 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 being addressed at all and Council has been urged to take action.

2020:

| Funding | Project | Cost |
|--------------|---|------------------------|
| Liquid Fuels | Guilford Ave. (S. Fourth St. to S. Seventh St.) (Delayed from 2019) | \$218,312 |
| Liquid Fuels | S. Fourth St. (Wayne Ave. to Maryland Ave.) (Delayed from 2019) | \$108,194 |
| Liquid Fuels | Fairground Ave. (Derbyshire St. to McKinley St.) | \$104,077 |
| Liquid Fuels | S. Second St. (Wayne Ave. to Derbyshire St.) | \$48,500 |
| | | <i>Total \$478,903</i> |

2021:

| Funding | Project | Cost |
|-------------------------|---|------------------------|
| Liquid Fuels | Brandon Dr. (Stanley Ave. to Stouffer Ave.) | \$376,499 |
| General Capital Reserve | Geyer Dr. (Brandon Dr. to Brandon Dr.) | \$131,890 |
| General Capital Reserve | Geyer Circle | \$28,395 |
| Liquid Fuels | Beechwood Lane/Court (Chancellor Dr. to Borough Line) | \$229,716 |
| General Capital Reserve | Hamilton Ave. (N. Franklin St. to Municipal Boundary) | \$66,334 |
| General Capital Reserve | W. King St. (Grandview Ave. to Brookview Ave.) | \$58,079 |
| General Capital Reserve | Harrison Ave. (Grandview Ave. to Municipal Boundary) | \$56,531 |
| General Capital Reserve | Heintzelman Ave. (Grandview Ave. to Municipal Boundary) | \$34,539 |
| General Capital Reserve | Miller St. (Grandview Ave. to Municipal Boundary) | \$12,244 |
| | | <i>Total \$994,227</i> |

2022:

| Funding | Project | Cost |
|-------------------------|--|--------------------------|
| Liquid Fuels | Martina Dr. (Elrock Dr. to Hollywell Ave.) | \$592,820 |
| General Capital Reserve | Cosell Dr. (Martina Dr. to Martina Dr.) | \$223,920 |
| General Capital Reserve | Rose Ann Dr. (Martina Dr. to Martina Dr.) | \$193,485 |
| General Capital Reserve | Suelinn Dr. (Martina Dr. to Cosell Dr.) | \$192,890 |
| General Capital Reserve | Wellslee Dr. (Martina Dr. to Cosell Dr.) | \$167,209 |
| General Capital Reserve | Elrock Dr. (Hollywell Ave. to Mill Rd.) | \$146,677 |
| General Capital Reserve | Debrina Ct. | \$63,590 |
| General Capital Reserve | Overlea Ct. | \$34,539 |
| | | <i>Total \$1,615,130</i> |

2023:

| Funding | Project | Cost |
|-------------------------|---|--------------------------|
| Liquid Fuels | Orchard Dr. (Wayne Ave. to Stanley Ave.) | \$423,920 |
| General Capital Reserve | Clinton Ave. (Edgelea Dr. to Woodstock Rd.) | \$238,086 |
| Liquid Fuels | Edgelea Dr. (Weaver Ave. to Clinton Ave.) | \$237,321 |
| General Capital Reserve | Carlton Ave. (Clinton Ave. to Alexander Ave.) | \$137,687 |
| General Capital Reserve | Weaver Ave. (Clinton Ave. to Railroad Highline) | \$136,182 |
| General Capital Reserve | Mentzer Ave. (Clinton Ave. to Edgelea Dr.) | \$89,195 |
| General Capital Reserve | Hudson Ave. (Scotland Rd. to Clinton Ave.) | \$71,264 |
| General Capital Reserve | Laurel Ave. (Clinton Ave. to Edgelea Dr.) | \$61,060 |
| General Capital Reserve | Clover Circle | \$30,738 |
| | | <i>Total \$1,425,453</i> |

Future Projects:

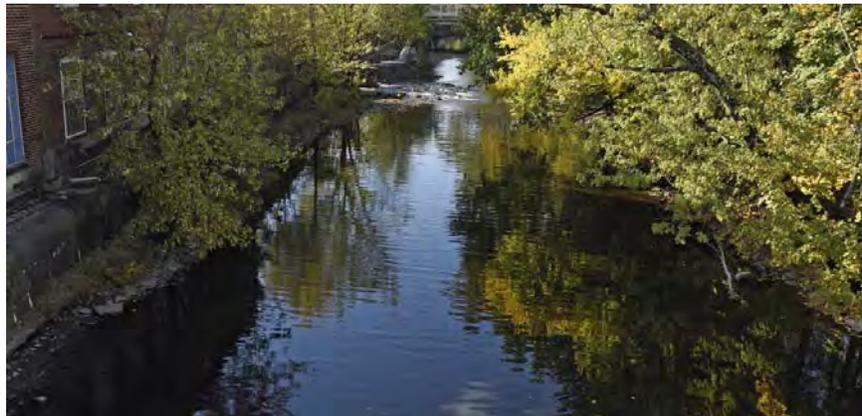
| Funding | Project | Cost |
|-------------------------|--|-------------|
| General Capital Reserve | Stouffer Ave. (Wayne Ave. to McKinley St.) | \$1,035,286 |
| General Capital Reserve | Catherine St. (S. Fourth St. to Lincoln Cemetery) | \$1,035,286 |
| General Capital Reserve | Industrial Dr. (Hollywell Ave. to S. Main St.) | \$592,820 |
| General Capital Reserve | Water St. (W. Queen St. to Hollywell Ave.) | \$231,705 |
| General Capital Reserve | Orchard Ct. (Cumberland Ave. to Rosewood Ct.) | \$226,221 |
| General Capital Reserve | Rosewood Ct. (Orchard Dr. to Leidig Dr.) | \$139,039 |
| General Capital Reserve | Leidig Dr. (Stanley Ave. to Orchard Dr.) | \$131,566 |
| General Capital Reserve | Orchard Dr. (Leidig Dr. to McKinley St.) | \$64,256 |
| General Capital Reserve | Coldbrook Ave. (Wayne Ave. to Lincoln Way) (Ultra-Thin Friction Course) | \$204,772 |

Total \$3,660,951

These lists include no paving of alleys although money is set aside annually for alley patchwork

Storm Water Engineering

In an attempt to fully comply with the responsibilities under the Municipal Separate Storm Sewer System (MS4) regulations, in 2017 the Borough engaged consulting engineer Herbert, Rowland and Grubic (HRG) to design storm sewer system projects and review drainage plans on the Borough's behalf.



In 2020, the Borough will continue to work with HRG to establish the new storm water pollution control fee implementation based upon Impervious Area (IA) calculations.



11/12/2020

Charts and Tables

As Proposed for 2020 by Jeffrey Stonehill, Borough Manager

The Borough of Chambersburg

Charts and Tables

As Proposed for 2020

Income Statement 2020

Total Revenues, Deposits, Transfers by Fund

| <u>Utility Operating Fund Revenue</u> | 2017 Actual | 2018 Actual | 2019 Budget | 2020 Budget |
|---|--------------------|--------------------|--------------------|--------------------|
| Electric Operating | \$29,027,866 | \$30,675,439 | \$30,002,953 | \$29,711,437 |
| Gas Operating | \$7,260,026 | \$9,038,041 | \$8,052,750 | \$9,218,080 |
| Sewer Operating | \$6,416,603 | \$6,673,292 | \$6,429,775 | \$6,563,825 |
| Water Operating | \$3,186,453 | \$3,317,952 | \$3,478,840 | \$4,234,390 |
| Sanitation Operating | \$3,121,082 | \$3,191,685 | \$3,325,705 | \$3,574,140 |
| Storm Sewer | \$394,485 | \$412,177 | \$511,000 | \$1,007,090 |
| Swimming Pool | \$278,404 | \$1,092,082 | \$1,040,130 | \$1,153,125 |
| <u>Governmental Taxes, Fines & Fees</u> | | | | |
| General Fund | \$13,963,005 | \$14,646,585 | \$15,157,375 | \$16,079,970 |
| <u>Internal Services Fees</u> | | | | |
| Administrative Services | \$8,618,752 | \$12,273,918 | \$6,800,670 | \$6,892,940 |
| Motor Equipment | \$2,997,135 | \$3,365,381 | \$3,537,805 | \$4,007,725 |
| Parking Traffic Street Lights | \$1,015,590 | \$985,674 | \$1,840,800 | \$1,850,840 |
| Stores/Warehouse | \$895,571 | \$1,123,329 | \$1,295,930 | \$1,287,150 |
| Engineering | \$520,987 | \$538,200 | \$488,790 | \$539,040 |
| <u>Special Revenue Receiving</u> | | | | |
| Special Revenue Receiving Acct | \$117,313 | \$938,804 | \$378,058 | \$352,125 |
| Fire & Ambulance Tax Receiving Account | \$512,846 | \$710,433 | \$718,150 | \$621,080 |
| Recreation Bond Tax Receiving Account | \$69,652 | \$581,839 | \$597,580 | \$595,100 |
| Highway Aide Receiving Account | \$595,992 | \$629,314 | \$623,517 | \$625,685 |
| <u>Deposits to Self Insurance</u> | | | | |
| Workers Comp Holding Account | \$308,281 | \$190,448 | \$284,605 | \$471,935 |
| Self Insurance Holding Account | \$1,376,772 | \$1,613,237 | \$1,061,325 | \$700,955 |
| <u>Deposits for Capital Projects</u> | | | | |
| Sewer Capital Reserve | \$3,030,212 | \$739,419 | \$2,094,630 | \$1,028,730 |
| Gas Capital Reserve | \$1,510,498 | \$1,925,990 | \$1,082,765 | \$1,365,330 |
| Sanitation Capital Reserve | \$100,703 | \$1,356 | \$1,380 | \$890 |
| Electric Capital Reserve | \$1,329,537 | \$1,394,166 | \$94,100 | \$0 |
| General Capital Reserve | \$1,931,563 | \$2,282,205 | \$1,874,554 | \$1,306,640 |
| Parking Capital Reserve | \$530,853 | \$475,908 | \$3,274,210 | \$3,362,750 |
| Water Capital Reserve | \$679,219 | \$953,382 | \$224,670 | \$10,383,090 |
| Storm Sewer Capital Reserve | \$164,728 | \$441,974 | \$137,780 | \$684,140 |

The Borough of Chambersburg

2020 REVENUES & EXPENDITURES BY FUND

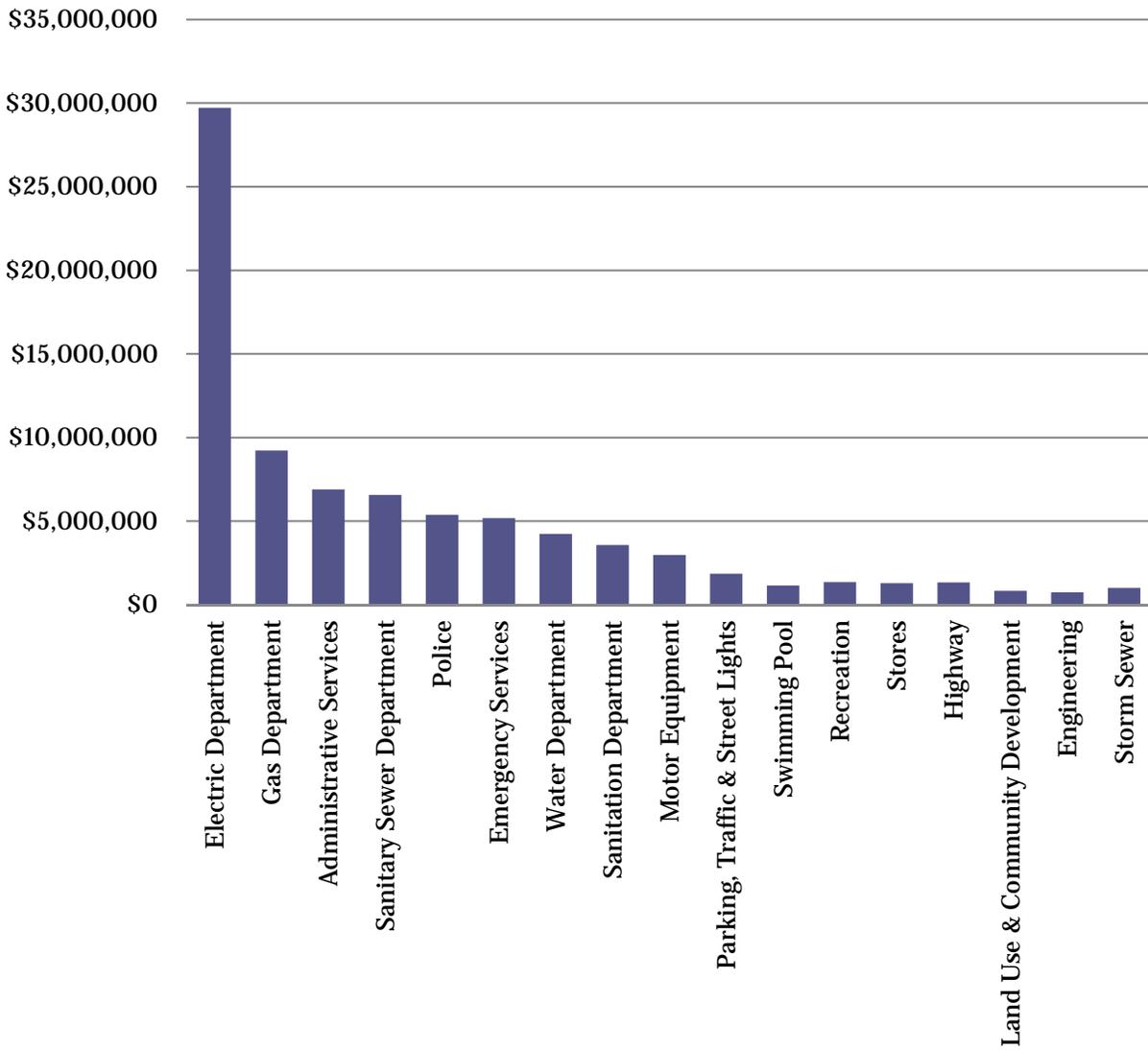
| 2020 Revenues Proposed Budget | | 2020 Expenditures Proposed Budget | |
|------------------------------------|---------------|---------------------------------------|---------------|
| Gen Operating Fund: | | Gen Operating Fund: | |
| Gen Borough Operating Income | \$15,198,035 | Gen Borough Operating Expenses | \$1,688,310 |
| Interfund Transfers to Gen Borough | \$881,935 | Interfund Transfers from Gen Borough | \$825 |
| | | Highway | \$1,335,205 |
| | | Emergency Services | \$5,176,245 |
| | | Police | \$5,379,360 |
| | | Recreation | \$1,351,390 |
| | | Planning | \$344,360 |
| | | Zoning | \$42,730 |
| | | Property Maintenance Code | \$444,130 |
| | | Miscellaneous | \$170,200 |
| | | Special Interfund Transfers | \$147,215 |
| Total Gen Operating Fund Revenues | \$16,079,970 | Total Gen Operating Fund Expenditures | \$16,079,970 |
| Gen Capital Reserve Fund: | | Gen Capital Reserve Fund: | |
| | \$1,306,640 | | \$2,686,640 |
| Other Gen Fund: | | Other Gen Fund: | |
| Special Revenue Fund | \$352,125 | Special Revenue Fund | \$352,125 |
| Fire & Ambulance Tax Fund | \$621,080 | Fire & Ambulance Tax Fund | \$621,080 |
| Recreation Bond Tax Fund | \$595,100 | Recreation Bond Tax Fund | \$595,100 |
| Liquid Fuels Tax | \$625,685 | Liquid Fuels Tax | \$625,685 |
| Surplus Operating Fund | \$200 | Surplus Operating Fund | \$200 |
| Total | \$2,194,190 | Total | \$2,194,190 |
| Total Trust and Agency Funds: | \$1,838,340 | Total Trust and Agency Funds: | \$1,838,200 |
| Enterprise Operating Funds: | | Enterprise Operating Funds: | |
| Electric Department | \$29,711,437 | Electric Department | \$29,711,437 |
| Gas Department | \$9,218,080 | Gas Department | \$9,218,080 |
| Water Department | \$4,234,390 | Water Department | \$4,234,390 |
| Sewer Department | \$6,563,825 | Sewer Department | \$6,563,825 |
| Sanitation Department | \$3,574,140 | Sanitation Department | \$3,574,140 |
| Parking, Traffic & St. Lighting | \$1,850,840 | Parking, Traffic & St. Lighting | \$1,850,840 |
| Storm Sewer | \$1,007,090 | Storm Sewer | \$1,007,090 |
| Swimming Pool | \$1,153,125 | Swimming Pool | \$1,153,125 |
| Total | \$57,312,927 | Total | \$57,312,927 |
| Enterprise Capital Reserve Funds: | | Enterprise Capital Reserve Funds: | |
| Electric Capital Reserve | \$0 | Electric Capital Reserve | \$6,782,860 |
| Gas Capital Reserve | \$1,365,330 | Gas Capital Reserve | \$2,015,000 |
| Water Capital Reserve | \$10,383,090 | Water Capital Reserve | \$5,012,000 |
| Sewer Capital Reserve | \$1,028,730 | Sewer Capital Reserve | \$575,000 |
| Sanitation Capital Reserve | \$890 | Sanitation Capital Reserve | \$1,312,000 |
| Parking Capital Reserve | \$3,362,750 | Parking Capital Reserve | \$3,442,750 |
| Storm Sewer Capital Reserve | \$684,140 | Storm Sewer Capital Reserve | \$693,173 |
| Total | \$16,824,930 | Total | \$19,832,783 |
| Internal Service Funds: | | Internal Service Funds: | |
| Stores | \$1,287,150 | Stores | \$1,287,150 |
| Motor Equipment | \$4,007,725 | Motor Equipment | \$2,977,725 |
| Engineering | \$539,040 | Engineering | \$739,040 |
| Workers Compensation Fund | \$471,935 | Workers Compensation Fund | \$428,935 |
| Administrative Services | \$6,892,940 | Administrative Services | \$6,892,940 |
| Self Insurance Fund | \$700,955 | Self Insurance Fund | \$1,585,595 |
| Total | \$13,899,745 | Total | \$13,911,385 |
| Total 2020 Budget Revenues | \$109,456,742 | Total 2018 Budget Expenditures | \$113,856,095 |
| | | Difference between Rev & Exp | (\$4,399,353) |

Use of Fund Balance 2020

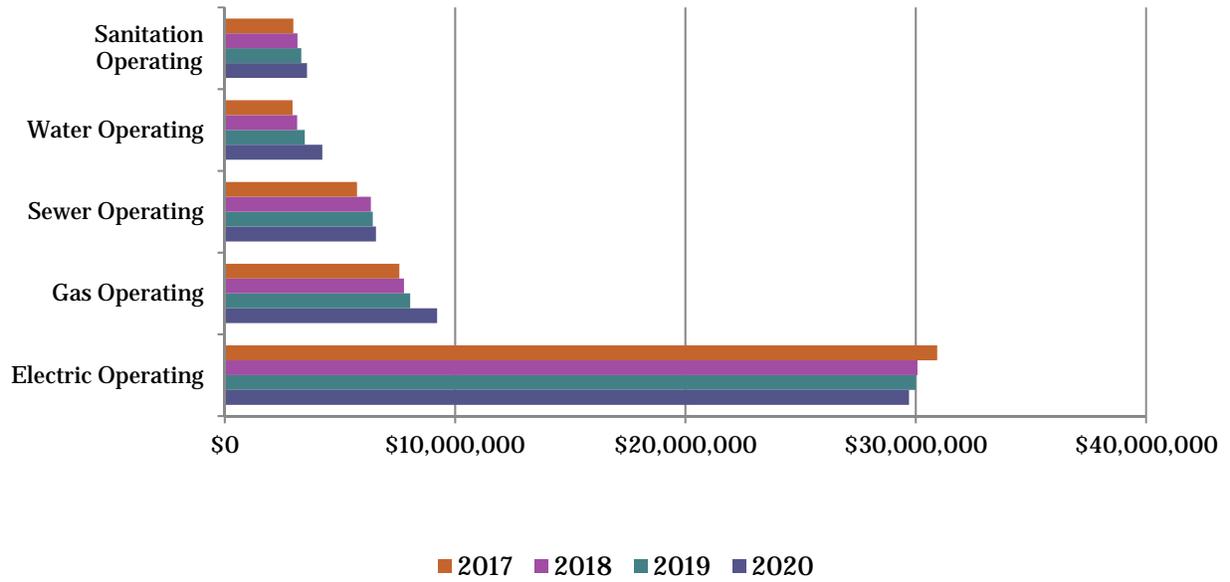
| | 2020 Revenue | 2020 Expenditures | Withdrawal/Deposit from Fund Balance | |
|-----------------------------|-----------------|----------------------|--------------------------------------|--|
| General Fund Total | \$16,079,970 | | | Balanced with a new \$7 per month per utility invoice Ambulance Fee |
| General | | \$1,689,135 | | |
| Highway | | \$1,335,205 | | |
| Fire/Ambulance | | \$5,176,245 | | |
| Police | | \$5,379,360 | | |
| Recreation | | \$1,351,390 | | |
| Land Use/Community Dev | | \$831,220 | | |
| Community Functions | | \$317,415 | | |
| General Fund | \$16,079,970 | \$16,079,970 | - | Balanced |
| Electric | \$29,711,437 | \$29,711,437 | - | Balanced with \$2 rate decrease |
| Gas | \$9,218,080 | \$9,218,080 | - | Balanced |
| Water | \$4,234,390 | \$4,234,390 | - | Balanced with 1 cent rate increase |
| Sewer | \$6,563,825 | \$6,563,825 | - | Balanced |
| Sanitation | \$3,574,140 | \$3,574,140 | - | Balanced with \$2.06 rate increase |
| Parking Traffic | \$1,850,840 | \$1,850,840 | - | Balanced |
| Storm Sewer | \$1,007,090 | \$1,007,090 | - | Balanced with a switch to \$5 per ERU in July 2020 |
| Swimming Pool | \$1,153,125 | \$1,203,125 | -50,000 | Withdrawal balance of 2016 Recreation Bond transferred to General Capital Reserve Fund |
| Motor Equipment | \$4,007,725 | \$2,977,725 | +1,030,000 | Addition to fund balance for future motorized equipment purchases |
| Engineering | \$539,040 | \$739,040 | -200,000 | General Fund Transfer in 2020 |
| Stores/Warehouse | \$1,287,150 | \$1,287,150 | | Balanced |
| Admin Services Dept | \$6,892,940 | | | Balanced |
| Utility Addition Operations | | \$626,825 | | |
| Personnel & Payroll | | \$470,675 | | |
| Info Technology | | \$993,575 | | |
| Finance/Customer Service | | \$775,400 | | |
| Clerical Pool | | \$1,532,725 | | |
| General Admin & Supplies | | \$1,115,325 | | |
| Admin Cap Projects | | \$1,378,415 | | |
| Admin Services Dept | | \$6,892,940 | - | Balanced |
| General Capital Reserve | \$1,306,640 | \$2,686,640 | -1,380,000 | End of 2019 transfer scheduled \$1 million |
| Storm Sewer Capital | \$684,140 | \$693,173 | -9,033 | Use of accumulated fund balance to pay for capital projects in 2020 |
| Electric Capital | \$- | \$6,782,860 | -6,782,860 | Use of accumulated fund balance/2019 Bond to pay for capital projects in 2020 |
| Gas Capital | \$1,365,330 | \$2,015,000 | -649,670 | Use of accumulated fund balance to pay for capital projects in 2020 |
| Water Capital | \$10,383,090 | \$5,012,000 | 5,371,090 | Deposit of balance from 2020 Bond to pay for future capital projects |
| Sewer Capital | \$1,028,730 | \$575,000 | 453,730 | Deposit of funds into fund balance to pay for future capital projects |
| Sanitation Capital | \$890 | \$1,312,000 | -1,311,110 | Use of accumulated fund balance/2020 Bond to pay for capital projects in 2020 |
| Parking Capital | \$3,362,750 | \$3,442,750 | -80,000 | Use of accumulated fund balance to pay for capital projects in 2020 |
| Self-Insurance Trust | \$700,955 | \$1,585,595 | -884,640 | Use of fund balance for claims due to poor health insurance performance in 2019 |
| Workers Comp Trust | \$471,935 | \$428,935 | 43,000 | Deposit of funds into fund balance for future claims |
| Special Revenue Trust | \$352,125 | \$352,125 | - | Balanced |
| Security Deposits Trust | \$25,820 | \$25,820 | - | Balanced |
| Recreation Tax Fund Holding | \$595,100 | \$595,100 | - | Balanced |
| Fire/Ambulance Tax Holding | \$621,080 | \$621,080 | - | Balanced |
| Liquid Fuels Holding | \$625,685 | \$625,685 | - | Balanced |
| Sister City | \$1,500 | \$1,500 | - | Balanced |
| Project H.E.A.T. | \$25,120 | \$25,120 | - | Balanced |
| | \$107,670,642 | \$112,120,135 | | |
| | | -4,449,493 | - | |
| | | \$9,750,000 | - | Water Department and Sanitation 2020 Bond Issue |
| | | \$5,300,507 | | Revenue Over Expenditure |

Relative Size of Departments 2020

Relative Size of Borough Departments

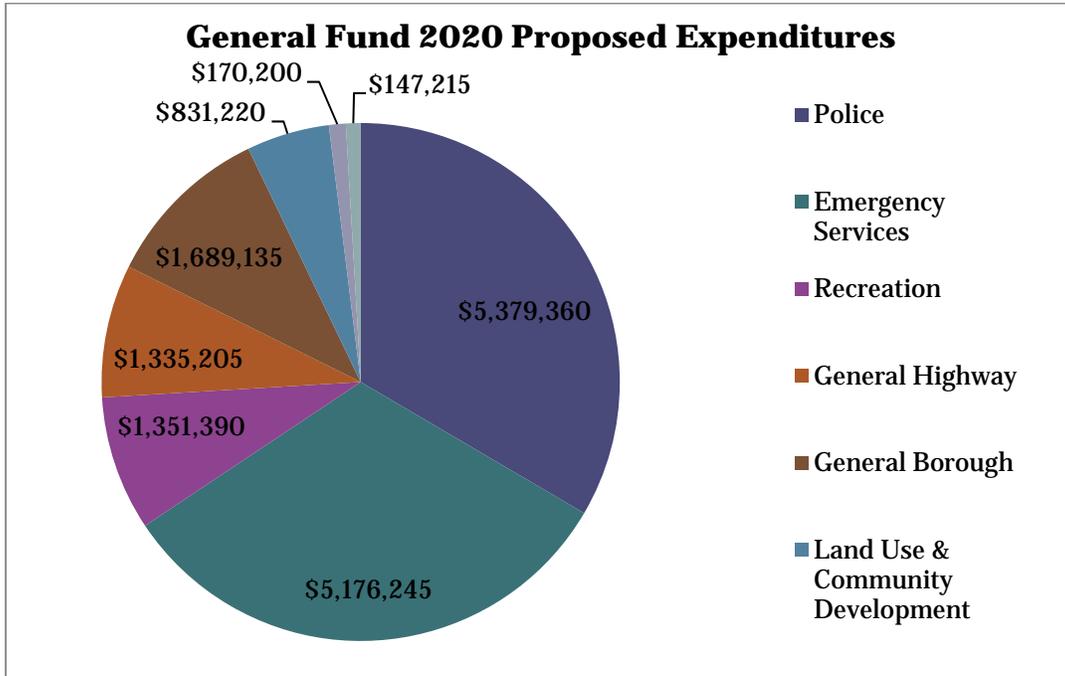


Utility Fund Operations Relative Size 2017 - 2020



General Fund Revenue

| | | | | |
|----------------------------------|-----------------|-----------------|-----------------|--------|
| <u>Police Tax Revenue</u> | 2020 | \$ 4,960,600.00 | 24 mil | |
| | Budget Estimate | 2019 | \$ 4,991,750.00 | 24 mil |
| | | 2018 | \$ 4,920,551.30 | 24 mil |
| | | 2017 | \$ 4,632,500.00 | 23 mil |
| | | 2016 | \$ 4,714,503.30 | 23 mil |
| | | 2015 | \$ 4,137,871.94 | 21 mil |
| | | 2014 | \$ 4,233,886.98 | 21 mil |
| <u>Deed Transfer Tax Revenue</u> | 2020 | \$ 500,000.00 | | |
| | Budget Estimate | 2019 | \$ 500,000.00 | |
| | | 2018 | \$ 515,553.51 | |
| | | 2017 | \$ 550,000.00 | |
| | | 2016 | \$ 860,004.15 | |
| | | 2015 | \$ 230,000.00 | |
| | | 2014 | \$ 283,627.43 | |
| <u>Earned Income Tax Revenue</u> | 2020 | \$ 2,100,000.00 | | |
| | Budget Estimate | 2019 | \$ 2,055,000.00 | |
| | | 2018 | \$ 2,129,484.74 | |
| | | 2017 | \$ 2,100,000.00 | |
| | | 2016 | \$ 2,043,473.14 | |
| | | 2015 | \$ 1,750,000.00 | |
| | | 2014 | \$ 1,836,343.95 | |
| <u>LST (or EMST) Tax Revenue</u> | 2020 | \$ 840,000.00 | | |
| | Budget Estimate | 2019 | \$ 835,000.00 | |
| | | 2018 | \$ 861,909.72 | |
| | | 2017 | \$ 832,500.00 | |
| | | 2016 | \$ 825,062.53 | |
| | | 2015 | \$ 725,000.00 | |
| | | 2014 | \$ 789,709.81 | |
| <u>Police Fines Revenue</u> | 2020 | \$ 159,000.00 | | |
| | Budget Estimate | 2019 | \$ 159,000.00 | |
| | | 2018 | \$ 157,300.32 | |
| | | 2017 | \$ 173,500.00 | |
| | | 2016 | \$ 162,140.11 | |
| | | 2015 | \$ 154,000.00 | |
| | | 2014 | \$ 173,245.33 | |
| <u>Ambulance Billing Revenue</u> | 2020 | \$ 1,512,100.00 | | |
| | Budget Estimate | 2019 | \$ 1,219,000.00 | |
| | | 2018 | \$ 1,139,645.89 | |
| | | 2017 | \$ 1,291,000.00 | |
| | | 2016 | \$ 1,193,437.80 | |
| | | 2015 | \$ 1,175,000.00 | |
| | | 2014 | \$ 1,166,039.85 | |



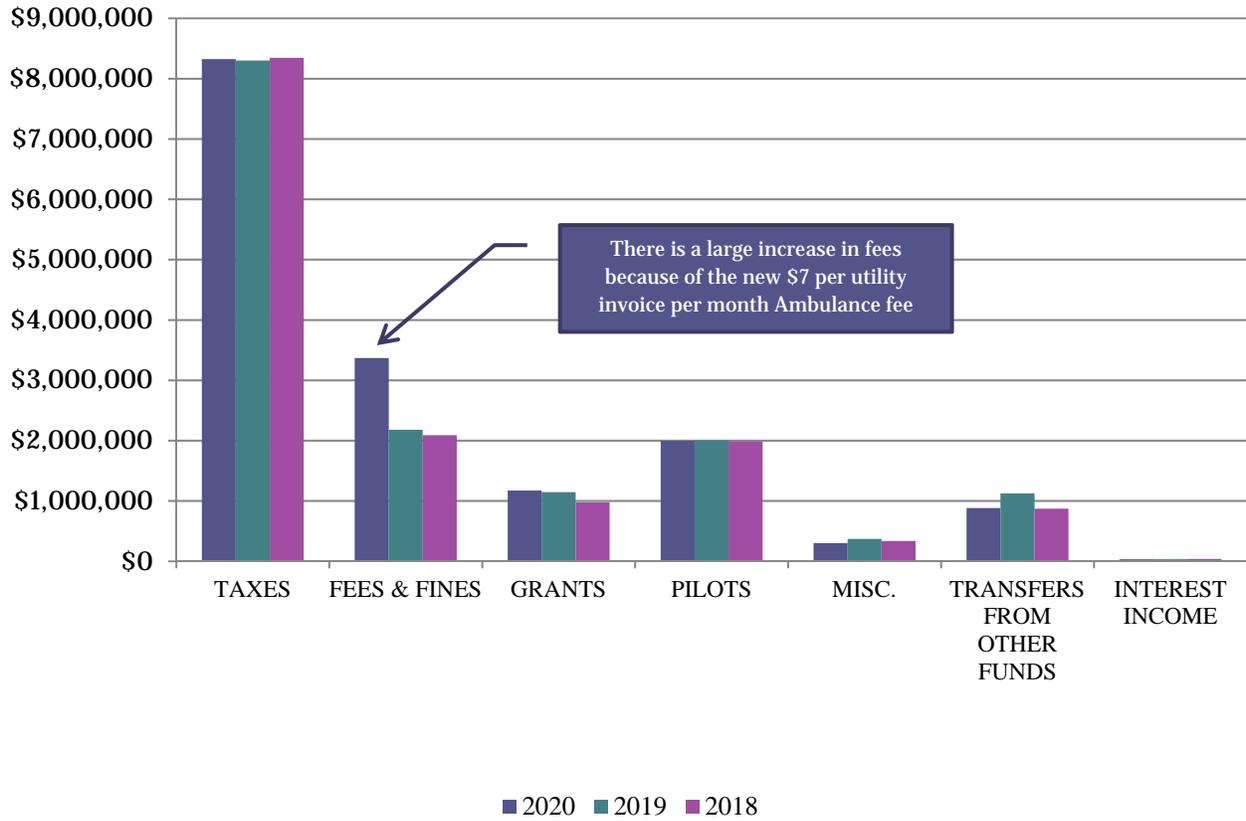
| 2020 Budget | | |
|---|---------------|--------------|
| Police | \$ 5,379,360 | 33.5% |
| Emergency Services | \$ 5,176,245 | 32.2% |
| Recreation | \$ 1,351,390 | 8.4% |
| General Highway | \$ 1,335,205 | 8.3% |
| General Borough | \$ 1,689,135 | 10.5% |
| Land Use & Community Development | \$ 831,220 | 5.2% |
| Civic and Downtown | \$ 170,200 | 1.1% |
| Miscellaneous | \$ 147,215 | 0.9% |
| Total Expenditures | \$ 16,079,970 | |
| Total Revenue | \$ 16,079,970 | |

In 2020, the Borough's General Fund Budget will be \$16,079,970. In 2019, the Borough's General Fund Budget was \$15,157,375. This represents a 6.0% increase, and is likely a realistic gauge of actual growth in the Borough's spending plan, given the expansion of the Emergency Services Department fee increase.

- The 2020 General Fund Budget is balanced
- Of the total expenditures planned in the General Fund, 65.7% are for Police and Emergency Services
- Of the total expenditures in Police and Emergency Services, 74% are for personnel costs (wages and benefits)

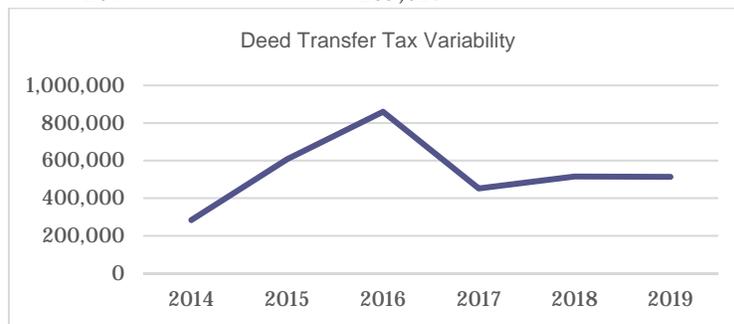
Finally, the General Fund is balanced in 2020, in no small part, by the addition of a \$7 per utility invoice per month Ambulance fee to support the activities of the Fire Department's Emergency Medical Services operations. There is no alternative offered to avoid this fee. To avoid the fee, this budget would need to add a painful large real estate tax increase. To compound matters, that large real estate tax increase could not be an Ambulance Tax. Pursuant to State Law, it would need to be for some other unrelated General Fund activity (i.e. Recreation), which in turn, would free up undesignated revenue for the Emergency Services Department. This would be hard to explain to citizens.

General Fund Revenue By Type 2018 Actual to 2020 Budget



| Police Tax | Total Per Year | |
|------------|----------------|-------------|
| 2019 | 4,895,068 | Growth rate |
| 2018 | 4,920,552 | Since 2014 |
| 2017 | 4,706,641 | 15.6% |
| 2016 | 4,714,503 | |
| 2015 | 4,137,872 | |
| 2014 | 4,233,887 | |

| Deed Transfer Tax | Total Per Year | |
|-------------------|----------------|-------------|
| 2019 | 513,467 | Growth rate |
| 2018 | 515,554 | Since 2014 |
| 2017 | 452,331 | 81% |
| 2016 | 860,004 | |
| 2015 | 607,440 | |
| 2014 | 283,627 | |



| Earned Income Tax | Total Per Year | |
|-------------------|----------------|-------------|
| 2019 | 2,257,573 | Growth rate |
| 2018 | 2,129,485 | Since 2014 |
| 2017 | 1,986,887 | 22.9% |
| 2016 | 2,043,473 | |
| 2015 | 1,930,546 | |
| 2014 | 1,836,344 | |

| Local Services Tax | Total Per Year | |
|--------------------|----------------|-------------|
| 2019 | 878,855 | Growth rate |
| 2018 | 861,910 | Since 2014 |
| 2017 | 820,032 | 11.3% |
| 2016 | 825,063 | |
| 2015 | 803,150 | |
| 2014 | 789,710 | |

Which seems quite good except...

Police Wages Growth Rate since 2015 = 20%

Fire Wages Growth Rate since 2015 = 65%

The Value of 1 mil of Real Estate Tax

| Average Single Family House Inside The Borough | 2019 | | 2020 | |
|--|-----------------|---------------|-----------------|---------------|
| Police Tax (100% to General Fund) | \$407.05 | \$1.12 | \$410.34 | \$1.13 |
| Fire Tax (80% to Motor Equipment Fund) | \$50.88 | \$0.14 | \$51.29 | \$0.14 |
| Recreation Bond Tax (100% to Pay Off Debt Service of 2016 Bond) | \$50.88 | \$0.14 | \$51.29 | \$0.14 |
| Total (per year) | \$508.81 | \$1.40 | \$512.92 | \$1.41 |

The total Borough real estate tax burden for the average single-family house in the Borough is \$512.92/yr.

The value of a mil is not precise.

| | <u>2017</u> <u>Actual</u> | <u>2018</u> <u>Actual</u> | <u>2019</u> <u>Estimated</u> | <u>2020</u> <u>Estimated</u> |
|------------------------------|------------------------------|------------------------------|---------------------------------|---------------------------------|
| Police Tax Yield | \$4,706,641 | \$4,920,552 | \$4,894,483 | \$4,960,600 |
| Mil | 23 | 24 | 24 | 24 |
| Fire Tax Yield | \$505,848 | \$604,370 | \$609,914 | \$610,000 |
| Mil | 2.5 | 3 | 3 | 3 |
| Ambulance Tax | - | \$95,757 | \$101,454 | - |
| Mil | - | 0.5 | 0.5 | - |
| Recreation Bond Tax | - | \$574,443 | \$600,485 | \$590,000 |
| Mil | - | 3 | 3 | 3 |
| Value of 1 Mil | \$204,411 | \$203,119 | \$203,486 | \$205,353 |
| Est. Single Family House Tax | | | | |
| Police Tax | \$388.20 | \$406.14 | \$407 | \$410 |
| Fire Tax | \$42.20 | \$50.77 | \$51 | \$51 |
| Ambulance Tax | - | \$8.46 | \$8 | - |
| Recreation Bond Tax | - | \$50.77 | \$51 | \$51 |

With the elimination of the Ambulance Tax, the Average Single Family Home in Chambersburg will see a cumulative decrease of about \$5 per year or 42¢ per month in real estate taxes. There is a \$3 increase because of the increased value of assessed property, which also increases the assessed value of the Average Single Family Home, offset by an \$8 reduction because of eliminating the Ambulance Tax. Of course, your payment of taxes for your property, rather than the average home, is based on Franklin County's determination of your home's assessed value.

In 2020, it is the Borough Manager's recommendation that the Borough not change the Police Tax rate, currently at 24 mil.

| Police Tax Rate | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Mil | 17 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 21 | 21 | 23 | 23 | 24 | 24 | 24 |

In 2020, it is the Borough Manager's recommendation that the Borough not change the Fire Tax rate, currently at 3 mil; but eliminate the Ambulance Tax rate, entirely.

| Fire Tax Rate | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Fire | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2.5 | 2.5 | 2.5 | 2.5 | 3.0 | 3.0 | 3.0 |
| Ambulance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.5 | 0.5 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2.5 | 2.5 | 2.5 | 2.5 | 3.5 | 3.5 | 3.0 |

2020 will be the third year of the Recreation Bond Tax. It was approved by Council in 2016.

| Recreation Bond Tax Rate | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Mil | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 3 | 3 |

| Total Borough Tax Rate | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Mil | 17 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 23.5 | 23.5 | 25.5 | 25.5 | 30.5 | 30.5 | 30 |

Chambersburg Borough real estate taxes have risen 76.4% in 14 years

Or about 5.46% per year

Total assessed value of taxable real estate inside the Borough for 2020 is estimated to be \$205,607,440; down very slightly from last year. Therefore, the cash value of 1 mil would equal \$205,607. However, when factoring in our average collection rate for any given year, we should expect that same mil to yield \$201,929. This difference is a result of the average amount of taxes remitted on time, annually, versus the total that is levied.

Therefore, for budget purposes, **1 mil is equal to approximately \$205,353 in cash.** As explained, if you assume the standard percentage of taxpayers will fail to pay their taxes, 1 mil would equal \$201,929 in cash. If you assume some old outstanding tax liens from previous years may pay their debts in 2020, 1 mil might equal \$205,353 in cash.



Real life example of average Borough home:
 0.15 acre lot with a single family home
 Estimated value: \$127,700
 Sold in 2019: \$130,000

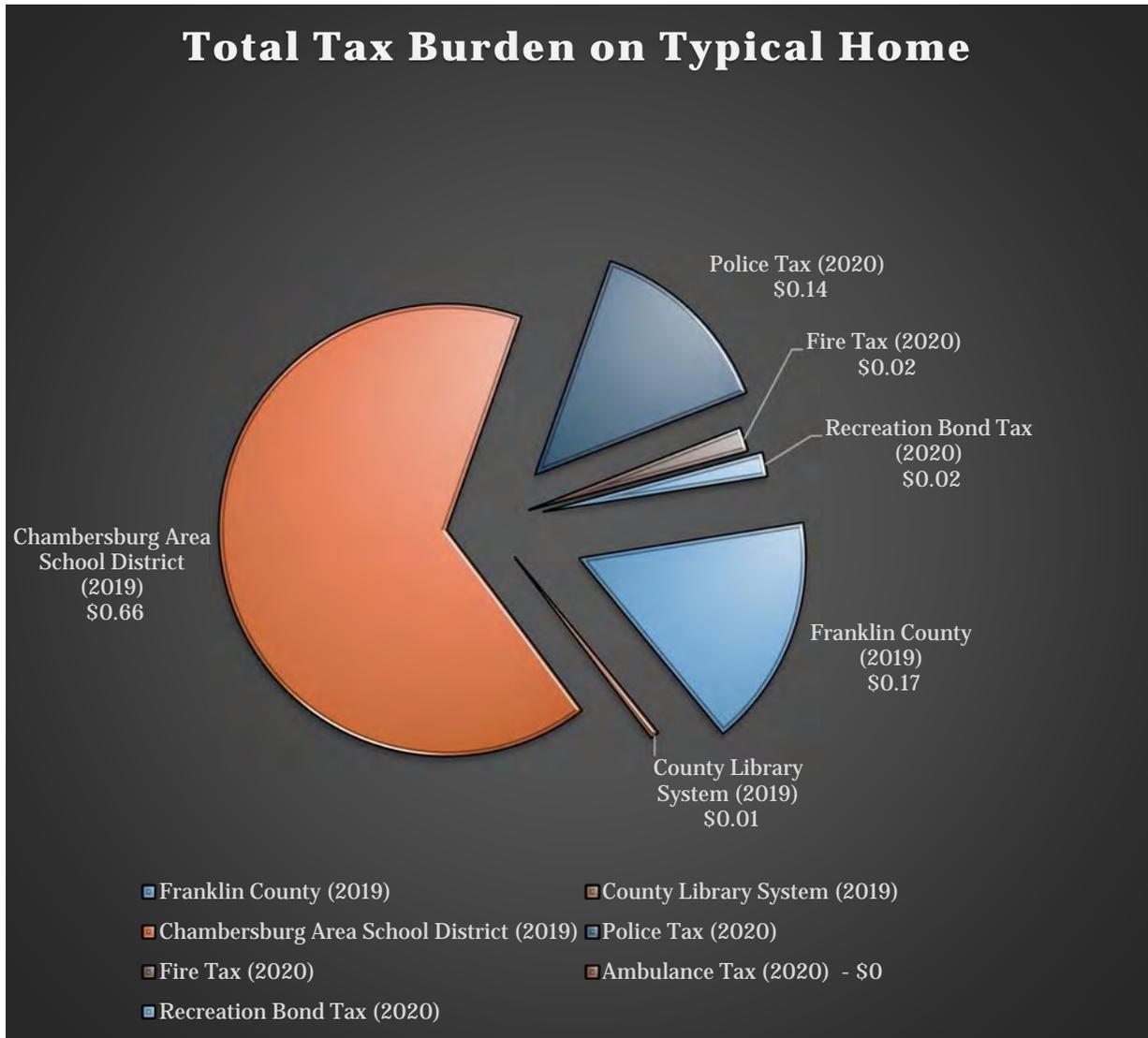
Assessed value: \$16,330 (amended in 2019)
 Borough average home: \$17,083 (2019)

| | <u>2020</u> | <u>2019</u> |
|-----------------------|----------------|----------------|
| Police Tax | \$391.92 | \$419.88 |
| Fire Tax | \$48.99 | \$51.23 |
| Ambulance Tax | 0 | \$8.54 |
| Recreation Bond Tax | <u>\$48.99</u> | <u>\$51.23</u> |
| <i>Total Per Year</i> | \$489.90 | \$520.88 |

This typical Single Family Home in Chambersburg will see a decrease of about \$30.98 per year or \$4.08 per month in real estate taxes because of the increased value of assessed property, which decreases the assessed value of the Average Single Family Home. Of course, your payment of taxes for your property, rather than the average home, is based on Franklin County’s determination of your home’s assessed value. The average home changes year to year, your home’s assessed value does not.

Total Tax Burden on Typical Home

| | 2020 | | |
|--|-------------|------------|--------|
| Franklin County (2019) | 29.10 mil | \$475.20 | 16.61% |
| Franklin County Library (2019) | 1.05 mil | \$17.15 | 0.6% |
| Chambersburg Area School District (2019) | 115.019 mil | \$1,878.26 | 65.66% |
| Police Tax (2020) | 24 mil | \$391.92 | 13.7% |
| Fire Tax (2020) | 3.0 mil | \$48.99 | 1.71% |
| Ambulance Tax (2020) | 0 mil | \$0 | 0% |
| Recreation Bond Tax (2020) | 3.0 mil | \$48.99 | 1.71% |
| Total | 175.17 mil | \$2,882.75 | 100% |



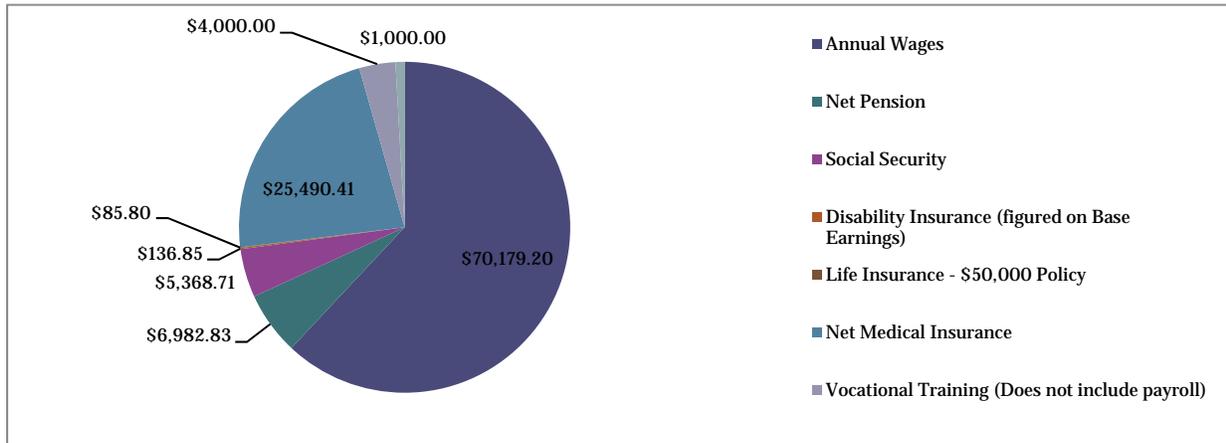
Only 18¢ of every \$1 paid in real estate taxes will go to the Borough of Chambersburg. The balance, 82¢ will go to support the school district, the county, and the library. In fact, 65¢ of every dollar goes to the Chambersburg Area School District.

Personnel

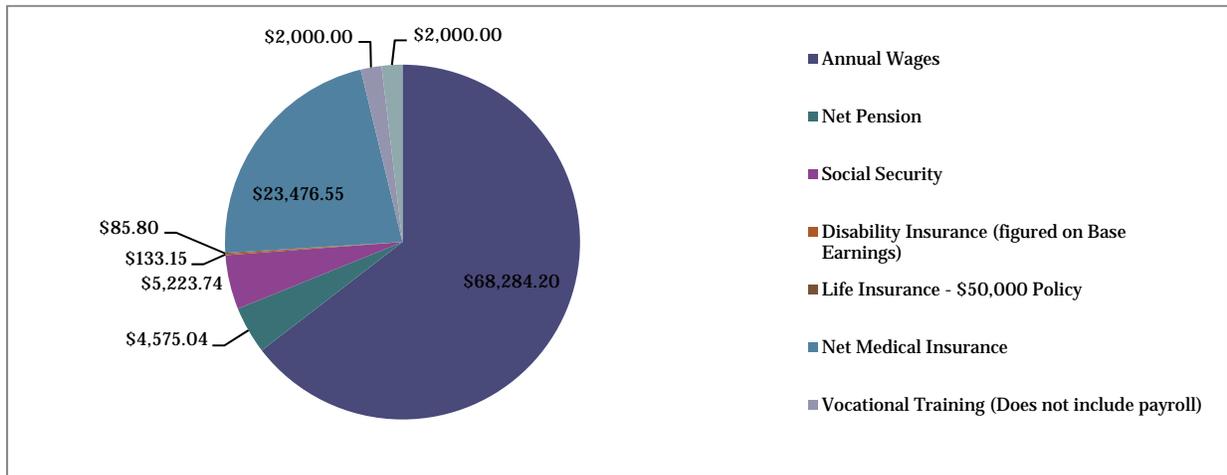
Schedule 20
Borough of Chambersburg, PA
Full-Time Equivalent Municipal Employees by Function/Program
Last Ten Years

| Function/Program | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Government | | | | | | | | | | |
| Administration | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Clerical | 15 | 13 | 13 | 13 | 14 | 12 | 12 | 11 | 10 | 11 |
| Code Enforcement | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 |
| Community Development | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Engineering | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 |
| Finance (15)/Parking (8) | 24 | 23 | 23 | 23 | 22 | 21 | 19 | 19 | 20 | 20 |
| Information Technology | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Personnel | 4 | 4 | 3 | 4 | 3 | 3 | 2 | 2 | 2 | 2 |
| Planning/Zoning | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Information | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Works | | | | | | | | | | |
| Administration | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 |
| Central Garage (Motor Equip.) | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 4 |
| Labor/Maintenance (Highways) | 6 | 6 | 6 | 6 | 6 | 7 | 6 | 5 | 6 | 6 |
| Sanitation | 13 | 11 | 11 | 10 | 10 | 12 | 12 | 11 | 11 | 11 |
| Recreation | | | | | | | | | | |
| Administration | 2 | 2 | 2 | 2 | 2 | 3 | 2 | 2 | 2 | 2 |
| Labor/Maintenance | 6 | 6 | 6 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Public Safety | | | | | | | | | | |
| Fire Administration | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fire Personnel | 25 | 25 | 25 | 24 | 21 | 21 | 21 | 21 | 21 | 21 |
| Police Administration | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 1 | 1 |
| Police Personnel | 34 | 34 | 34 | 35 | 35 | 34 | 32 | 33 | 31 | 31 |
| Utilities | | | | | | | | | | |
| Administration | 6 | 6 | 6 | 6 | 6 | 7 | 6 | 6 | 6 | 6 |
| Electric Distribution | 10 | 10 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Electric Plant Generation | 13 | 12 | 12 | 12 | 12 | 11 | 11 | 11 | 11 | 9 |
| Electric System Maintenance | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Gas Distribution | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Stores/Warehouse/Call Center | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Water Distribution | 2 | 2 | 2 | 2 | 2 | 3 | 2 | 3 | 3 | 3 |
| Water Treatment Plant | 8 | 7 | 7 | 7 | 7 | 6 | 7 | 6 | 6 | 7 |
| Sewer Collection/Conveyance | 7 | 7 | 6 | 7 | 6 | 5 | 5 | 5 | 4 | 4 |
| Sewer Treatment Plant | 13 | 13 | 13 | 13 | 11 | 10 | 11 | 10 | 10 | 10 |
| Traffic Signal/Street Lights | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 0 | 0 |
| Storm Water Department | 2 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| Totals | 236 | 227 | 222 | 219 | 208 | 208 | 199 | 197 | 193 | 194 |

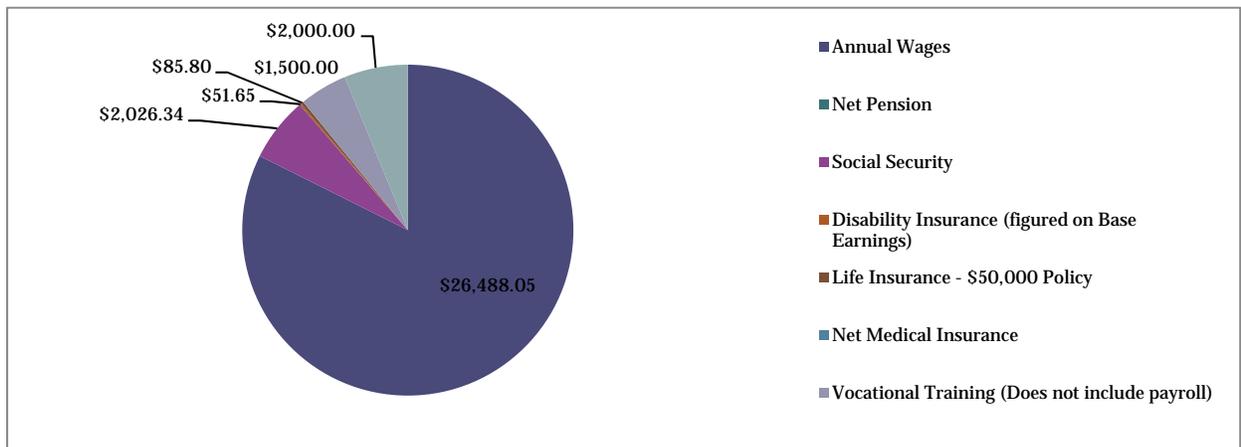
| AVERAGE POLICE OFFICER 2020 <i>Estimate Based Upon Collective Bargaining Agreement</i> | | |
|--|--|---------------------|
| Pay Rate | 33.74 | |
| Annual Wages | 2080 | \$70,179.20 |
| Benefits | | |
| Pension | 14.20% | \$9,965.45 |
| Employee Pension Contribution | 4.25% | -\$2,982.62 |
| Net Pension | | \$6,982.83 |
| Social Security | 7.65% | \$5,368.71 |
| Disability Insurance (figured on Base Earnings) | 0.00195 | \$136.85 |
| | .000143*50,000 = \$7.15 * 12 Months = \$85.80 | \$85.80 |
| Life Insurance - \$50,000 Policy | | \$27,555.65 |
| Medical Insurance | | -\$2,065.24 |
| Medical Insurance Contribution | | \$25,490.41 |
| Net Medical Insurance | | \$4,000.00 |
| Vocational Training (Does not include payroll) | | \$1,000.00 |
| Upkeep Clothing/Equipment | | \$1,000.00 |
| Total Benefits | | \$43,064.60 |
| Total Earnings and Benefits | | \$113,243.80 |



| AVERAGE FIRE FIGHTER 2020 <i>Estimate Based Upon Collective Bargaining Agreement</i> | | |
|--|--|---------------------|
| Pay Rate | 31.18 | |
| Annual Wages | 2190 | \$68,284.20 |
| <u>Benefits</u> | | |
| Pension | 11.70% | \$7,989.25 |
| Employee Pension Contribution | 5.00% | -\$3,414.21 |
| Net Pension | | \$4,575.04 |
| Social Security | 7.65% | \$5,223.74 |
| Disability Insurance (figured on Base Earnings) | 0.00195 | \$133.15 |
| Life Insurance - \$50,000 Policy | .000143*50,000 = \$7.15 * 12 Months = \$85.80 | \$85.80 |
| Medical Insurance | | \$25,377.61 |
| Medical Insurance Contribution | | -\$1,901.06 |
| Net Medical Insurance | | \$23,476.55 |
| Vocational Training (Does not include payroll) | | \$2,000.00 |
| Upkeep Clothing/Equipment | | \$2,000.00 |
| Total Benefits | | \$37,494.29 |
| Total Earnings and Benefits | | \$105,778.49 |



| AVERAGE PART TIME FIRE FIGHTER | | |
|---|-----------------------------|--------------------|
| 2020 | | |
| <i>Estimate Based Upon Council Action</i> | | |
| Pay Rate | 24.19 | |
| Annual Wages | 1095 | \$26,488.05 |
| <u>Benefits</u> | | |
| Pension | 12.80% | \$0.00 |
| Employee Pension Contribution | 5.00% | \$0.00 |
| Net Pension | | \$0.00 |
| Social Security | 7.65% | \$2,026.34 |
| Disability Insurance (figured on Base Earnings) | 0.00195 | \$51.65 |
| | $.000143 * 50,000 = \$7.15$ | |
| Life Insurance - \$50,000 Policy | $* 12 Months = \$85.80$ | \$85.80 |
| Medical Insurance | | \$0.00 |
| Medical Insurance Contribution | | \$0.00 |
| Net Medical Insurance | | \$0.00 |
| Vocational Training (Does not include payroll) | | \$1,500.00 |
| Upkeep Clothing/Equipment | | \$2,000.00 |
| Total Benefits | | \$5,663.79 |
| Total Earnings and Benefits | | \$32,151.84 |

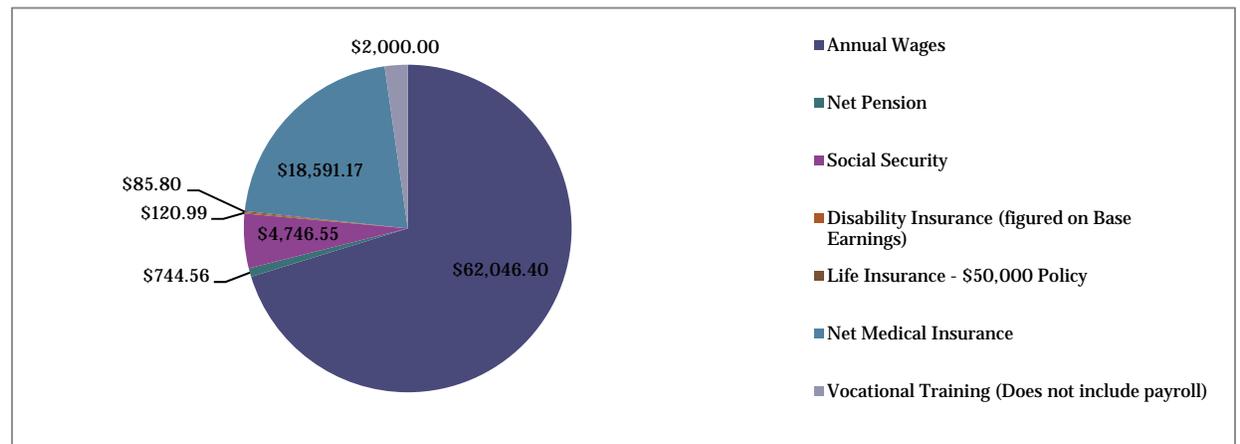


AVERAGE CLERICAL/TECHNICAL EMPLOYEE

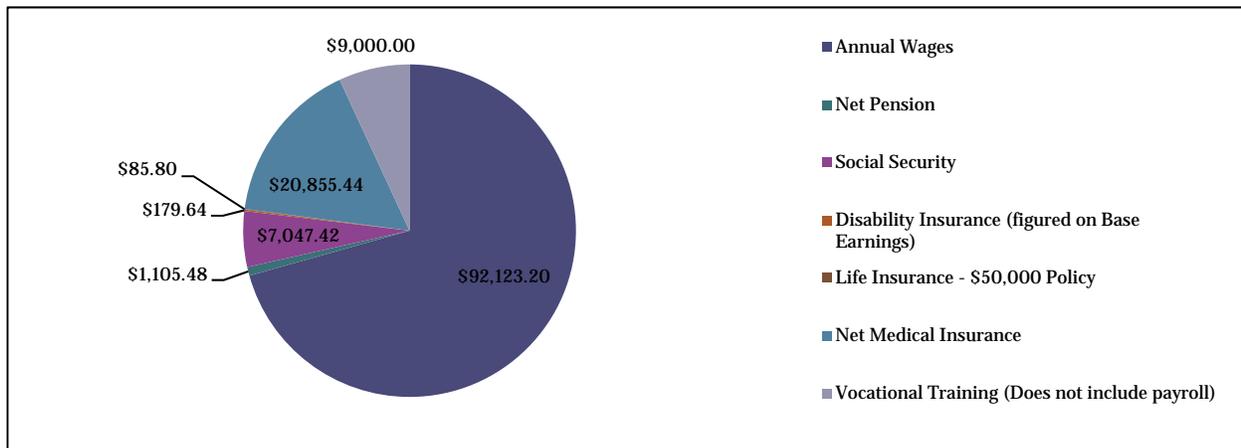
2020

Estimate Based Upon Council Action

| | | |
|---|--|-------------|
| Pay Rate | 29.83 | |
| Annual Wages | 2080 | \$62,046.40 |
| Benefits | | |
| Pension | 7.20% | \$4,467.34 |
| Employee Pension Contribution | 6.00% | -\$3,722.78 |
| Net Pension | | \$744.56 |
| Social Security | 7.65% | \$4,746.55 |
| Disability Insurance (figured on Base Earnings) | 0.00195 | \$120.99 |
| Life Insurance - \$50,000 Policy | .000143*50,000 = \$7.15 * 12 Months = \$85.80 | \$85.80 |
| Medical Insurance | | \$19,693.61 |
| Medical Insurance Contribution | | -\$1,102.44 |
| Net Medical Insurance | | \$18,591.17 |
| Vocational Training (Does not include payroll) | | \$2,000.00 |
| Upkeep Clothing/Equipment | | \$0.00 |
| Total Benefits | | \$26,289.07 |
| Total Earnings and Benefits | | \$88,335.47 |



| AVERAGE ADMINISTRATIVE/SUPERVISORY EMPLOYEE | | |
|---|--|---------------------|
| 2020 | | |
| <i>Estimate Based Upon Council Action</i> | | |
| Pay Rate | 44.29 | |
| Annual Wages | 2080 | \$92,123.20 |
| <u>Benefits</u> | | |
| Pension | 7.20% | \$6,632.87 |
| Employee Pension Contribution | 6.00% | -\$5,527.39 |
| Net Pension | | \$1,105.48 |
| Social Security | 7.65% | \$7,047.42 |
| Disability Insurance (figured on Base Earnings) | 0.00195 | \$179.64 |
| | .000143*50,000 = \$7.15 * 12 Months = \$85.80 | \$85.80 |
| Life Insurance - \$50,000 Policy | | \$21,834.00 |
| Medical Insurance | | -\$978.56 |
| Medical Insurance Contribution | | \$20,855.44 |
| Net Medical Insurance | | \$9,000.00 |
| Vocational Training (Does not include payroll) | | \$0.00 |
| Total Benefits | | \$38,273.78 |
| Total Earnings and Benefits | | \$130,396.98 |



Personnel Changes 2020

1. **Add 1 new position to the Water Department:** Due to laboratory requirements from the Department of Environmental Protection add one WTP Lab Technician/Operator.
2. **Add 1 new position to the Electric Department – Electric Supply Maintenance:** Due to the increasing difficulty in recruiting young people, we have included the opportunity to recruit an additional Electric Facilities Maintenance Technician, with the hope they become a successful System and Generation Operator someday.
3. **Add 2 new positions to the Sanitation Department:** Due to the assumption of the residential recycling program, the Sanitation Department requires one additional Sanitation Loader and an additional Sanitation Driver/Loader in order to supplement its team in 2020.
4. **Add 1 new position to Code Enforcement and upgrade 1 part-time position to full-time:** Due to the assumption of the enforcement of the Health Code and Restaurant Inspections, the 2020 Budget includes the addition of a full-time Food Inspector as well as an upgrade of the part-time Quality of Life Code Enforcement Officer from part-time to full-time to provide a 24/7 backup for health code issues.
5. **Add 2 new position to the Administrative Services – Secretarial Pool:** Due to the assumption of the enforcement of the Health Code and Restaurant Inspections, the 2020 Budget includes the addition of a Secretary II, who will coordinate enforcement of the Health Code as well as Special Events. A Secretary I will be added as well to assist with enforcement of the Health Code as well as the Storm Sewer Utility administration.
6. **Upgrade 1 part-time position to full-time in the Storm Sewer Utility:** Due to increasing duties to measure and catalogue impervious coverage and inspect Best Management Practices in the Storm Sewer Utility, the existing part-time Storm Sewer System Inspector will be upgraded to full-time.
7. **Add 1 new position to the Administrative Services – Finance & Accounting:** Due to increasing complexity of our general bookkeeping and internal control functions, a full time Accounting Technician is being added to the Finance Department.
8. **Add 1 new part-time position to the Administrative Services – City Hall & Customer Service:** Due to increasing demands on parking enforcement around the Borough, a part-time parking enforcement officer will be added to cover different areas or different shifts when the primary enforcement officer is unavailable.
9. **Cost of living increases pursuant to existing collective bargaining agreements:** Employees represented by AFSCME Local #246, the International Association of Fire Fighters (IAFF) Local #1813, and the Chambersburg Police Officers Association, are due to receive 1.95% cost of living increases. It is anticipated in this budget that non-bargaining employees will receive the same 1.95% cost of living increases.