



Town Council Approved
2026 Fiscal Year Budget
For the Borough of
Chambersburg

Submitted by Jeffrey Stonehill
November 10, 2025

Approved by Town Council
December 15, 2025

This Page Intentionally Left Blank

Contents

Chapter 1 - Budget Message.....	1
No real estate tax increase in 2026 – very few utility-rate increases.....	2
Municipal Tax Options are Limited to Rules and Rates From 1965	5
Chambersburg Non-Partisan Professional Management is Apolitical.....	6
Real Estate Tax Unchanged	7
Ambulance Fee – A Surcharge on Water Invoices.....	8
Continuing Use of Dedicated Bond Taxes for Debt Financed Projects	8
Labor Unions & Wage Changes	10
Utility Finances	11
Electric Utility.....	12
Natural Gas Utility	13
Water Utility	13
Wastewater Utility.....	14
Storm Sewer Utility.....	14
Sanitation Utility	15
Total Residential Utility Rates 2026.....	16
Taxing Limits Permitted	17
Real Estate taxes.....	17
Act 54 of 2024.....	17
Act 511 Taxes.....	17
What of the Police Tax in 2026?	19
What of the Fire Tax in 2026?.....	22
How much does 1-mil of real estate tax yield in 2026?.....	25
Folks Say that They Pay More Than That in Borough Taxes, But Do They?	26
Conclusion	27
Size of Budget 2026	31
Use of Fund Balance 2026	33
Use of Real Estate Taxes to Fund 2026.....	35
Why not change the other miscellaneous / Act 511 tax rates?.....	37
Chapter 2 - Mission, Policies, and Organization.....	39
Budget Calendar	43
Available Types of Taxes.....	45
Fees vs. Taxes	48
Mission Statement.....	49
Financial Policy Statement.....	50
Financial Goals	51
Operating Position Policy.....	52
Revenue Policy.....	53
Expenditure Policy	54
Debt Policy	55
Cash Policy	56
Liquid Investments Policy	57
Fund Balance Reporting and Governmental Fund Type Definitions Policy	58
Self-Insurance Cash Balance Policy.....	60
Post-Issuance Debt Compliance Policy	61

BOROUGH OF CHAMBERSBURG – Approved 2026 BUDGET

Collections Policies & Procedures.....	69
Waterfall Payment Policy	79
Conflict of Interest Policy.....	80
Procurement Guidelines For Formal Contracts Utilizing Federal Funding	83
Energy Management Policy	91
Glossary	93
2026 Description of Borough Funds	101
2026 Functions and Departments (Sorted by Department)	105
Organization Chart.....	107
Act 37 of 2014 Revised the Pennsylvania Borough Code	109
Chambersburg Non-Bargaining Employees’ Pay Plan	110
Chapter 3 - General Fund Budget.....	111
General Fund Revenues.....	113
General Fund Use of Fire Tax.....	113
General Fund Use of Police Tax	114
General Fund Use of the Designated Bond Taxes.....	114
General Fund Use of Fees	115
Who works in the General Fund?	116
General Fund Revenue Options?	117
No General Fund Tax Increase in 2026	117
The Broken Real Estate Tax System	118
Real Estate Taxes and the Police Department and the Fire Department	121
Key General Fund Revenues (Excerpt).....	125
General Fund Revenues (Full Detail)	126
Police Department.....	127
Crime.....	128
Highlights for 2025.....	130
Traffic Enforcement Strategy	131
Capital Project needs	132
Accreditation.....	133
Critical Components Essential To The Mission And Goals	133
Community Policing	133
Training, Education and Coaching	135
Staffing.....	135
Officer Formal Education is a Continuing Priority.....	137
Fire Department	139
Career Staffing	140
Emergency Medical Services.....	142
Fire and EMS Apparatus	145
Community Risk Reduction (CRR) Efforts	146
Office of the State Fire Commissioner - State Grants awarded in 2025	146
2025/2026 Challenges	146
Fire Services	148
Fire Prevention and Code Enforcement	149
Should Chambersburg Need to Assume Responsibility for Advance Life Support Services	149
Recreation Department.....	151
General Recreation Financial Review of 2025	152
Annual Program Goals/Challenges:	153

BOROUGH OF CHAMBERSBURG – Approved 2026 BUDGET

Changes in Personnel and What the Recreation Department Accomplishes.....	153
Projects Completed	155
Capital Projects Planned	157
Independence Day Celebration 2025	159
Land Use & Community Development Department.....	161
Codes	162
<i>Software Payment System Recommended for Code Enforcement, Permits and Licensing.</i>	163
Retail Food Facility License Enforcement	163
Residential Rental Inspection Enforcement and the Effect on the Codes Budget.....	167
Development in Chambersburg Proceeds Unabated	169
Community and Economic Development	173
Downtown Maintenance (Community and Economic Development)	176
Downtown Chambersburg, Inc. (DCI)	176
Southgate Redevelopment Initiative	179
U.S. Army Corps of Engineers Storm Sewer Project	180
Meeting Place Plaza Project.....	181
Highway Department.....	183
Let it snow!	186
Major items for 2026	188
Non-Utility Ditch Patching:	188
New Public Works Campus Project.....	189
General Government	191
Chapter 4 - Enterprise Funds Budgets	193
Electric Utility.....	195
Background and History	196
Demand on Load 2020-2023	199
Historic Challenges to Public Power in Chambersburg	201
Historically, Chambersburg Makes Electricity	202
Community Solar Initiative	207
Portfolio of Energy Products.....	209
View of Trending Electric Rates	210
First Energy Relationship	212
Chambersburg Electric Utility Infrastructure Bond Update.....	213
Full Electrification Policy Sweeps the Nation.....	215
Electric Rates	217
Impact of Much Higher PJM Fees	221
Finances – Policy	223
Operations	223
General Utility.....	223
2026 Preparations/Goals	224
Major Accomplishments	224
System Average Interruption Duration Index (SAIDI)	225
2026 Budget – Future View	226
Energy Efficiency	226
Capital Investment into System and Estimated Operating Cash Balance	227
Reliable Public Power Provider Program from the APPA (RP3)	229
Smart Energy Provider Program	230
Succession Planning.....	230

BOROUGH OF CHAMBERSBURG – Approved 2026 BUDGET

Personnel changes in 2025	231
The Future of the Pennsylvania Municipal Electric Association & Chambersburg Leadership.....	231
Strategic Electric Plan – Looking Forward.....	232
Largest Customers (in \$ order)	233
SkySub Pole-Mounted Smart Grid Systems	233
As a Member of the American Municipal Power (AMP) Joint Action Agency	234
AMP Advanced Metering Infrastructure (AMI) program.....	235
Smart Meters are Smarter than Regular Meters but not that Smart	235
Payment In Lieu Of Gross Receipts Taxes (PILOT)	237
Natural Gas Utility	239
Background and History	239
Advanced Metering Infrastructure (AMI)	241
Natural Gas Rates	241
Gas Lighting	244
APGA System Operational Achievement Recognition (SOAR) Award	244
Gas Pipe Replacement Program	245
American Public Gas Association & Industry Leadership.....	246
Membership with the Municipal Gas Authority of Georgia	247
Gas Transportation Arrangement with UGI Gas Utilities.....	249
2026 Department Goals.....	250
Largest Customers (in \$ order)	250
Environmental Benefits of Natural Gas	251
Chambersburg Electric Generation Project	252
Payment In Lieu Of Gross Receipts Taxes (PILOT)	253
Water Utility	255
Water Rates	256
Background and History	258
2024-2025 Drought.....	263
What is the current status of Chambersburg’s reservoir?.....	264
Source Water Protection Plan	266
Water Utility Statistics (2024, last full year)	267
Capital Projects	268
Water Meter Remote Reading Project	270
New Water Connections.....	272
Act 57 Tapping Fee Study	273
Recommended 2026 Capital Project List.....	274
Future (2027+) Capital Projects	275
Treatability of Water – Iced Tea	276
Service Line Inventory.....	278
Major items for 2026	278
Largest Customers (in dollars sold).....	279
Payment In Lieu Of Ambulance Fee.....	280
Wastewater Utility.....	281
How does this compare to area wastewater utilities?	282
Wastewater Utility Intermunicipal Cooperation	283
Background and History	285
J. Hase Mowrey Regional Wastewater Treatment Facility	286
The Largest Public Works Project in the History of the Borough of Chambersburg.....	288
Wastewater Utility Services.....	291

BOROUGH OF CHAMBERSBURG – Approved 2026 BUDGET

Projects	291
East Conococheague Pump Station Project.....	292
Laurich Meadows Pump Station	293
Recommended 2026 Capital Projects.....	293
Future (2027+) Capital Projects	295
Future Water/Wastewater Crew Maintenance Facility.....	296
Removal Trends (Nitrogen and Phosphorus).....	298
Sewer Rental Rates	299
Sanitation Utility	301
Major Activities of the Sanitation Utility	303
<i>Pay as You Throw Works for Small Trash Users but is Subsidized by Large Families & Businesses</i>	303
Chambersburg Recycling System	304
Bulky Waste	306
Electronic Waste (E-Waste) Recycling	308
Green Yard Waste Recycling Center	309
New Wayne Avenue Public Works Facility Will House Sanitation	310
Borough Employee Commercial Driver’s License (CDL) Training Program	311
Municipal Separate Storm Sewer System (MS4) Utility	313
MS4 Permit	314
Storm Sewer Pollution Control Fee Rate for 2026.....	315
2024 Storm Sewer Utility Capital Bond	317
Projects	317
Storm Sewer Utility accomplishments in 2025	318
Storm Sewer Utility Goals for 2026	320
Intergovernmental Cooperation Agreements	321
Chesapeake Bay Pollutant Reduction Plan	321
Parking, Traffic and Street Lights Utility	327
Parking 2026	328
Multi-Modal Projects for Future.....	329
Proposal to Relocate U.S. 11 Northbound from Garfield Street to Derbyshire Street	332
Proposal No. 14 – Fixing Garfield Street	335
Downtown Parking Study Reminder, As Questions about a Garage Still Arise	337
Advocacy for the Local Use of Radar for Speed Enforcement	339
Parking Kiosks are a Money Loser	340
Upgrade Project for the Borough’s Traffic Signal Network	341
Maintenance of Borough Signals	342
Greene Township Traffic Signal Project.....	342
Hamilton Township Sollenberger Road Widening Project	343
Maintenance of Township Traffic Signals	343
Future Traffic Signal Locations in the Borough.....	343
2025 Projects Completed	344
Swimming Pool Fund (Aquatic Center).....	347
Years of Steady Progress Building a Successful Business Enterprise	347
8 th Year of Operation, 2025	348
2025 Facility Improvements/Operational Improvements	349
Financial Challenges.....	351
2025 Operating Challenges.....	352
Recommended Changes to Improve Operations in 2026.....	352
2026 Recommendations.....	353

BOROUGH OF CHAMBERSBURG – Approved 2026 BUDGET

Rule Addition	353
Daily Rates	353
Season Membership Rates	354
Chapter 5 – Internal Service Funds Budgets	357
Stores/Warehouse Department	359
Customer Service Center	361
2026 Goals	361
Manufactured Gas Plant Site Remediation	362
Electric Utility Operations Center	364
Administrative Services Group of Offices	367
Customer Portal Update	370
Finance and Accounting.....	370
Customer Service	371
Fire Tax Fund.....	371
Recreation Bond Tax Fund	372
Police Station Bond Tax Fund	372
Public Works Campus Bond Tax Fund.....	372
Custodians, Downtown, and City Hall Maintenance	374
Miscellaneous Expenses	374
Human Resources Office and Personnel/Payroll Services	375
Recruitment and Retention	376
Compensation.....	378
Benefits Management	381
Employee and Labor Relations	382
Labor Management	384
Training and Development	384
Health and Safety.....	386
Compliance	387
Human Resources Challenges for 2026	388
Information Technology Office	389
Cybersecurity	390
Steering Committees	391
Information Technology Goals for 2026	393
Projects for Information Technology	393
Clerical Pool	394
Charge Back Calculation to Other Departments.....	395
Engineering Department	397
Engineering Permits.....	400
Street Improvements 2026-2027+.....	400
Storm Water Engineering	402
Motor Equipment (Motor Pool) Operation	403
Motorized Equipment Purchases	407
Chapter 6 – Frequently Asked Questions	409
Tax Equivalent of Electric and Gas Utility PILOT Payments	417
Chapter 7 – Personnel Review & Changes.....	419
Average AFSCME Employee.....	420

BOROUGH OF CHAMBERSBURG – Approved 2026 BUDGET

Average Clerical/Technical Employee	421
Average Supervisory/Administrative Employee	422
Average Police Uniformed Employee	423
Average Fire Department Uniformed Employee	424
Personnel Changes for 2026	425
Chapter 8 – Charts, Graphs, and Data	429
Summary Budget	431
Key General Fund Revenues (Excerpt)	433
Total Revenues, Deposits, Transfers by Fund	435
Revenue by Type	436
Total Operating Budget 2026	438
Legal Debt Limit	439
Debt By Type	440
Performance Measures	441
Demographic and Economic Statistics	442
Relative Size of Borough Departments	443
Relative Size of Utility Operations	444
Overlapping Taxes on Borough Property Owners	446
Capital Projects	447

This Page Intentionally Left Blank

Chapter 1 - Budget Message

Submitted herewith for your consideration is the Borough Manager's recommended 2026 budget. As is required by local law, I have prepared this document in a form that can be adopted by Town Council. The Approved 2026 operating budget is balanced; revenues and cash balances cover all necessary expenses.

This is my sixteenth budget as your Borough Manager, and while the current national economy has created significant challenges, the Borough of Chambersburg is doing quite well. We remain strong, resilient, and our fiscal status is very stable, with a bright future outlook. It remains an honor to prepare this document as a wide-ranging strategy for our community rather than just a financial plan. Our fiscal year and our budget year are 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 strategic 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 Annual Comprehensive Financial Report (ACFR) is published each spring. For many years, the Borough's audit has been award-winning. 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.

Chambersburg has the largest operating budget of any Borough in the Commonwealth of Pennsylvania. In 2023, the latest year with records, several municipalities failed to report their fiscal status to the State, and the impacts of the spending from the American Rescue Plan Act (ARPA) skewed the results for those that did. However in 2023, Chambersburg had the 10th largest budget of any municipality, and had the largest Borough budget statewide.

	<u>Municipality</u>	<u>Municipality Type</u>	<u>County Name</u>	<u>Population</u>	<u>Total Revenues</u>	<u>Total Expenditures</u> <u>(Includes ARPA)</u>
1	Philadelphia	City	Philadelphia	1,603,797	\$12,282,867,999	\$11,963,320,000
2	Pittsburgh	City	Allegheny	302,971	\$1,085,007,314	\$1,023,625,463
3	Reading	City	Berks	95,112	\$259,005,566	\$238,942,708
4	Allentown	City	Lehigh	125,845	\$255,165,419	\$237,835,623
5	Lancaster	City	Lancaster	58,039	\$207,852,620	\$206,973,491
6	Erie	City	Erie	94,831	\$192,478,240	\$186,595,090
7	Bethlehem	City	Northampton	56,009	\$186,326,718	\$171,304,575
8	Lower Merion	1st Class Township	Montgomery	63,633	\$114,986,866	\$113,692,826
9	Upper Darby	1st Class Township	Delaware	85,681	\$111,885,813	\$105,733,718
10	Chambersburg	Borough	Franklin	21,903	\$109,156,563	\$112,392,383
11	Scranton	City	Lackawanna	76,328	\$100,997,959	\$80,416,788
12	Cranberry	2nd Class Township	Butler	6,342	\$93,667,112	\$77,917,834

The City of Harrisburg did not report in 2023, but likely would fall around #10 in this table as well if it had filed its annual spending.

The temporary additional Borough spending evened out after the American Rescue Plan Act (ARPA) spending ended in 2023.

Obviously, Chambersburg's budget size is because of its utilities and additional employees. Chambersburg is considerably larger and more complex than Carlisle, Waynesboro, Shippensburg, or Gettysburg.

	<u>Municipality</u>	<u>Municipality Type</u>	<u>County Name</u>	<u>Population</u>	<u>Total Revenues</u>	<u>Total Expenditures</u> <u>(Includes ARPA)</u>
50	Carlisle Borough	Borough	Cumberland	20,118	\$39,343,951	\$32,735,682
157	Waynesboro Borough	Borough	Franklin	10,951	\$17,313,280	\$16,772,954
305	Gettysburg Borough	Borough	Adams	7,106	\$9,413,932	\$9,438,426
358	Shippensburg Borough	Borough	Cumberland	4,315	\$8,168,095	\$6,572,141
645	Greencastle Borough	Borough	Franklin	4,251	\$3,541,698	\$3,388,909

For example, Chambersburg's budget is 1,059.5% larger than Gettysburg Borough, which ranks #305.

Chambersburg Borough has the most complex budget in Pennsylvania. We are unlike every other town, including big cities. Separated from the other operations of the Borough, our utility financial transactions are in over a dozen separate funds (accounts). Our unique size is due to our expansive utility operations (unmatched in Pennsylvania) and because of our complex utility support operations (internal service funds). To account properly for expenses, we use cost-based accounting. Like a law firm or medical practice, many employees bill their time and equipment to the various functions upon which they are working. This includes money spent between the separate funds; many transactions are to cover expenses, back and forth between accounts, and thousands of internal transactions. This concept makes Chambersburg a unique government organization, especially in the Commonwealth.

Chambersburg is one of 35 Boroughs in Pennsylvania to operate a non-profit public power 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 operate a non-profit public natural gas utility. The other is Philadelphia, which does not operate an electric utility. Chambersburg is one of around 2,000 communities to have its own electric system and one of 1,000 communities to run a natural gas system, but one of only about 100 in the U.S. to operate both systems, out of 89,000 local government units. In addition, 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 oversight directly. Further, Chambersburg operates a sanitation utility, a traffic utility, an aquatic center, and a storm sewer utility. The Storm Sewer Utility was one of the first such storm sewer utilities to form under the federal mandate to regulate stormwater through the Municipal Separate Storm Sewer System (MS4) program.

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

Residents inside the Borough who have both Chambersburg electric and gas service can save as much as \$2,000 per year when compared to similar residential customers outside the Borough.

The key to Chambersburg's low cost-of-living is we keep every home and business with very low-cost utilities; which in turn permits them to pay for additional expenses, including taxes for police, fire, and EMS. We call this, "the secret sauce," and no other town in Pennsylvania can accomplish this goal.

No real estate tax increase in 2026 – very few utility-rate increases

In summary, 2026 is going to be another year for the Borough of Chambersburg without a real estate tax increase. In most years, the Borough does not adopt an increase in taxes. When it happens, it is almost exclusively as a result of Police and Fire expenses increasing; or, as a result of a multi-generational community benefit project. We have a number of extremely important projects in-the-works. In addition, there are some very significant challenges in the 2026 budget including a new non-bargaining compensation plan to fairly pay our administrative, management, technical, and professional employees, and the continuing construction of the new Public Works Campus. Inflation was very hard to budget for this year and we plan to spend down some of our capital reserves for very needed capital purchases including in the utilities, at the Recreation Department, the Aquatic Center, in the warehouse, and the Limekiln Road bridge replacement project. This was likely the most challenging budget of my career.

This budget includes no increase in the Police Tax, no change in the Fire Tax (and none is permitted under State law), no increase in the three bond taxes (the Recreation Bond, the Police Station Bond, and the Public Works Campus Bond), and very few increases in utility rates. However, one can easily see that there are a number of impending issues on the horizon. We can estimate now where the Borough of Chambersburg finances will be in 2027, and I would not predict that this year, without many increases in taxes and rates is a long-term strategy for funding, especially with critical and

challenging funding issues remaining for the Police Department, the Fire Department, and with respect to EMS (emergency medical services).

The 2026 budget does include an increase in the ready-to-serve Ambulance Fee from \$11 per month per water service connection to \$12.50 per month per water service connection. The “ready-to-serve” ambulance fee program is a mandatory monthly charge on utility bills for Chambersburg residents to fund the borough's emergency medical services. The program was created to address the growing financial crisis faced by ambulance services due to unpaid fees from patients on Medicare and Medicaid.

A fixed fee is added to the utility invoices of all water customers in the Borough, similar to the surcharge on phone bills to fund each county E-911 center. As of 2026, the fee will be \$12.50 per month. The revenue generated helps cover the costs of staffing and maintaining a “ready-to-serve” ambulance service, ensuring ambulances are available for both emergency and non-emergency calls. It is a separate and distinct program from the voluntary Ambulance Club membership. The fee is a required utility charge, while the Ambulance Club is an optional subscription that covers some costs for residents who need to use the service. The Borough’s ambulance service faces a significant funding crisis due to federal regulations that required ambulance companies to write-off over a million dollars in invoices for patients covered by Medicare and Medicaid. This issue, combined with declining volunteerism, leads to financial instability that threatened the continued operation of the ambulance service. The “ready to serve” fee provides a stable, recurring funding source.

We are very disappointed that the Federal money earmarked for the Southgate Redevelopment neighborhood infrastructure project was held up under administrative review for the entire 2025 fiscal year. Meanwhile, the neighborhood has begun to show progress with the opening of the Keystone Rural Health community medical facility at Southgate. Also, this budget marks the final steps for a new Public Works Campus off Wayne Avenue, where construction began in 2025 and ends by the end of 2026. Replacing the over-Century-old, outdated, and too-small Borough Garage on Loudon Street will happen by the beginning of 2027.

Chambersburg utilities remain the most important assets in the community. The number of Water, Wastewater, Electric, Natural Gas, Storm Sewer, and Highway projects scheduled for 2026 is almost unbelievable. There are so many projects scheduled, we will be very busy keeping things on track and organized. Of course, this will result in spending-down accumulated cash reserves, but that is the point of much of these accounts, to fund important and critical infrastructure projects throughout the Borough. Ensuring exceptionally low rates with outstanding reliability, with minor and occasional rate increases, remains our number one priority. Chambersburg utilities have some of the lowest rates in Pennsylvania. For example, our retail electric rates are 42% below neighboring utilities, 49% below state-wide electric rates, and our retail natural gas delivery rate is 46% below neighboring utilities.

While we acknowledge the lack of a tax increase may sound desirable, Chambersburg is growing and our community is challenged to adapt and change. We have economic development growth and public infrastructure projects in abundance. We invest in outstanding public safety and emergency services including fire, EMS, and police, which is not supported by the townships. This is all accomplished by significant public investment.

Chambersburg has a long-term issue funding police, fire, and EMS services on such a small geographic tax base and with some very impactful willful disregard of these challenges. Our neighbors have chosen a completely different system of public safety than the Borough. Instead, relying on free Pennsylvania State Police services and depleted volunteer firefighting to avoid the costs associated with public safety. Public safety and emergency services is our biggest investment.

Our plans have always been to keep the utility rates so low and inexpensive that homes and businesses can afford to pay taxes to support police, fire and EMS services. It seemed like a fair trade. However, we did not anticipate that the Commonwealth of Pennsylvania and Franklin County would step in to

inadvertently block our funding system. Chambersburg Town Council has done their part to keep the utility rates so low. However, the Commonwealth of Pennsylvania is keeping in place a cap on the Police Tax and Fire Tax (even though other towns have seen their cap lifted) and Franklin County has placed an artificial cap on the value of the Police Tax and Fire Tax by refusing to update the County tax rolls.

Together, as a result, the Borough cannot keep funding Police, Fire, and EMS services in exchange for low utility rates after 2026. The future is very uncertain. We do not think the State and the County understand our unique funding solution, but regardless, they have kept their caps in place on Borough taxes; spoiling our plans.

The 2026 budget is the last year that the Borough of Chambersburg can keep this funding solution in place without something having to change. By 2027, the Town Council may need to make some difficult decisions to keep adequate funding for Police, Fire, and EMS services. While the 2026 budget has no tax increase and few utility-rate increases, it does establish a forewarning for 2027.

Our outstanding utility rates do more than help taxpayers pay for police, fire, and EMS. Chambersburg Borough government and our utilities are the catalyst for macro-economic expansion throughout Franklin County. More than the County Seat, Chambersburg drives costs for healthcare, banking, County-government, and the regional school district. By providing outstanding services and utilities to other institutions, Chambersburg is helping their bottom-line. We help other local entities afford their employees, their growth, controlling their expenses, and helping the greater Chambersburg area's regional economy, by positively influencing so much economic activity.

Ask yourself why a business, a school district, or any entity, would purposely move a facility outside of the Borough of Chambersburg, and give up low utility rates and outstanding public safety services. Why move a facility to the township or another county, increase utility costs by half, and eliminate protection from professional police, fire, and EMS services?

Chambersburg real estate taxes remain earmarked only for police and fire operations. Real estate taxes are not the source of funding for any other department or employee. In fact, the three bond taxes now levied in this budget are not changing in 2026:

- The Recreation Bond Tax, a bond to pay off the 2016 Recreation Bond (bonds refinanced in 2021), a bond to pay for the construction (but not operation) of the Aquatic Center, renovations to all Borough playgrounds in 2018, and all Borough tennis courts in 2018;
- The Police Station Bond Tax, a bond to pay off the 2022 Police Station Bond(s), for the renovation and expansion of the Borough Police Station on S. Second Street, but no police operations; and
- The Public Works Campus Bond Tax, a bond to pay for the 2025-2026 construction of about 24% of the cost of the new Public Works Campus. A second bond is scheduled for sale in January 2026 to complete this construction project financing. The balance of funding comes from the utilities.

These three bond taxes are similar to mortgages. Therefore, one can reliably say, “No real estate tax will pay for any “operation” of the Borough of Chambersburg other than police and fire.” It is important to acknowledge that real estate taxes are not used in support of most departments’ operations or employees; not parks or street maintenance or the Borough administration, are paid by using real estate taxes. The only use of these taxes are police and fire, and to pay off the Recreation Bond, the Police Station Bond(s), and the Public Works Campus Bond. This has always been our financial plan for the Borough’s use of taxes. These three mortgages pay for no operations, no employees, no operating expenses.

Further, Chambersburg receives no sales taxes, no liquor taxes, no business taxes, nor hotel taxes. These types of taxes 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 Commonwealth 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.

Municipal Tax Options are Limited to Rules and Rates From 1965

In addition to the need to update the county tax rolls from 1961, overall, the State's outdated tax system is full of poor regulations and State mandates, which puts every municipality at risk of financial distress.

In October 2022, the Pennsylvania Municipal League and Pennsylvania Economy League released a new study that demonstrated how the current local taxation structure, developed in 1965, does not meet today's municipal revenue needs. Called, "It's Not 1965 Any More – State Tax Laws Fail to Meet Municipal Revenue Needs", the publication is in response to the League's Strategic Plan that called for an updated report on Pennsylvania's local taxation structure. Pennsylvania's municipal tax authorizations have failed to keep pace with modern realities, and municipalities need more flexible revenue options just to keep the lights on.

According to these experts, "Much has changed in the landscape of local government since 1965 – population shifts, aging housing stock in older core communities, increased cost of municipal services, and increases in tax-exempt properties receiving services. Currently, new tools are only available to communities that have become fiscally distressed. Municipalities need access to these proven tools before fiscal distress sets in. Tools should be optional to allow each community to decide the best mix based on the make-up of the community such as: increased Local Services Tax, flexibility to increase the Earned Income Tax, Payroll Tax, county or regional Sales Tax, Drink Tax, or a regular reassessment..." process.

Chambersburg is a member of the Pennsylvania Municipal League.

<https://www.pml.org/wp-content/uploads/2023/01/PEL-2022-PML-Report-1-9-23.pdf>

This budget reflects the limitations of the 1965 funding system, as well as the extremely poor planning by Franklin County, the last county of the 67 counties in Pennsylvania to update their assessment values. The continued dereliction of this requirement as defined by State law has a direct impact on poor tax collection, and an over-burden on older property owners as a result of waiting too long. Only our County leadership can address this shortcoming. If you think it is good that they avoid this issue, you are missing the fact that the State caps in concert with 1961 assessment rates, deprives your community of Police Tax and Fire Tax; as well as the County themselves funding things like the County Jail and social services.

Chambersburg does receive income beyond the property tax. Ancillary miscellaneous tax revenue available to the Borough of Chambersburg amounts to: a wage tax set to a State mandated maximum rate; a local services tax (worker tax), which is set to a State mandated maximum rate; and a deed transfer tax (for real estate transactions), which is also set to a State mandated maximum rate. These so-called Act 511 taxes are important, but cannot be adjusted year-to-year based on need or economic realities. Therefore, they are routine, appreciated, but set by the State with no local control.

Each year, the payment and receipt of tax revenues grows slightly as the value of Chambersburg real estate grows slightly. We have a mixed record for our wage tax and our worker tax. It seems that both employment in the Borough, as well as Borough residents' income, is on the rise. We are anticipating a slight shift in the yields from transfer of property, which are sometimes better in a given year.

The Borough of Chambersburg is strong and resilient; we have a great system, using our utilities to bring wealth and value to homes and businesses. All indication is this success will continue. No other town can control their economy like Chambersburg. However, the Commonwealth of Pennsylvania and Franklin County have stepped in to inadvertently block our funding system. The future is therefore uncertain.

Chambersburg Non-Partisan Professional Management is Apolitical

Finally, 2025 is a year with a municipal election. It is important to point out that the professional staff of the Borough avoids political issues as much as possible. We serve the Council that the electorate selects. Council sets the policy priorities and we help make those priorities a reality. Any accusation that our service is somehow political is false. We are proud servant-leaders and this budget does not make policy choices, but rather financial choices for the community based on Council directions. Further, Council is welcome to articulate now, or mid-year, if their priorities evolve.

We anticipate new ideas, new direction, and perhaps some new energy in January 2026, when the newly elected and re-elected members of Council take their seats.

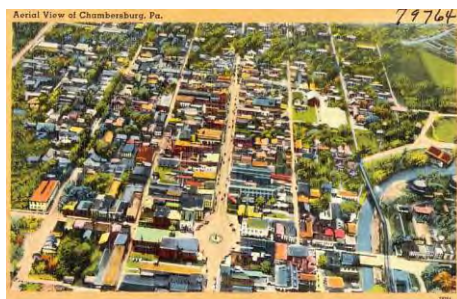
We hope to inform new arrivals of our long-term fiscal planning and well-developed projects within this budget, which reflect years of discussion and strategy. While this budget is adopted by the 2025 Council, we hope the entire community is well aware of these projects and these spending priorities. Projects and priorities must continue in good-years and bad-years. We must continue our work on building a better community for the future.

The Borough Manager and members of staff leadership abide by the International City/County Management Association (ICMA) Code of Ethics. This ethical framework has guided our non-partisan professional management of the municipality for decades, leading back to the first Borough Manager, Julio Lecuona, and to the third manager in Borough-history, Jeffrey Stonehill.

The ICMA Code of Ethics is a set of 12 tenets for local government management professionals, establishing principles of integrity, service, and democratic governance. It emphasizes dedication to serving all people, upholding democratic processes, and maintaining public trust through political neutrality and personal integrity. Members agree to abide by these tenets as a condition of membership, with enforcement procedures in place for allegations of unethical conduct.

Elected officials operate in a political environment and must run for office, but professional managers must remain apolitical to serve the entire community fairly. The ICMA code has strict rules to prevent professional managers from using their public office for private or personal benefit. A fundamental concept in the council-manager form of government is the delineation of authority between the elected and appointed roles. For many elected officials, particularly those new to the council-manager form of government, the professional manager's role can seem counterintuitive. I am proud to be a leader among my peers and one of only 1,300 city managers nationwide, who are a Credentialed City Manager (ICMA-CM). This is the highest attainment for a city manager in our field.

Read the full Code of Ethics and interpretive guidelines: <https://icma.org/page/icma-code-ethics>



Aerial Postcard of Downtown Chambersburg - 1941

Real Estate Tax Unchanged

From time-to-time the Borough of Chambersburg has adjusted real estate taxes. This budget contemplates no adjustment for 2026:

- 1- The Chambersburg Police Tax will remain at 27-mil for the second fiscal year.
- 2- The Chambersburg Fire Tax cannot be increased as it is at a State-mandated maximum rate.
- 3- The Recreation Bond Tax will not change.
- 4- The Police Station Bond Tax will not change.
- 5- The Public Works Campus Bond Tax will not change.

Borough Real Estate Tax Increases (Historical)		Increases
2007	19 years ago	No
2008	18 years ago	No
2009	17 years ago	No
2010	16 years ago	No
2011	15 years ago	No
2012	14 years ago	No
2013	13 years ago	No
2014	12 years ago	Yes
2015	11 years ago	No
2016	10 years ago	Yes
2017	9 years ago	No
2018	8 years ago	Yes
2019	7 years ago	No
2020	6 years ago	No (slight decrease)
2021	5 years ago	No
2022	4 years ago	Yes
2023	3 years ago	Yes
2024	2 years ago	No
2025	Last year's budget	Yes
2026	This year's budget	No

Why do Borough taxes go up every year? They don't. They did not go up in 14 of the last 20 years.

In most years, Chambersburg has not raised the real estate tax rate. Other entities often raise taxes that impact our taxpayers. Entities such as Franklin County or the Chambersburg Area School District can raise taxes and that sometimes leads to confusion. When the Borough raises the real estate tax rate, it is generally to fund police and fire services. In 2018, a tax was approved to pay off the 2016 Recreation Bond. In 2022, a tax was approved to pay off the 2022 Police Station Bond(s). In 2025, a tax was approved to pay off the Public Works Campus project. All these taxes are unchanged in 2026.

There is no real estate tax increase planned for 2026. There is no Act 511 tax increase and none is permitted under State law. We realize that in an age of social media, "A lie can travel halfway around the world, before the truth has put on its shoes," but each taxpayer needs to remain skeptical about misinformation that can be easily checked in documents such as this budget.

Recall, Chambersburg is unique in our commitment to professional public safety and emergency services. That alone is a big difference between Chambersburg and other towns. That and the ability to control utility rates for the benefit of all, and positively influence the local economy.

This budget recommends no change in the Police Tax (27-mil), no change in the Fire Tax (3-mil) and none is permitted, no change in the Recreation Bond Tax (2.5-mil), Police Station Bond Tax (2-mil), or the Public Works Campus Bond Tax (1-mil).

Ambulance Fee – A Surcharge on Water Invoices

In 2020, Town Council repealed the Ambulance Tax. This was in conjunction with the establishment of a new ready-to-serve mandatory Ambulance Fee on all water utility invoices (because water fees are attributed to the property owner or owner's designee). A Police or Fire subscription fee is specifically prohibited. However, emergency medical services are different. This year there will be a slight increase to the monthly Ambulance Fee which appears on utility bills. The surcharge, unlike a real estate tax, is broad-based. All water customers of the Borough will continue to pay this flat fee regardless of tax-exempt status.

The Ambulance Fee will be recommended to go from \$11.00 per month per water service connection to \$12.50 per month per water service connection per residential or commercial unit. This fee supports the EMS service, but it is clearly not a tax because tax-exempt property owners pay it on their monthly water bills.

With no other options available to Town Council beyond property tax increases, and with 23% of the town's assessed property value being exempt from paying the Police and Fire real estate tax, owners of taxable properties must bear the full burden of paying for public safety services. Proportionately, this burden falls most heavily on those least able to afford paying for the services: the elderly and those on fixed incomes who own real estate. Whereas, 100% of water customers 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. However, that is not a possibility under State law.

Continuing Use of Dedicated Bond Taxes for Debt Financed Projects

The 2016 Recreation Bond paid for capital investment in a number of Recreation Department facilities including new playgrounds, tennis courts, a new roof and windows on the Recreation Center, and a new state-of-the-art Aquatic Center. To fund the bond, which is a form of debt like a mortgage, Council at the time imposed a special Recreation Bond Tax on all property owners who are not exempt from real estate taxes. The resulting assets built from the bond were added as community-owned assets to the Borough's balance sheet.

This use of debt to build asset value for the community is a corporate way of funding improvements. Further, dedicating a tax to pay it off is not dissimilar to when a homeowner takes out a mortgage. In 2022, the Borough refinanced this debt to a lower interest rate. As a result, the annual debt payments dropped and a small tax decrease was possible for the Recreation Bond Tax.

In 2021, Town Council approved a new bond (actually two companion bonds) associated with the renovation of the Borough's 1971/1972 Police Station on S. Second Street. This new debt was used exclusively for that project, for the replacement of the roof on the old part of City Hall (the 1930s addition) and the roof/historic clock tower on the original part of City Hall (the Market House). Further, a new dedicated tax was established by the 2022 budget to pay off that bond. Construction of the renovated and expanded Police Station (as well as the clock tower renovation) was completed and the Police Department returned home in 2023. The ribbon cutting event was on September 20, 2023.

In 2025, Town Council approved a new bond (actually the first of two bonds) associated with the construction of the Public Works Campus. This transformational project for the neighborhood is now well underway. The Chambersburg Public Works Department purchased the old abandoned cold storage building on S. Fourth Street, the Wagner Supply Depot next door, and several homes on Wayne Avenue. These derelict and blighted structures were demolished in 2023. Most recall the house with the endless yard sale. The land was incorporated into the new site of the Borough's future public works facility. The Federal ARPA grant provided sufficient funding to secure some of the building, plan for and help pay some of the demolition and the clearing of the site.



Former Buildings Demolished

Ground was broken on this important facility in early 2025. The new facility, a Public Works Campus, will be home to the Highway Department, Engineering Department, Sanitation Department, Motor Equipment maintenance, and the water and wastewater maintenance crew. It's well needed, as the previous public works facility was built in 1921, over 100 years ago.

In addition to Federal grant money, which was designated from the American Rescue Plan Act (ARPA) for this project, Council has approved using the Borough utilities through their motor equipment rentals, and the Borough taxpayers together will fund this community revitalization development to modernize Borough operations and relocate disparate departments into one modern energy-efficient facility for generations to come.

As of now, the current cost to the average single-family homeowner in Chambersburg is \$18 per year in real estate taxes or about the cost of one large pizza.



This project, just like the previous Recreation Capital Improvements Project and the Police Station Renovation and Expansion Project, will be funded in-part by a dedicated real estate tax. Unlike those other projects, the dedicated real estate tax will not pay all of the cost of the debt. In fact, the tax levied is calculated to only cover approximately 24% of the annual cost of the debt. This is because 76% of the cost of the Public Works Campus project is being funded by the various Borough utility operations. Only that portion of the cost attributable to General Fund or governmental operations (i.e., police, fire, EMS, highway, recreation, community development, etc.) is being paid for by the dedicated real estate tax. The balance is being paid for by interfund transfers from the various utilities.

In total, the Borough budget assigns 5½-mil of real estate taxes for these three bonds.

<u>Police Station Bond Tax</u>		<u>Recreation Bond Tax</u>		<u>Public Works Campus Bond Tax</u>	
2022	1.0 mil	2022	3.0 mil	2022	-
2023	2.0 mil	2023	2.5 mil	2023	-
2024	2.0 mil	2024	2.5 mil	2024	-
2025	2.0 mil	2025	2.5 mil	2025	1.0 mil
2026	2.0 mil	2026	2.5 mil	2026	1.0 mil

Labor Unions & Wage Changes

For 2026, Town Council has previously executed labor agreements with only two of the three labor unions. This results in a guess of what the true labor costs might be in 2026.

Town Council entered into a Memorandum of Understanding to adopt a new Collective Bargaining Agreement with the International Association of Fire Fighters (IAFF) Local #1813 in 2022. This labor pact, retroactive to the beginning of 2022, saw unionized employees get wage increases for 2022, 2023, 2024, and 2025. In 2024, the actual labor contract was finally executed. In 2025, contract negotiations for 2026 began. As of today, there is no agreement with this union for wages, benefits, and work conditions for 2026 and beyond. As a result, the Borough will honor the previous collective bargaining agreement. However, knowing that it remains a probability that a wage increase will either be agreed upon or imposed upon the Borough through the Act 111 Interest Arbitration process, the 2026 budget includes sufficient resources to give unionized firefighters a 2.5% cost-of-living-adjustment (COLA), which will be withheld until a contract is established.

At the beginning of 2023, Town Council reached a wide-ranging new labor agreement covering those employees represented by the American Federation of State, County, and Municipal Employees Local #246 (AFSCME). To mitigate the impact of inflation on these employees, they agreed to a significant wage hike in 2023, followed by much smaller increases in 2024, 2025, 2026, and 2027. Negotiations will begin early for this labor pact as the Town Council has shown a desire to adjust pay ranges through a new compensation system, just as was recently approved for non-bargaining employees. To accomplish the implementation of a new pay plan, the union and Council must agree on implementation.

A simple contract extension with the Chambersburg Police Officers' Association or CPOA was reached at the end of 2022. The Police union requested rather simple modifications to their existing labor agreement, which Council supported. The Police union contract and AFSCME union contract both last through 2027.

In October 13, 2025, Council approved establishing a new Non-Bargaining Compensation Plan beginning with the first full pay of 2026. The Borough Manager and Human Resources Department had previously presented Council with a review of the new proposed Compensation Plan and associated Classification Plan, originally reviewed in Executive Session back in March 2025, updated to Council Leadership with an in-depth review on September 11th, and discussed in Executive Session on September 29th. At this time, the new Pay Plan is approved for implementation for non-bargaining employees only, effective with the first full pay of 2026. As a result of the implementation of the new plan, the average wage change across all non-bargaining employees will be approximately 4.6%. However, the new Classification Plan changes individual position pay ranges, having a more uneven impact on employee compensation.

The Borough Manager's proposed 2026 budget includes:

- An estimated cost-of-living-adjustment (COLA) of 2.5% for employees represented by the International Association of Fire Fighters (IAFF) Local #1813;
- A contractually required cost-of-living-adjustment (COLA) of 2.5% for employees represented by the American Federation of State, County, and Municipal Employees Local #246 (AFSCME);
- Electric Utility Line Workers will also receive an additional \$1.00/hr.;
- A contractually required cost-of-living-adjustment (COLA) of 3% for employees represented by the Police union (the Chambersburg Police Officers' Association or CPOA); and
- Implementation of the new Non-Bargaining Compensation Plan for non-bargaining employees (administrative, management, professional, technical, and clerical employees) with an average wage increase of 4.6%, but with individual results varying based upon the new grade and step system being implemented.

While this budget document does not include individual wages/benefits for specific employees, position averages are in the appendix.

Utility Finances

In 2026, the utility departments will be undertaking record investment in infrastructure and are planning a significant draw-down on available cash reserves as a result.

Chambersburg has the lowest composite utility rates in the Commonwealth of Pennsylvania, and that is not going to change in 2026. The uniqueness and importance of our municipal utilities are profound. Not only are they uncommon, such as no other town in Pennsylvania provides municipal electric and natural gas to customers, but the rates are so significantly less than other utilities, and the assets are so important to the local economy and individual wealth of our citizens and businesses, that it is hard to emphasize.

The average Borough electric and natural gas customer saves around \$2,000 per year compared to customers outside the Borough. Some customers save much more than that amount. In 2026, there are very few increases planned. The ones that are planned are significantly less than those planned by any of the outside-the-borough for-profit or municipal providers.

Even with substantial increases in operating expenses, such as diesel fuel, natural gas, chemicals, equipment, supplies, wholesale power costs, and increased cost of paving and ditch repair, the Chambersburg utility departments match amazingly well against all our local, regional, and state-wide neighboring utilities. Meanwhile, this savings makes all Borough residents and businesses more successful.

The only increases planned for 2026 are the next increase in a series of small increases in the retail electric rate; and, a small increase in a series of small increases in the retail water rate.

Chambersburg Electric rates are currently 42% less than all-in (power plus delivery) rates paid by customers outside the Borough and 49% less than all-in rates paid by customers throughout Pennsylvania. Most electric utilities are planning on a 2% to 6% increase in energy costs plus unpublished increases in delivery charges, supply charges, and fees for their customers throughout Pennsylvania in 2026. The Borough's planned increase is 5% in total, and then only in the fall of 2026 (1/3 of the year).

When other utilities advertise a price-to-compare (PTC) they are talking about energy only. In addition to that cost, non-borough customers pay delivery charges, supply charges, and fees sometimes to separate providers, which Borough customers pay in their one rate. Chambersburg electric and natural gas customers are exempt from Public Utility Commission rates, fees, and policies; and, the endless bait-and-switch of for-profit electric utilities who advertise one rate and mislead customers about other fees.

Chambersburg water rates remain some of the lowest in the region even with the 3¢ per unit increase Approved in this budget. In fact, compared to some other nearby water providers, Borough water rates are 32% less.

In 2026, there are no rate increases planned for Natural Gas, Wastewater, Storm Sewer, or Sanitation. There are few outside-the-borough utilities who do not anticipate rate increases. For example, natural gas customers outside-the-borough currently pay approximately 46% more than in-borough customers for delivery charges. Many private sanitation haulers are shrinking services, adding surcharges for recycling, and raising rates. The savings to Borough homes and businesses is the goal of these programs.

Our goal is not to never increase utility rates. Our goal is to be the lowest utility rates in Franklin County and often the lowest or one of the lowest in Pennsylvania. We meet that goal every fiscal year. We hold the utility rates to that standard and succeed. We have lower rates, often by hundreds of dollars, for electric, natural gas, water, wastewater, sanitation compared to every other utility in our region or state.

Electric Utility

The Chambersburg Electric Utility has invested in local generation in recent years in a considerable way. This includes the completion of the Chambersburg Solar Center in Hamilton Township, an extension of the Landfill Gas to Energy facility contract at the Blue Ridge Landfill, and extensive maintenance and upgrade projects at the Falling Spring Generation Station, and upcoming improvements planned for the Orchard Park Generation Station. These assets and facilities allow Chambersburg to control the cost of electricity by strategically shifting our needs back and forth between our own facilities and the outside regional electric grid operated by PJM. PJM is a regional transmission organization (RTO) that coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia. PJM is generally described as “the grid.” Recently, PJM has been in the news as Governor Shapiro has picked a fight with their prices and fees. Luckily, it was for this exact reason that Chambersburg began investing in local generation decades ago.

For example, in 2023 the Borough-owned Falling Spring Generation Station, on Grant Street in downtown Chambersburg, shifted from being a PJM Network Resource, a facility dispatched to support the needs of the grid, to being a “behind-the-meter local resource.” That is a generation facility that the Borough can strategically turn on to lower the cost of electricity during peak pricing for the purchase of wholesale power. This is a much more challenging operation, but it has helped mitigate the rising cost of electricity. Despite all of these advanced strategies and controls, the cost of wholesale electricity and PJM fees keep rising.

West Penn Power had a 6.2% increase in all fees approved in November 2024, effective in January 2025. Additionally, the energy-only rate for residential customers increased by a separate 5.2% on June 1, 2025, resulting in an average total bill impact of approximately 10% for default service customers within the last year. Meanwhile, Chambersburg Borough Electric did one increase of only 3.1% in September of 2025. West Penn Power has asked for a 10.6% increase in all fees for 2026.

In 2023, Town Council approved a plan as a result of a rate analysis study which concluded that only by increasing electric rates sufficient enough, would the Borough keep the operation solvent and funded. That study concluded that beginning in 2023, a recommended and immediate overall 11.3% rate increase for all electric customers would be paired by smaller increases in 2024, 2025, 2026, and 2027 – only what was necessary. So far, Town Council has stuck to that plan. As a result, the 2026 budget includes an additional rate increase of 5% in 2026, but not until September 2026. Chambersburg electric is planning for an increase of 5%, which represents 50% of the West Penn Power rate increase that they will do in 2026 or 10%; and their rates are already 42% higher. It is hard to imagine how much less Borough electric costs compared to those serving in the townships and how this benefits Borough homes and businesses. For the average single-family home, this increase would result in a total electric bill of \$128.70 per month.

This 2026 budget contemplates the rate change for September 2026 (for about 1/3 of the year) as proposed by the 2023 rate study. As of now, this budget is suggesting a 5% scheduled across-the-board rate increase. However, in addition, the Borough may be forced, through no fault of our own, to also adjust upward the Borough’s power supply factor (known as the Power Supply Adjustment or PSA) in June 2026 if PJM’s capacity markets continue their recent fee increases.

As you may not be aware, everyone is facing a substantial increase in wholesale electricity fees as a result of the PJM’s capacity auction. Every utility in the PJM footprint is likewise grappling with how best to educate and inform customers, and others, as we consider what steps to take for our own electric system.

The impact will be different for each utility depending on factors such as behind-the-meter generation, type of power purchase agreement, etc., but there will be an impact for all utilities as we move closer to the 2026/2027 delivery year. We cannot control PJM fees and our State is well-aware that the PJM fee structure is going to skyrocket power costs for every utility in Pennsylvania next year. PJM capacity fees

rose by 22% in the last auction, reaching a clearing price of (\$329.17/MW-Day) for the 2026/2027 delivery year, up from (\$269.92/MW-Day) in the previous auction.

Natural Gas Utility

Chambersburg Gas provides the lowest residential natural gas rates in Pennsylvania and that will not change in 2026. Borough customers are better protected than most others in the US as Natural Gas goes through a major push and tug in pricing based upon Federal energy policies, State energy policies, the War in Ukraine, and the desire of Natural Gas producers to export US Natural Gas overseas.

Gas rates are made up of a Distribution rate and a Gas Supply rate. The Distribution rate, which covers the cost of operation of the Borough gas system, will not change in 2026. The Gas Supply rate is a direct pass through of actual wholesale supply costs. It varies every month based on the actual cost of gas. The Borough Gas Utility utilizes a portfolio approach to gas purchases to decrease cost volatility, which has helped with residents' costs. Nevertheless, we are still not immune to the wholesale gas market.

In addition, the Natural Gas Utility has seen another year of significant customer growth as they drive new gas lines into previously underserved neighborhoods. It seems everyone is learning that natural gas is a safe, efficient, and low-cost energy source for homes and businesses. Also, you may have noticed the extensive digging up of old metal gas lines all over town (especially on Coldbrook Avenue and Philadelphia Avenue). These improvements are being mostly paid for by the Federal government.

The Natural Gas Utility will hold the Distribution rate at \$0.24 per unit (ccf) and no change to the \$10.00 monthly customer charge. The average monthly billing for an average single-family home remains approximately \$517 per year. A borough Natural Gas and Electric customer saves approximately \$2,000 per year when compared to similar customers in nearby townships even after these two increases.

Water Utility - Revised

Chambersburg has the lowest water rates in our area, and that is not going to change in 2026. Throughout 2025, due to operating expense increases such as diesel fuel, chemicals, equipment, supplies, power costs, and increased cost of paving and ditch repair, the Chambersburg Water Utility saw all our local, regional, and state-wide neighboring utilities have significant percentage increases. Meanwhile, Chambersburg did our best to hold on to our incredibly low-cost utility rates.

In 2026, the Water Utility needs a rate increase to keep pace with expenses. This will be the eighth increase in nine years, and the series of small increases will likely continue for several years as water infrastructure improvements are made throughout the system, including installing new water meters in the distribution network.

Water rates are made up of a use rate and a ready-to-serve charge. The Water Utility envisions a small increase in the water rate of 3¢ per unit proposed; and no change to the ready-to-serve (r-t-s) charge. This increase will cover infrastructure improvement costs, operational cost increases, and water meter costs.

The average single-family home customer uses 170 gallons of water per day. This usage equates to 70 “units” per month (1 “unit” = 74.8 gallons). The 2025 rate was \$0.27/unit; and a \$7.14 r-t-s charge. As a result, in 2025, the average single-family home saw monthly billing of \$26.04. The 2026 rate will be \$0.30/unit; and a \$7.14 r-t-s charge. We anticipate that the average monthly billing for a single-family home will rise from \$26.04 to \$28.14 per month in January 2026 (an increase of approximately \$2.10 per month).

The Chambersburg Water Utility still has some of the lowest rates in the region. This Approved increase will impact homeowners differently based upon several factors including weather and home attributes. In our neighboring water systems, their homeowners on average pay as much as \$64 per month or \$86 per month for the same quantity of water that the Borough will be charging families \$28 per month to use. This has a significant impact on the cost of living inside the Borough of Chambersburg.

Wastewater Utility

Chambersburg has one of the lowest sewer rates in our area, and that is not going to change in 2026. Throughout 2025, due to operating expense increases such as diesel fuel, chemicals, equipment, supplies, power costs, and increased cost of paving and ditch repair, the Chambersburg Wastewater Utility saw all our local, regional, and state-wide neighboring utilities have significant percentage increases in rates. Meanwhile, Chambersburg will have no increase for 2026.

Chambersburg has had only one sewer rate increase since 2013. The Wastewater Utility invoices based upon water use at the same location as the sewer (there are no sewer meters installed in most circumstances). The average residential customer uses 170 gallons of water per day. This usage equates to 70 “units” per month (1 “unit” = 74.8 gallons). The 2026 rate will remain at \$27.16 per month for the average single-family house, or \$0.388/unit.

The Chambersburg Wastewater Utility continues to have some of the lowest costs of any sewer utility in the area with no proposed rate increase. Some local sewer systems charge as much as 40% more than Chambersburg charges for sewer usage.

Furthermore, the Chambersburg Wastewater Utility processes sewage on behalf of neighboring utilities (Greene, Guilford, Hamilton, and part of Letterkenny), so while we keep our sewer rates low, having significantly lower “treatment” rates helps the townships charge their customers less for sewer. Another way that Chambersburg helps the township residents control their expenses.

Storm Sewer Utility

A utility that is growing in importance due to State and Federal regulations, and the prolificacy of local projects to improve flood control and water quality, the Storm Sewer Utility has now been in existence since 2014 and under its small but mighty team. The utility is poised to have its most impactful year in 2026. It has been accumulating resources through cash reserves and a 2024 bond sale to undertake a multitude of capital projects and it is hoped that many will happen in 2026.

None of these is less significant than the installation of all new below-ground infrastructure throughout the Southgate neighborhood. Often misunderstood, this project is not as a result of the purchase of the shopping center by the Chambersburg Area Municipal Authority using a Federal grant, but rather was a necessity regardless. If not but for the generous contribution of Federal US Army Corps of Engineers grant funding towards this project (as well as some side funding from the Department of Housing and Urban Development (HUD) and the Commonwealth of Pennsylvania) the Southgate neighborhood infrastructure improvements would have been undertaken at the expense of taxpayers.

Other important projects include fixing stormwater management on Industrial Drive, flooding on Wayne Avenue, S. Fourth and S. Fifth streets, stormwater management on N. Fourth Street along the Norfolk Southern Highline, and an upcoming project to address the retaining wall along the Conococheague Creek at S. Franklin Street.

Meanwhile, last year the Storm Sewer Utility completed a five-year process to implement a new rate structure, as originally contemplated by the 2014 study that necessitated the establishment of the utility. In 2022, the utility switched to a new methodology based upon impervious area per tax parcel to calculate the Storm Sewer Pollution Control Fee, which is charged monthly to every property owner.

In 2026, customers will have no change in their fees. Under the old system, only single-family residential customers were paying a fair fee. Now, every type of property pays their fair share based upon their relationship to the impervious area of an average single-family residential home. Continuing in 2026, the rate will be expressed in single-family home “equivalent residential units” or ERU.

The rate for the Storm Sewer Utility will continue using the ERU calculation at a rate of \$6 per ERU per month. Single-family residential properties pay one ERU. Commercial, industrial, and institutional

customers pay a fee based on impervious surface in ERU multiples per month. For example, if your commercial building is the equivalent of five single-family homes, your rate will be \$30 per month (\$6 x 5 ERU/equivalent single-family homes' worth of impervious surfaces).

Also, the discounts given to commercial, industrial, and institutional customers who qualify for discounts under the new ERU based system will continue. Information on how to qualify for discounts are distributed regularly. A residential discount of one month, one ERU, is available if customers attend an educational seminar on stormwater typically held in December each year. Finally, in 2026, the Borough will install an educational wrap on the Borough's street sweeper. These programs are all to comply with State and Federal rules for utilities like we have here in Chambersburg.

The Borough of Chambersburg continues to use these fees to maintain and improve our separate storm sewer system; a complex series of pipes, inlets, channels, and ponds that manages stormwater throughout the Borough of Chambersburg. The Borough storm sewer system is comprised of 3,229 inlets (3,076 inlets and 153 catch basins), 139 outfalls to Conococheague Creek and Falling Spring Creek, 211 subsurface detention areas, 107 detention basins, 83.49 miles of pipe, 57 rain gardens, and 32.05 miles of open channels.

The Borough of Chambersburg does not use an authority or intermunicipal board to run this utility. It is under the direct oversight of Town Council.

Sanitation Utility

Chambersburg has one of the lowest sanitation rates in our area, and that is not going to change in 2026. Throughout 2025, due to operating expense increases such as diesel fuel, recycling disposal, equipment, supplies, and vehicle costs the Chambersburg Sanitation Utility saw all our local, regional, and state-wide neighboring utilities have significant percentage increases. Meanwhile, Chambersburg saw a minor decrease in the cost of tipping trash at the landfill, which staved off a rate increase for a limited time.

Other trash collection providers have decided to eliminate services to control rate increases. Some companies are lowering the amount of trash collected for their base-fee, or the frequency of collection, or decided to charge extra for recycling, bulky item collection, or eliminated glass recycling. In Chambersburg, your monthly trash bill includes all the services and service levels as in the past. It includes services that are provided by the Sanitation Utility, including the twice-annual bulky drop-off days, the annual e-waste recycling day, daily street-sweeping, and the expansive single-source commingled recycling, including glass, which will not be eliminated. Recycling services cost the Borough extra money; they do not earn money. In fact, this type of recycling is neither required by law nor cost-efficient. However, Council has always supported this expensive premium service. We have a contractor who we pay to find a place to recycle our single-source commingled recycling. The contractor pays (not sells) for our recycling to go to a recycling center somewhere in the region. This service keeps the recycled material out of the landfill, which could take it from us at a much lower per ton rate.

The challenge for the future is to determine whether all these services are still valued by our customers or whether controlling the cost of collection and disposal is actually more important. The goal is to remain the lowest cost for solid waste and recycling services in the greater Chambersburg area.

The Sanitation Utility will keep the residential rate of \$32 per month; and, the commercial rate of \$17 per cubic yard. The Chambersburg Sanitation Utility still has some of the lowest rates in the region; this proposed freeze will keep pace with the commercial trash haulers who serve the townships.



Borough Personnel use toters for Commingled Single Stream Recycling

RATE COMPARISON

Vendor Name	Curbside Pickup Frequency	Resident Cost Comparison Refuse Pickup		Recycling Program	Yard Waste Program	Bulky Item Program	E-Waste Program	Comments
		Monthly	Quarterly					
Apple Valley	Weekly	\$59.98	\$179.94	Included	N/A	N/A	N/A	Recycling Pickup Biweekly
Parks	Weekly	\$59.98	\$179.94	Included	N/A	N/A	N/A	Recycling Pickup Biweekly
Waste Management	Weekly	\$45.24	\$135.72	Included	N/A	N/A	N/A	Recycling Pickup Biweekly
Worthys Disposal	Weekly	\$51.00	\$153.00	Included	N/A	N/A	N/A	
IESI	Weekly	\$47.33	\$142.00	Included	N/A	N/A	N/A	Recycling Pickup Biweekly
Borough of Chambersburg	Weekly	\$32.00	\$96.00	Included	\$18.00**	Included	Included*	

*limited number of items

**for 12 visits, primarily funded by the monthly sanitation fee

Total Residential Utility Rates 2026

Utility	Proposed 2026	Change	Proposed Date of Change
Electric	\$128.70 per month for avg. home Estimated	Approx. \$5.33 per month for 1/3 of the year. Please note there may be a separate PSA adjustment as a result of PJM Fees.	September 2026 June 2026
Water*	\$28.14 per month for avg. home	Approx. \$2.10 per month.	January 2026
Wastewater	\$27.16 per month for avg. home	No rate changes.	-
Natural Gas	\$517 per year for avg. home	No rate changes.	-
Sanitation	\$32.00 per month for home	No rate changes.	-
Storm Sewer	\$6 PER ERU 1 ERU per home	No rate changes.	-
TOTAL		\$7.43 more per month on average for additional utilities fees once fully implemented in September 2026.	

**All water service customers pay ready-to-serve Ambulance Fee, increasing from a \$11.00 per month to \$12.50 per month beginning in January 2026.*

The average single-family home in Chambersburg Borough with electric, gas, water, wastewater, etc., will see almost no monthly increase for utilities – a very small September 2026 electric change. Ratepayers in every other part of the State will see much more significant increases.

With adoption of this budget, Council consents to the utility fee changes proposed herein. Resolutions and ordinances will be presented for Council concurrence.

Taxing Limits Permitted

Types of Taxes Allowed for Boroughs under State law:

Real Estate taxes

Various limits on type, size and use – may be changed once per year

Police Tax	30-mil permitted	27-mil is levied in Chambersburg

This tax is called the General Levy but in Chambersburg it is earmarked for the Police Department.

Fire Tax	3-mil permitted	3-mil is levied in Chambersburg

Of the 3-mil permitted, the State requires no less than 2 mil be used for equipment and not firefighter wages or benefits.

EMS Tax	0.5-mil permitted	None in Chambersburg
Street Tax	5-mil permitted	None in Chambersburg
Street Tree Tax	0.1-mil permitted	None in Chambersburg
Utility Tax	8-mil permitted	None in Chambersburg
Firehouse Tax	2-mil permitted	None in Chambersburg
Lighting Tax	8-mil permitted	None in Chambersburg
Recreation Tax	Unlimited	None in Chambersburg
Debt Service Tax	Unlimited	5.5-mil is levied in Chambersburg

All real estate taxes generate the mil rate at the per mil value as set by the County assessment. If the County assessment were to move to 2025 values, citizen tax bills would not necessarily change, but the value per mil would increase significantly.

Act 54 of 2024

In late 2024, the State changed the law to allow certain municipalities to increase their Fire Tax and EMS Tax, but not Chambersburg. In Act 54 of 2024, there is a provision, which permits “Eligible Boroughs” to raise their Fire tax to 10-mil and their EMS tax to 5-mil. An eligible borough is defined as “Any borough that is located in a county of the second-class that is contiguous to a city of the first class.” This would be boroughs in Bucks, Delaware, and Montgomery counties only, as the legislation specifically applies to boroughs in counties contiguous to a first-class city, which is only Philadelphia.

Act 511 Taxes

Deed Transfer Tax	Set at maximum since 1987
Earned Income Tax	Set at maximum since 1965
Local Services Tax	Set at maximum since 2007
Mercantile/Privilege Tax	Prohibited if not adopted by 1988
Amusement Tax	Vending machine tax seen as nuisance in today’s environment

As a result of the proliferation of Games of Chance vending machines throughout the Borough, staff investigated ways to tax these activities. It was determined that Games of Chance vending machines are specifically exempt from any local Amusement Tax; and therefore, the imposition of such a tax still seems unnecessary.

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

This Page Intentionally Left Blank

What of the Police Tax in 2026?

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 2025, Town Council appointed a new Police Chief, Meredith Dominick; a highly qualified law enforcement professional. She has brought her own vision and standards to the organization. Also in 2025, Council supplemented the Police Department leadership by promoting a second Police Sergeant to Police Lieutenant and backfilling many of the supervisory and organizational needs in the Police Department staff.

It remains very expensive to operate a high performing police department, but unlike our neighbors who have chosen to rely on the free Pennsylvania State Police, the Chambersburg Police Department plays a much more proactive role in public safety within the corporate boundaries of the Borough.

Chambersburg remains an incredibly safe community with very low crime rates, despite perceptions otherwise. There is no doubt that 2025 has been a challenging year for the Police. Chambersburg Police Chief Dominick reported a multi-month “unprecedented” crime spree that involved 25 violent crimes, which her department successfully investigated and closed. Dominick stated that most of the perpetrators were non-residents, an issue she linked to the borough's transient nature. In October 2025, Dominick told Town Council that non-residents were responsible for most of the crime in the area. She noted that these individuals are often arrested as a result. With so many arrests, confidence in the police has grown.

Many township residents have no idea that they have no local police in their community despite these actors easily crossing municipal lines. 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 as the Chambersburg Police Department does in the Borough.

Town Council has confronted the funding and staffing at the Police Department head-on. First, this year, Council chose to raise the 2025 Police Tax and to expand the police force, which had not expanded in size in over a decade despite the fact that the community has become more increasingly complex. In addition to filling vacancies, the Police Department added three (3) additional police officers, a significant percentage increase.

Despite this move, the department is still down four (4) officers as others have chosen to retire. These four positions are all fully funded, and new hires are anticipated in time for the January 2026 Police Academy.

In this 2026 budget, the Police Department is funding another expansion as a result of needs. This budget contains sufficient funding to add a Corporal to the detectives' unit, known as the Criminal Investigation Division (CID). This will allow the detectives to stay on top of activities on social media and in the community. In return, a probationary police officer, beyond the four that are about to be hired, will be added later in the year in 2026. By the end of 2026, the Chambersburg Police Department will be larger than it has ever been before, with a total complement of 42 sworn officers (including the Chief and the two Lieutenants), an increase of 24% in the last few years.

The amount of funding to carry this full complement and to pay the rising cost of equipment, vehicles, training, technology, and reasonable wage increases is clearly far beyond the ability of the Borough of Chambersburg. With no tax increase planned for 2026, the Police Department will have barely sufficient funding to make it through the year. The future is hard to imagine with a State-imposed Police Tax cap of 30-mil and our County's choice to keep the value of each mil at 1961 levels.

It is envisioned that the Police Tax will hit its annual maximum in 2027 or 2028. At that point, just as with the Fire Department, it is hard to conceive of a manner to keep funding these critical public safety and emergency services.

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

Department. While the Police Tax rate grew in 2025, 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. In 2022, the separate Police Station Bond Tax was added. This special bond tax does not cover any of the cost of the operation of the Police Department. All of the money collected by the bond tax goes to pay for the annual debt payments for the renovation and expansion of the Borough Police Station, which reopened on S. Second Street in 2023. So while this bond tax is another tax to be paid by the taxpayers, it is not associated with any public safety services.

The Borough collects about 90% of funds needed from the 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. However, the State has imposed a cap on Police Tax Statewide and the value of each mil is controlled by Franklin County. Our County, Franklin County, has failed to update the County tax rolls, the fair and equitable distribution of real estate taxes, since 1962. This is by far the oldest and most out-of-date taxation system in Pennsylvania. The practical impact of this decision by the County is to reduce the money that 1-mil of real estate tax generates.

In Franklin County, where 1-mil equals so few dollars, the Police Department funding is at serious risk of being impacted not by a shortage of dollars, but by this odd and antiquated taxation system. The County Commissioners have shown no desire to fix the system. Furthermore, a study, commissioned by six area boroughs, showed that the County system is not just out-of-date, it is arbitrary and manipulated to appear accurate, when that is completely false. As a result, no one anywhere in Franklin County can have confidence that the amount they pay in property taxes is fair or equitable.

Regardless, with no fix on the horizon, the Borough of Chambersburg must hire more police officers. Further, to pay for those officers, the Borough must raise the Police Tax. The 2025 Budget included a change in the Police Tax from 25-mil to 27-mil; getting dangerously close to the statutory maximum of 30-mil. This budget includes no Police Tax increase, although that is a high stakes gamble. Overall, since December 2006, the Police Tax rate has risen from 17-mil to 27-mil. When averaged out over the twenty years, that is a growth rate of a little over 2.9% per year. In 2026, it is the Borough Manager's recommendation that the Borough not increase the Police Tax rate above 27-mil.

<u>Police Tax</u>	<u>Mil Rate</u>	<u>Change</u>	<u>% Change</u>	<u>Cumulative</u>	<u>By Years</u>
2006	17	-	-	-	-
2007	20	3	17.6%	17.6%	17.6%
2008	20	0	0.0%	17.6%	8.8%
2009	20	0	0.0%	17.6%	5.9%
2010	20	0	0.0%	17.6%	4.4%
2011	20	0	0.0%	17.6%	3.5%
2012	20	0	0.0%	17.6%	2.9%
2013	20	0	0.0%	17.6%	2.5%
2014	21	1	5.0%	23.5%	2.9%
2015	21	0	0.0%	23.5%	2.6%
2016	23	2	9.5%	35.3%	3.5%
2017	23	0	0.0%	35.3%	3.2%
2018	24	1	4.3%	41.2%	3.4%
2019	24	0	0.0%	41.2%	3.2%
2020	24	0	0.0%	41.2%	2.9%
2021	24	0	0.0%	41.2%	2.7%
2022	24	0	0.0%	41.2%	2.6%
2023	25	1	4.2%	47.1%	2.8%
2024	25	0	0.0%	47.1%	2.6%
2025	27	2	8.0%	58.8%	3.1%
Proposed 2026	27	0	0.0%	58.8%	2.9%

Over the last two decades the Police Tax has risen 58.8% or about 2.9% per year on average.

In most towns the Police Tax is called, the General Levy, but in Chambersburg it is all dedicated to the Police Department operating expenses so we call it the Police Tax.

In 2026, it is estimated that the Chambersburg Police Department will cost more than all the funding sources dedicated to keep it operating. The Police Department will cost \$658,968 more but will continue to function by drawing resources from other General Fund departments. This operating deficit includes shifting police pension subsidies from utility departments to help the Police Department as well as the estimated yield of 27-mil of Police Tax.

As you know, when the Police Department cannot cover its own expenses, it is permitted to draw resources from the balance of the General Fund, within which it is commingled, to make sure it continues to operate. This is not a sustainable long-term strategy.

Increasing costs for the Police Department include wages (both a cost-of-living increase and one more employee), associated benefits, pension contributions, health insurance, vehicle expenses (additional vehicle maintenance costs and additional vehicles), information technology expenses, and an increase in Police Liability insurance premiums. Together, the department's expenses grew \$510,548 or by 7.2%.

While a Police Tax increase maybe advisable, I am suggesting a delay until at least 2027. Ultimately, the 30-mil Police Tax cap and the decision of the County to purposely not raise the value of each mil, is going to lead to some tough choices in 2027 or soon beyond.

Police Department Budget	2024	2025	2026
Estimated Cost of Operations	\$6,243,476	\$7,127,180	\$7,637,728
Reimbursement from CASD for School Crossing Guards (estimated)	-\$26,700	-\$34,000	-\$32,800
Estimated Yield from Fines and Fees	-\$132,500	-\$185,000	-\$170,000
State Grant for Police Pension Costs (grant shifted from utilities)	-\$714,084	-\$803,100	-\$821,979
Subtotal	\$5,370,192	\$6,105,080	\$6,612,958
Tax Rate	25-mil	27-mil	27-mil
Estimated yield of Police Tax (excluding tax liens & donations)	\$5,374,006	\$5,862,199	\$5,953,990
Police Department Deficit	\$3,814	-\$242,881	-\$658,968

In general, if the Police Department runs a deficit as it is anticipated to do so in 2026, it is commingled with all the revenue and expenditures in the General Fund. The General Fund miscellaneous revenue must cover it as it does with all the General Fund departments including Fire, EMS, the Recreation Department, Land Use & Community Development, and general highway, which are all mixed together pursuant to the State recommended chart of accounts, but for now, those departments do not have the ability to raise much more revenue, or any revenue at all, whereas the Police have the Police Tax.

It is important to place the anticipated Police Tax deficit for the Police Department of \$658,968 into context. First, we will see how the 2025 fiscal year ends financially because that helps inform 2026. Second, since 2020, given controls on spending and a slight increase in tax yield, the Police Tax will likely generate enough revenue to pay for approximately 90% of the Police Department (when including other police related revenues such as the shift in pension subsidy) in 2026. As is pointed out in this budget, it will be impossible to avoid a Police Tax rate increase in the future. A deficit is not sustainable as it draws resources from other General Fund operations. Every dollar of undesignated revenue used to close the gap between these revenues and the Police Department budget is one less dollar that can be used for parks or recreation, highways or streets, or other General Fund functions such as economic development or new initiatives in community development.

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 2026?

The Borough once had no Fire Tax. The Borough once had all volunteer firefighters. Beginning in the 1970s, the Borough started hiring professional firefighters. By 2010, the most active volunteer fire company in the Borough, the Franklins of Station #4, began serving first due mainly in the townships. In 2014, a so-called neutral arbitrator imposed upon the Borough and the International Association of Fire Fighters (IAFF) Local #1813, a labor pact (the infamous “Kasher Decision”). Town Council was forced to add a Fire Tax. That tax started at 2.5-mil but was increased to 3-mil or the State maximum a few years later, and has remained unchanged. In exchange for this tax, and implementing the Kasher Decision, there was relative labor peace for the years following this move. In fact, twice since then labor negotiations have avoided going back to Act 111 Interest Arbitration, by avoiding impasses in negotiating new collective bargaining agreements.

In 2018, the Borough added a small ($\frac{1}{2}$ -mil) Ambulance Tax to supplement the existing Fire Tax; the maximum permitted by State law.

Unfortunately, in 2020 the Borough concluded that the Fire Tax, set at the maximum rate, was insufficient to pay for the cost of the Fire Department’s ambulance service. There is no legal way to raise it. The Fire Tax cannot exceed 3-mil and the now-repealed Ambulance Tax cannot exceed $\frac{1}{2}$ -mil under State law. In 2020, Town Council repealed the $\frac{1}{2}$ -mil Ambulance Tax in its entirety and adopted the Ambulance Fee surcharge on water invoices in its place.

Our County, Franklin County, has failed to update the County tax rolls, the fair and equitable distribution of real estate taxes, since 1962. This is by far the oldest and most out-of-date taxation system in Pennsylvania. The practical impact of this decision by the County is to reduce the money that 1-mil of real estate tax generates. Unfortunately, the caps imposed by the State on a borough’s ability to raise taxes is not expressed in dollars, but is expressed in mil. Therefore, as a result of having an out-of-date taxation system, the Borough of Chambersburg can only raise the total Fire Tax to a maximum of 3-mil as it has done in 2014. Henceforth, there is no practical way to raise the Fire Tax rate.

In 2025, in agreement with the IAFF, the Borough increased the number of paid firefighters to the highest level in the history of the Borough. As of today, there are 31 paid firefighters plus two Fire Chiefs (and one volunteer Fire Chief). The Borough agreed to carry 28 paid firefighters in the soon expiring collective bargaining agreement. There are seven probationary firefighters at the Fire Academy (making 31 total) and we anticipate one to three senior members of the department will retire in 2026 (making about 28 total). There is no doubt that 31 firefighters will add to the public safety in the community.

The amount of funding to carry this full complement and to pay the rising cost of equipment, vehicles, training, technology, and reasonable wage increases is clearly far beyond the ability of the Borough of Chambersburg. With no tax increase planned for 2026, the Fire Department will have barely sufficient funding to make it through the year. The future is hard to imagine with a State-imposed Fire Tax cap of 3-mil and our County’s choice to keep the value of each mil at 1961 levels. The 2026 budget raises the Ambulance Fee, a ready-to-serve fee on water service accounts, to its maximum level of \$12.50 per month per water service. So for now, raising that fee higher is also not feasible.

Finally, the Local Services Tax revenue (one of those Act 511 taxes) is set at State maximum, and all the revenue from Fire Department’s services, including Ambulance patient fees, is already dedicated to paying for the Fire Department and EMS operational costs. It may be right to say that, “the well has run dry.”

It is envisioned that the Borough will run out of available funding options by the end of 2026. In fact, if more than 2.5% wage increases are suggested by the fire union or imposed in Act 111 Interest Arbitration, the Borough may be out of funding options today. Just as with the Police Department, it is hard to conceive of a way to keep funding these critical public safety and emergency services.

There is no conceivable way to fund future expense increases in the Fire Department and EMS system. Unlike the Police Department which still has room in the growth of the Police Tax, the Fire Department has few, if any, options. When we say that the Fire Department is operating at a deficit, it means it is drawing resources from other General Fund departments so that it can continue to function adequately. This is not an ideal scenario. In the future, without a County-wide reassessment or a rise in the State tax caps, it is likely that other General Fund departments will need to begin raising their own real estate taxes (i.e., the Recreation Department or the Highway Department), which thereby allows more resources to be shifted, within the General Fund, to funding the Fire Department.

The Borough is once again at a financial crossroads with respect to funding the Fire Department and its associated basic-lifesaving ambulance service. The cost of these operations, coupled with the inability to collect all ambulance use-fees incurred and a state-imposed cap on the Fire Tax, has left the Borough in a precarious fiscal position. Meanwhile, the cost of Fire Department operations continues to rise.

There is no Approved change in the Fire Tax for 2026 because an increase is not possible. State law places a limit on the Borough at a very low tax rate for the purpose of paying for the Fire Department. Not that we like taxes, but the 1965 State law makes no sense. The Borough is prohibited from levying more than 3-mil (the 2026 equivalent of about \$661,610) in Fire Tax, but most of it must be used for apparatus/truck expenses and not for firefighters' wages and benefits. Further, the Borough is prohibited from using more than 1-mil (up to a maximum of about \$215,800) for all the firefighter wages and benefits. Clearly, the State of Pennsylvania wants to inhibit the ability of any borough from having a paid professional firefighting force.

In Chambersburg, firefighter wages and benefits cost the Borough as much as \$5 million per year. Obviously, this artificial limit in place since 1965 does not envision a mostly paid and experienced professional Fire Department, as we have here in Chambersburg.

There is no logical or practical alternative and staff is at a loss how to pay for the Fire Department in the future. One alternative is to begin to rent the department to our township neighbors, assuming that their supply of volunteer firefighters disappears. This seems to be a logical assumption.

We believe the neighboring townships are ignoring the disappearing number of volunteer firefighters in Franklin County because they do not want to invest the millions of dollars necessary to have a professional force like the Borough of Chambersburg. We are working at cross-purposes. Together with funding from their tax-base, a Greater Chambersburg paid force makes a lot more sense.

The long-term funding issue of the Fire Department is not identical to the issue of the Police Department. The main difference is that the Fire 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. The Borough only collects 50% of ambulance invoices that are billed (and mostly from private insurance), those payments are significant. In addition, the Fire 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 we would like to expand the EMS operations to other parts of the County, that would not be practical unless their municipalities provide a subsidy equal to the ready-to-serve Ambulance Fee, a service fee on water services, to help pay for that expansion.

While the revenue from the ambulance service and the Fire Code safety inspections is not enough to pay for the cost of operating the Fire Department, this and the Fire Tax combined are counted as a very respectable effort to close the gap in costs. The balance of the Fire 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 Fire 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.

The cost of operating the Fire Department will rise significantly in 2026, but to what extent is somewhat unknown, as we have no labor agreement. In addition, higher costs associated with the replacement schedule for fire apparatus is a growing issue as we put aside money for future purchases. Vehicles for the Fire Department are rising exponentially in cost. This, plus the growing write-off for Medicaid/Medicare patients served by the Fire Department's ambulance service, are causing strain on department finances.

In 2026, it is estimated that the Fire Department and EMS will cost \$1,344,815 more to operate than the revenues collected. This includes shifting fire pension subsidies from utility departments to help the Fire Department as well as the estimated yield of ½-mil of Fire Tax being used for operations. There is no way permitted to raise the Fire Tax (approx. 6.2-mil more) to cover this deficit.

Fire/EMS Budget	2024	2025	2026
Estimated Cost of Operations	\$6,135,720	\$6,206,695	\$6,327,556
Local Services Tax Yield (set at State Maximum)	-\$758,000	-\$775,000	-\$790,000
Fire Code Inspections	-\$83,000	-\$80,000	-\$88,000
Ambulance Patient Fees	-\$1,418,500	-\$1,500,000	-\$1,605,000
Ambulance Fee on Water Service Invoices	-\$1,436,830	-\$1,538,868	-\$1,738,868
State Grant for Fire Pension Costs (grant shifted from utilities)	-\$594,373	-\$594,400	-\$550,238
Subtotal	\$1,845,017	\$1,718,427	\$1,445,450
Tax Rate	3-mil	3-mil	3-mil
Estimated yield of Fire Tax	\$720,214	\$621,920	\$661,610
Less required transfer to the Motor Equipment Fund (State law)	-\$544,260	-\$536,255	-\$560,975
Net Fire Tax Revenue for Operations	\$175,954	\$85,665	\$100,635
Fire/EMS Deficit	-\$1,669,063	-\$1,632,762	-\$1,344,815

The Borough uses the Ambulance Fee to help cover the EMS portion of the deficit. The Ambulance Fee should generate \$1.74 million in 2026, which is already accounted for in the deficit. If the Ambulance Fee was used to cover the whole deficit, it would be set to \$21.84 per month instead of the recommended \$12.50 per month as is Approved for 2026. The proposed Ambulance Fee is made necessary by the allowance for uncollectable ambulance receipts as a result of Medicaid/Medicare federal rules.

In addition to the Ambulance Fee, if the Fire Department runs a deficit, it is commingled with all the revenue and expenditures in the General Fund. The General Fund miscellaneous revenue must cover it as it does with all the General Fund departments including the Police Department, the Recreation Department, Land Use & Community Development, and general highway, which are all mixed together pursuant to the State recommended chart of accounts.

In addition, the future of EMS throughout Pennsylvania is in a state of flux. As a result, we do not see any reason to change EMS services right now rather than give the process another year to unfold. Many believe the entire EMS system is on the verge of catastrophic failure. More concerning than our Fire Department's fiscal distress, or the challenges in regularly operating a second ambulance, is the abject failure of volunteer ambulance companies (and some paid companies) to find employees/volunteers to staff ambulances and answer life-saving calls. We often wonder if residents and businesses in the townships are aware how close the system is to failure. If such a prophecy 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.

Back in 2024, the Advanced Life Support (ALS) ambulances services in Franklin County edged closer to a complete failure. As you may know, the Fire Department provides only Basic Life Support (BLS) services. Almost two years ago, for the fourth time in six years, the Borough's ALS partner pulled out of Franklin County. Originally, we worked with West Shore EMS for these services, but their system failed and was acquired by Holy Spirit EMS, a division of the Geisinger Health System. In 2022, the Geisinger Health System merged with the Penn State Hershey Medical System. In 2023, the Life Lion and University EMS systems unceremoniously pulled out of Franklin County. As a result, Wellspan Health, in a dramatic

move, stepped in to provide a partnership for ALS services. If Wellspan Health decides to stop providing this important service, there may be no one left in Franklin County and pressure upon our Fire Department to fix the failing system may reach a boiling point.

How much does 1-mil of real estate tax yield in 2026?

The total assessed value of taxable real estate inside the Borough for 2026 is estimated to be \$219,004,730, up slightly from last year's assessed value of \$215,971,240. Therefore, the cash value of 1-mil would equal \$219,005. However, when factoring in our average collection rate for any given year, we should expect that same mil to yield \$214,625. This difference is a result of the average amount of taxes remitted on time, annually, versus the total that is levied. However, some old outstanding tax liens from previous years may pay their debts in 2026.

Therefore, for budget purposes, 1-mil is equal to approximately \$218,786 in cash. The value of a mil is therefore not precise.

	<u>2023</u> <u>Actual</u>	<u>2024</u> <u>Actual</u>	<u>2025</u> <u>Estimated</u>	<u>2026</u> <u>Estimated</u>
Police Tax Yield	\$5,229,081	\$5,347,609	\$5,862,199	\$5,953,990
Mil	25	25	27	27
Fire Tax Yield	\$628,380	\$717,078	\$640,605	\$661,610
Mil	3	3	3	3
Recreation Bond Tax	\$525,969	\$534,621	\$532,335	\$539,400
Mil	2.5	2.5	2.5	2.5
Police Station Bond Tax	\$409,130	\$425,052	\$425,820	\$431,500
Mil	2	2	2	2
Public Works Campus Tax	-	-	\$201,455	\$215,800
Mil	-	-	1	1
Value of 1 Mil*	\$209,002	\$217,161	\$215,843	\$218,786
Est. Single Family House Tax				
Police Tax	\$434	\$438	\$475	\$477.90
Fire Tax	\$52	\$53	\$53	\$53.10
Recreation Bond Tax	\$43	\$44	\$44	\$44.25
Police Station Bond Tax	\$35	\$35	\$35	\$35.40
Public Works Campus Bond Tax	-	-	<u>\$18</u>	<u>\$17.70</u>
TOTAL	\$564	\$570	\$625	\$628.35

** Not a precise measure as the value changes every year due to the assessed value of real estate – entire dependent on Franklin County's calculations.*

Every year, the average single-family home value changes. So, regardless of the mil rate, with a changing average, the calculation of what the average annual payment will be also changes. This makes it even more challenging to compare the average annual payment in one year to the next.

In addition to that complexity, homeowners often do not pay their full tax invoice. If the Borough tax invoice is paid in March or April, the property owner gets a 2% discount off their taxes, which the Borough must absorb. Similarly, if the Borough tax invoice is paid after June, the property owner pays a flat 10% penalty, which will eventually be paid to the Borough, net of collection expenses which may be incurred.

This discount and penalty system is another factor in making the value of 1-mil not a precise dollar amount.

Finally, as previously mentioned, Franklin County has failed to update the County tax rolls, the fair and equitable distribution of real estate taxes, since 1962. This is by far the oldest and most out-of-date taxation system in Pennsylvania. The practical impact of this decision by the County is to reduce the income that 1-mil of real estate tax generates. In other more up-to-date counties, 1-mil might generate 10x more revenue than in Chambersburg (i.e., the Borough tax rate may drop from 35.5-mil to 3.55 mil with no change to your actual tax bill value).

We have heard a growing skepticism that these numbers presented do not represent the actual average real estate tax burden. To that end, let us clarify:

- Our statistics are based upon the average (median) single-family home.
- Our statistics are accurate for actual single-family homes inside the Borough of Chambersburg. We state that the average single-family home will pay Borough real estate taxes of \$628.35 per year, which means that half of all single-family homeowners will pay more and half of all single-family homeowners will pay less.
- Your home's assessed value, set by Franklin County, and not reconfirmed since 1961-1962, is public information. You can look it up online and check your Borough tax burden yourself.
- This is not the measure of what a home with a fair-market value of \$100,000 would pay. That statistic is illogical because the County does not use actual sales values to determine your taxes. The profile of a home with a real estate value of \$100,000 wouldn't represent the average, typical, or common home anyway. Further, fair-market values vary wildly based on physical location of the home from one town to the next or one block to the next. We use the real-life average home profile for the real average single-family home inside the Borough.

With this Approved budget, the average single-family home in the Borough will see their annual Borough real estate tax bill remain unchanged at \$628.35 per year (before discount) or approximately \$52.36 per month (before discount) or \$12.08 per week (before discount).

Go to <https://fcgis.franklincountypa.gov/taxparcelviewer/> to check your home, your assessed value, and your Borough tax bill.

Folks Say that They Pay More Than That in Borough Taxes, But Do They?

On the left is the typical single-family home with the average assessed value of the average home in the Borough:



<This average house sold in 2018 for \$186,500

The next-door house sold in 2022 for \$220,000>



The sample house has an assessed value of \$17,700, which is just about the Borough average for a single-family-home or \$17,587. The house next-door has an assessed value of \$20,090. The houses were built the same year on the same size lot on the same street by the same builder. So, why are they assessed differently? There is no logical explanation.

Regardless, with an assessed value of \$17,700, the sample home on the left is close to the average home in the Borough.

The annual Borough tax bill for this home would be \$628.35 for 2026 (before discount). This is a real home and that is their actual tax bill. There is also a 2% discount if that tax bill is paid in the first two-months after issuance.

Finally, in many cases, real estate taxes are an eligible deduction on one's personal income tax.

Conclusion

It is difficult to explain how unique and different Chambersburg is from every other municipal organization. We are lucky to have outstanding employees, a supportive and dynamic community, and a defined mission to provide the most services at the lowest cost to our citizens and businesses. We have weathered a variety of fiscal storms, each time coming out stronger and more resilient. We have seen political changes, socio-economic changes, and regional growth, all the while maintaining our hold, our local autonomy, and a small-town atmosphere.

When challenged to be more prudent or better address fiscal challenges, I am shocked that those requesting have never grasped the interdependence of our budget or the ability to soften the blow of necessary revenues for every home and business in the Borough in unprecedented ways. Don't they understand?

Clearly, I have not always communicated well our uniqueness and our special abilities to the public.

Rest assured, this year's budget, based upon funding everything, is certainly challenging. Only through our ability to keep utility rates down, can we afford the impact of taxes on homes and businesses. Our special gift is to shift the burden and still save everyone on annual expenses. And while almost every property uses water, sewer, and electricity, not every property-owner even pays taxes. This is a power that makes us the envy of every other town in Pennsylvania. Save everyone money and pay for police, fire, and EMS services.

This budget proposes no tax increase. Can we lower taxes? Yes, if we cut police, fire, and EMS services from our community because that is where the tax money goes. As the Borough Manager, I do not believe that is what our citizens want. Furthermore, if we can save them enough money on their utility bills in order to pay their tax bill, are we not doing the same thing?

This budget continues the funding for police, fire, and EMS services. This budget keeps investing in the Borough's infrastructure in meaningful ways. This budget keeps utility rates the lowest in Pennsylvania.

I was shocked that Franklin County ostensibly said they would not update the outdated taxation system, merely to keep Chambersburg from raising the Police Tax or the Fire Tax. As a result of their intransigence, all the governments in the County suffer from a low value mil rate and an unnecessary State-mandated tax cap. It seems unreasonable when the public safety systems throughout our County, police, fire, and EMS, are in a state of crisis, that funding a paid professional system would be impeded by political expedience and dereliction of responsibility.

Chambersburg citizens and businesses deserve more and better services.

We can meet our obligations in 2026 with few utility-rate increases. This budget includes only small increases in electric and water. These increases are significantly less than if our residents and businesses lived in the townships. Finally, I am recommending a change in the Ambulance Fee; the cost of providing this important life-saving service as a surcharge on water service invoices.

Our citizens and businesses pay so much less for utilities than our neighbors in the townships.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 Proposed
Police Tax Mil	21	23	23	24	24	24	24	24	25	25	27	27
Fire Tax Mil	2.5	2.5	2.5	3	3	3	3	3	3	3	3	3
Ambulance Tax Mil	-	-	-	0.5	0.5	0	0	0	0	0	0	0
Recreation Bond Tax Mil	-	-	-	3	3	3	3	3	2.5	2.5	2.5	2.5
Police Station Bond Tax Mil	-	-	-	-	-	-	-	1	2	2	2	2
Public Works Campus Bond Tax Mil	-	-	-	-	-	-	-	-	-	-	1	1
Total Real Estate Tax Mil	23.5	25.5	25.5	30.5	30.5	30	30	31	32.5	32.5	35.5	35.5

There is no real estate tax increase in this budget.

In October 2025, Moody's Investor Services reaffirmed Chambersburg's General Obligation credit rating as Aa3, which is quite good. In the past they have stated that Chambersburg's rating "reflects its improved reserves and liquidity, moderately sized taxable base with below average income, and growing but still manageable debt burden. The rating also considers the Borough's financially sound enterprise funds." The Borough's preliminary fiscal 2025 results indicate another strong year with improved reserves across all operations.

Goals established by Moody's include material and sustained growth in reserves and liquidity, significant growth and diversification of the tax base, and the materially improved wealth and income of our residents. Unfortunately, there is not much the Borough can do to influence these goals. They also cautioned the Borough to avoid failure to adjust operations to accommodate new debt service, any structural operating imbalance, material growth of the debt burden beyond current expectations, and an inability of utility funds to cover related debt service. It is for these reasons, that tax and rate increases are unavoidable. The Borough must fund its responsibilities.

I support infrastructure investment to grow the Borough's balance sheet's assets. We should be strategic in the investment into new projects. Beginning in 2025, the Borough made a significant investment in both debt and asset growth by undertaking the multi-year Public Works Campus project. This project will cause adjustment to our finances and this 2026 Budget prepares well to address that need with another debt issuance in January 2026 for completion of the project.

Public safety is a core function of our municipality. The condition of public safety funding outside the Borough of Chambersburg is already of concern to those informed on such subjects. Volunteer fire companies, volunteer ambulance companies, and the Pennsylvania State Police, are not worthy substitutes for professional municipal operations.

In addition to Franklin County addressing the broken local tax system, Harrisburg must lift the Fire Tax caps in the Borough Code. They just did this for similar boroughs near Philadelphia, but not for Chambersburg. For over a decade, I have pointed out these issues will lead communities to defund local police and Fire Departments. We cannot accept the status quo at the expense of public safety. I ask our leaders to please seek ways to urge both the County Commissioners and the General Assembly to address our antiquated system. It inhibits development and over-burdens senior citizens. We are the last County in Pennsylvania to address this problem. If the system is not fixed, within three to five years, the Borough of Chambersburg will have to make dramatic and unnecessary cuts to police and fire, merely to avoid this issue.

This 2026 Budget is balanced with no tax increase and very few utility rates changed.

On average all of these utility changes will cost the average single-family household in the Borough around an additional \$7.43 per month, but not until September 2026. Individual results may vary based on many factors.

We must recognize the changing demographics of our community. I do not agree that government is like business. We support our community much more than a business would. It is true that our citizens are our customers, and that we must meet our customers where they live and recognize their demographics. We have made a full commitment to be a bi-lingual and multi-lingual organization. This is not a political statement. Rather, it is a recognition that we must address the fact that so many of our daily interactions are with folks for whom English is a second language. We must continue to make our customer service accessible to those who we need to service. That is actually to the benefit of all. This is one reason our customer portal is such an important project.

Some of the greatest accomplishments of 2025 were in the back office. The final go-live of our utility customer portal, a project that took a team of employees' years of work, finally happened in 2025. That app will be improved more in 2026. In 2025, we shifted to Paycom payroll software after years of struggle.

We also updated our Recreation software and hired a network security analyst. Finally, a massive push to update our non-bargaining compensation plan was completed in 2025. These are foundational projects which may not seem all that significant, but have completely changed the way the Borough operates.

Chambersburg's organization needs to continue our work at developing the future Borough workforce. Times have changed and young people do not grow up to have the careers we have here at the Borough. Whether it is a part-time lifeguard, a full-time plumber or electrician, a police officer, or a firefighter, these are no longer prime attractive careers despite the fact that everyone at the Borough loves our jobs. We must cultivate new workers. That means planting seeds in the fertile minds of young people. If we fail, we will have no one to hire in the near future.

Finally, we must change the parochial and territorial view of Pennsylvania municipal government. We need to be one greater Chambersburg or we will each run our small municipalities into deterioration. Strength lies in intergovernmental cooperation and economy of scale. We must work together on transportation, storm water management, infrastructure, and police and fire services. That is a tough order for some old-timers. Our concept is paid-services. Chambersburg Borough is expert at providing services. Let us sell our services to your taxpayers. So far, this concept has been untested.

According to Emily Prevati at PA Post in 2022, "About 1,300 Pennsylvania communities don't have their own police departments and rely instead on state police. But they don't pay anything for the service – and it costs state taxpayers nearly half a billion dollars every year. State lawmakers have been talking for years about changing that, but still can't seem to agree on a way to do it. And the pressure has been building as the state has been tapering off diversions to the Pennsylvania State Police from the commonwealth's Motor License Fund, which is intended to fund infrastructure repair and maintenance." Gov. Tom Wolf had pitched a plan back in 2022 — which failed to get legislative approval — where municipalities that rely on state police would pay for services based on population. Under the failed proposal, towns with fewer than 2,000 residents would pay \$8 per person. Towns with more than 20,000 residents would pay \$166 per person. It would generate over one hundred million dollars.

Would it not make more sense for townships to pay Chambersburg rather than to pay Harrisburg? We can offer top-notch police and fire services for some or all of the adjoining townships. I believe we are all a part of the greater Chambersburg area and many township residents already mistakenly believe that the Chambersburg Police Department and Fire Department are protecting them.

Our Borough Police Department and Fire Department can easily be expanded to cover some or all of our neighboring townships at a very cost-effective rate. We believe townships' residents would welcome paying Chambersburg for these important services. We do not envision a regional department, but rather a fee-for-services arrangement, where residents and businesses in adjoining townships contribute to the cost for safety, security, and protection, from our outstanding public servants. Perhaps starting with a limited district focusing upon the Lincoln Way Corridor.



This Page Intentionally Left Blank

Size of Budget 2026

In 2026, the Borough will have an ALL-FUNDS BUDGET of \$174,805,411. In 2025, the Borough had an ALL-FUNDS BUDGET of \$159,998,388. This represents a 9.3% increase, with no major changes to accounting or operational practices. This net increase is largely a result of increases in operational expenses in the Police, Recreation, Property Maintenance Code, Electric, Water, Wastewater, Sanitation, Parking Traffic & Street Lighting, Storm Sewer, and Aquatic Center operations; the spending down of fund balance reserves and/or bond funds in the General Capital Reserve, Liquid Fuels, Electric Capital Reserve, Water Capital Reserve, Sewer Capital Reserve, Storm Sewer Capital Reserve, Motor Equipment, and Public Works Campus Funds.

In 2026, the Borough's OPERATING BUDGET will be \$146,331,085. In 2025, the Borough's OPERATING BUDGET was \$137,760,740. This represents an 6.2% increase, with no major changes to accounting or operational practices. This increase is largely attributable to revenue in the Electric, Gas, Gas Capital Reserve, Water, Wastewater, Sanitation, General, Motor Equipment, Public Works Campus, Storm Sewer Capital Reserve, and Aquatic Center Funds, as a result of utility rate increases, projected increases in sales, as well as the anticipated revenue resulting from grants and debt issuance.

In 2026, the Borough's GENERAL FUND BUDGET will be \$21,972,795. In 2025, the Borough's GENERAL FUND BUDGET was \$20,558,837. This represents a 6.9% increase, and is a realistic gauge of actual growth in the Borough's spending plan, given the importance of the Police and Fire/EMS Departments, as well as the provision of all major governmental services.

This Page Intentionally Left Blank

Use of Fund Balance 2026

	2026 Revenue	2026 Expenditures	Withdrawal/Deposit from Fund Balance
General Fund	\$21,972,795		Budget includes an Ambulance Fee increase from \$11/month per water service to \$12.50/month. No proposed real estate tax increase.
General		\$2,481,448	
Highway		\$1,738,319	
Fire		\$6,327,556	
Police		\$7,637,728	
Recreation		\$2,131,843	
Land Use		\$1,260,351	
Misc.		<u>\$395,550</u>	
General Fund		\$21,972,795	Balanced
Electric Utility	\$38,867,000	\$38,867,000	- Includes a 5% previously approved electric rate increase in Fall of 2026.
Natural Gas Utility	\$13,030,000	\$13,030,000	- Balanced
Water Utility	\$6,469,000	\$6,469,000	- Balanced with a rate increase in January 2026.
Wastewater Utility	\$8,846,000	\$8,846,000	- Balanced
Sanitation Utility	\$6,177,000	\$6,177,000	- Balanced
Parking Traffic Enterprise	\$1,416,000	\$1,516,000	-\$100,000 Making a \$100,000 transfer for future capital projects.
Storm Sewer Utility	\$1,852,250	\$1,852,250	- Balanced
Aquatic Center Enterprise	\$1,551,325	\$1,658,325	-\$107,000 Making a \$107,000 withdrawal for capital projects.
Motor Equip Internal Service Fund	\$6,531,097	\$4,573,847	\$1,957,250 Making a \$1.96 million deposit for future vehicle purchases.
Engineering Internal Service Fund	\$1,063,774	\$1,353,774	-\$290,000 Making a \$290,000 withdrawal for capital projects.
Stores/Warehouse/Call Center	\$1,913,902	\$1,998,902	-\$85,000 Making a \$85,000 withdrawal for capital projects.
Public Works Campus Fund	\$11,621,253	\$13,976,253	-\$2,355,000 Using accumulated funding from 2025 in Fiscal Year 2026.
Admin Services Internal Service Fund	\$10,566,000		
Utility Building Operations		\$587,400	
Personnel Payroll		\$1,123,886	
Info Technology		\$1,777,627	
Finance/Accounting/Cust Service		\$3,080,759	
Clerical Pool		\$1,624,200	
Admin Fund Administration		\$1,598,084	
Admin Fund Capital Projects		<u>\$774,044</u>	
Admin Services Internal Service Fund		\$10,566,000	- Balanced
Gen Fund Cap Reserve	\$3,697,000	\$6,505,000	-\$2,808,000 Making a \$2,808,000 withdrawal for capital projects.
Storm Sewer Capital	\$3,808,452	\$9,961,452	-\$6,153,000 Making a \$6.15 million withdrawal (\$5 million from the 2024 Storm Sewer Bond and \$1.153 million from fund balance) for capital projects.
Electric Capital	\$2,946,995	\$2,946,995	- Balanced
Gas Capital	\$4,428,380	\$3,853,380	\$575,000 Making a \$575,000 deposit for future projects.
Water Capital	\$1,047,680	\$2,350,000	-\$1,302,320 Making a \$1.3 million withdrawal for capital projects.
Wastewater Capital	\$1,272,585	\$5,250,000	-\$3,977,415 Making a \$4 million withdrawal for capital projects.
Sanitation Capital	\$10,000	\$210,000	-\$200,000 Making a \$200,000 refund to Sanitation Operating.
Parking/Traffic Capital	\$630,600	\$530,600	\$100,000 Making a \$100,000 deposit for future projects.
Self-Insurance Trust	\$1,803,490	\$1,803,490	- Balanced
Workers Comp Trust	\$738,065	\$724,240	\$13,825 Making a \$13,825 deposit for future claims.
Special Revenue Trust	\$2,482,940	\$2,482,940	- Balanced
Police Sta Tax Fund Holding	\$441,810	\$441,810	- Balanced
Recreation Tax Fund Holding	\$570,505	\$570,505	- Balanced
Public Works Campus Tax Holding	\$220,420	\$220,420	- Balanced
Fire Tax Holding	\$688,770	\$688,770	- Balanced
Liquid Fuels State Grant Holding	\$650,000	\$1,000,000	-\$350,000 Making a withdrawal from previous years' deposits for 2026 roadway projects.
Sister City Account	\$3,000	\$3,000	- Balanced
Project H.E.A.T. Account	\$95,795	\$95,795	- Balanced
Total Use of Fund Balance			-\$15,081,660
Total New Debt Issue Planned for 2026			+\$10,000,000

Notes on Use of Fund Balance Table:

1. The Aquatic Center Enterprise will use \$107,000 for capital projects.
2. The Motor Equipment Internal Services Fund will make a \$1.96 million contribution to fund balance for future vehicle purchases.
3. The Engineering Internal Services Fund will use \$290,000 for capital projects.
4. The Stores/Warehouse/Call Center Fund will use \$85,000 for capital projects.
5. The Public Works Campus Fund will use \$2.355 million in accumulated 2025 funding in FY2026.
6. The General Capital Reserve will use \$2.808 million for capital projects.
7. The Storm Sewer Capital Fund will use 6.15 million (\$5 million from the 2024 Storm Sewer Bond and \$1.153 million from fund balance) for capital projects.
8. The Gas Capital Fund will make a \$575,000 contribution to fund balance.
9. The Water Capital Fund will use \$1.3 million for capital projects.
10. The Wastewater Capital Fund will use \$4 million for capital projects.
11. The Sanitation Capital Fund will make a \$200,000 refund to the Sanitation Operating Fund.
12. The Parking Traffic Enterprise will make a \$100,000 transfer to the Parking Traffic Capital Fund for future capital projects.
13. The Parking Traffic Capital Fund will make a \$100,000 contribution to fund balance.
14. The Workers Compensation Trust Fund will make a \$13,825 contribution to fund balance.
15. The Liquid Fuels State Grant Holding Fund will use \$350,000 of previous years' grants in 2026.
16. Capital Investment: \$16,542,679.
17. Difference between Rev. and Exp. before Bond Sinking funds applied: (\$15,081,660).
18. Difference between Rev. and Exp. after Bond Sinking funds applied: (\$5,081,660).
19. \$5,081,660 of \$146,331,085 operating budget or 3.47% of budget funded by cash reserves.

Use of Real Estate Taxes to Fund 2026

In 2026, it is the Borough Manager's recommendation that the Borough not change any of the Borough's real estate tax rates, which will cost the average single-family home approximately \$628 per year in 2026.

	Police Tax Rate (in mil)	Fire Tax Rate (in mil)	EMS Tax Rate (in mil)	Recreation Bond Tax Rate (in mil)	Police Station Bond Tax Rate (in mil)	Public Works Campus Bond Tax Rate (in mil)	TOTAL
2006	17						17
2007	20						20
2008	20						20
2009	20						20
2010	20						20
2011	20						20
2012	20						20
2013	20						20
2014	21	2.5					23.5
2015	21	2.5					23.5
2016	23	2.5					25.5
2017	23	2.5					25.5
2018	24	3	0.5	3			30.5
2019	24	3	0.5	3			30.5
2020	24	3	0	3			30
2021	24	3	0	3			30
2022	24	3	0	3	1		31
2023	25	3	0	2.5	2		32.5
2024	25	3	0	2.5	2		32.5
2025	27	3	0	2.5	2	1	33.5
2026 Proposed	27	3	0	2.5	2	1	33.5

As a result, if approved, as measured from 2006 through 2026:

- The Police Tax would have increased 58.8% in twenty years or about 2.9% per year.
- The Fire Tax would have increased 20% in sixteen years or about 1.52% per year.
- The entire real estate tax levy would have increased 97% in sixteen years or about 4.85% per year.

Over the same period of time, US inflation increased by approximately 60.70% since 2006, meaning that what cost \$1 in 2006 now costs about \$1.61. In terms of the effective real estate tax rate, the real percent change since 2006 is 22.62%, adjusted for inflation, or about only 1.05% per year, adjusted for inflation.

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

Recall, the entire real estate tax system is predicated on a fair and equitable assessment established by Franklin County. In 2025, a research project undertaken by a consortium of boroughs in Franklin County, including the boroughs of Chambersburg, Shippensburg, Greencastle, Mercersburg, and Mont Alto, engaged a team of experts to investigate the accuracy of Franklin County's real property assessment; an assessment from 1961 that is the oldest in the Commonwealth. In January 2024, Chambersburg Borough sent a letter to Franklin County urging the County to begin the process of establishing an up-to-date fair assessment of all real property in the County. Other boroughs in Franklin County joined Chambersburg in this request. In April of 2024 representatives from the boroughs met with Franklin County to discuss the need for reassessment, however, County representatives relayed that despite being the oldest assessment in the Commonwealth, the County touted it as one of the most accurate assessments in the state. Shortly thereafter, the consortium of boroughs assembled a team of experts to probe the County's assertions.

The boroughs engaged Michael Musone of Knox Law, of Erie, Pennsylvania, Josh Myers Valuation Solutions of Chesapeake, Virginia, and various appraisers to assess the claimed accuracy of the County's assessment.

The boroughs' experts found "clear selective reassessment" by the County, a practice which is prohibited by law. The County, by artificially inflating assessed values of recently sold properties, provides data to the state that leads the state to believe that the sales prices are more closely aligned to the County's assessed

values. Because residential properties tend to sell more frequently than other properties, this means that owners of residential properties are disproportionately impacted by the County's actions. Attorney Musone stated that “there is very little doubt the County is violating the law through this scheme.”

In November of 2010, The Center for Rural Pennsylvania, a legislative agency of the Pennsylvania Legislature, issued a report titled “Pennsylvania County Property Reassessment: Impact on Local Government Finances and Local Economy.” The report found that “as the years since reassessment increase, the county property tax system becomes more inequitable and lack uniformity across the taxing jurisdiction.” The report concluded that as the years since a comprehensive reassessment increase, there is a negative impact on local government property tax revenue, the county property tax system, and the county's economy. The negative economic impacts of an outdated reassessment are more pronounced for rural counties like Franklin County. The benefit of a countywide reassessment for county residents is that it leads to “improved local economic conditions, such as higher employment, higher housing values, and higher median incomes.”

The boroughs' experts found that Franklin County's tax assessment system is deeply flawed and in need of an overhaul through a countywide reassessment. It's time for the County to take action on what it has put off for more than sixty years. The citizens deserve a property tax system that is based on a fair and accurate assessment, not the current scheme.

In 2026, it is the hope of all that the County Commissioners fix this issue once and for all.

The Average Single-Family Home in the Borough has a 2026 assessed value of \$17,700. They will see on average no increase in their tax bill, which will remain about \$628 per year, or \$52.36 per month, in real estate taxes before discount; obviously, that is the assessed value and not the single-family home market value. Half of all single-family homes in the Borough have an assessed value higher than \$17,700, and half have an assessed value lower. Commercial, industrial and multi-family homes have different values.

According to Redfin.com, the average fair market value for single-family homes sold in Chambersburg, PA, so far in 2025 is approximately \$280,000, with a median sale price of \$248,000 reported through September 2025. Other sources show slight variations; for example, Zillow reported the average 17201 home value (Zillow Home Value Index) as \$248,549 through the end of August 2025.

The number of recorded home sales in Franklin County rose by 25.8% in March 2025 compared to March 2024. For Chambersburg specifically, properties sold after 36 days on the market through September 2025, a slight increase from 33 days for the same period in 2024. The overall Central Pennsylvania market, which includes Chambersburg, experienced an increase in inventory in September 2024, with 18.4% more active listings than the year prior. This trend of increasing inventory continued into 2025.

Thank goodness, the Deed Transfer Tax is based on the actual value of homes sold or transferred rather than the cockamamie assessed value. In Franklin County, Pennsylvania, the deed transfer tax is assessed at a combined rate of 2% of the property's value, which is split evenly between a 1% State tax and a 1% local tax. The 1% local tax is then split between the school district and the Borough, with the Borough receiving ½% of the tax. The tax is based on the actual consideration paid for the property, or its computed value if the consideration is nominal, such as if passed by an estate.

Can you imagine that the State gets a bigger share of the Deed Transfer Tax than the municipality where the property is located? Just as with the share of Sales Tax (zero), this tax setup by the Commonwealth enriches the State's coffers and diminishes the revenue necessary to run a local town.

When asked, some citizens wildly inflate the dollar cost of the real estate taxes that they pay per year. The single-family home with the largest Police Tax bill each year pays \$4,379.40 per year in Police Taxes versus \$475 paid by the average single-family home. Further, that home has a Fair Market Value of \$735,700, according to a Zestimate from Zillow (with a Franklin County assessed valuation of \$162,200) and is therefore a unique Borough property. Of all the single-family homes inside the Borough, half pay more than \$628 per year in Borough taxes, and half pay less.

Est. Single Family House Tax	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Police Tax	\$434	\$438	\$475	\$477.90
Fire Tax	\$52	\$53	\$53	\$53.10
Recreation Bond Tax	\$43	\$44	\$44	\$44.25
Police Station Bond Tax	\$35	\$35	\$35	\$35.40
Public Works Campus Bond Tax	-	-	\$18	\$17.70
TOTAL	\$564	\$570	\$625	\$628.35

** Not a precise measure as the value changes every year due to the assessed value of real estate – entire dependent on Franklin County's calculations.*

No government buildings, schools, charities, churches, or township property owners pay any Police, Fire, Police Station Bond Tax, Recreation Bond Tax, or Public Works Campus 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, returned to you in your tax refund every year. Please understand the importance of the SALT (State and Local Tax) deduction, and when a Congressman talks of its elimination from Federal tax policy, understand the impact.

Why not change the other miscellaneous / Act 511 tax rates?

The other state-set taxes are established by State law and cannot be 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. As a result, the General Fund (rather than most of the Borough) is always in a precarious state, with very limited revenue options and severely limited in growth by the State and the County regardless of need for things like inflation or union agreements.

Thank goodness, the Electric Utility and the Natural Gas Utility 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 municipal, they are tax exempt. So instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities. However, let me caution those who think these PILOTs are a panacea. There needs to be a reasonable correlation between how much is paid in PILOTs and a fixed cost. To date, we use the State Gross Receipts Tax Rate as our guidelines. Do not fall for the mistake of just arbitrarily transferring money to the General Fund.

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, Ben Hayhurst, Finance Director, Eric Day, Assistant Finance Director, Melinda Thompson/Administrative Services Director, Phil Wolgemuth/Deputy Borough Manager, Jamia Wright/Borough Secretary, Tanya Sisk/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 could not have successfully managed the community this year without the support of Council,

especially Council President Allen Coffman, Vice-President Tom Newcomer, Finance Chair John Huber, and Finance Vice-Chair Bill Everly.

I recommend that Town Council authorize advertisement of this Proposed Budget when they meet on November 10, 2025. In addition, I suggest that Town Council receive public comments on the Proposed Budget on November 17, 2025.

Finally, I would suggest that Council adopt the proposed budget on December 15, 2025, which is scheduled to be their last meeting of the year. 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,

A handwritten signature in cursive script that reads "Jeffrey Stonehill".

Jeffrey Stonehill
Borough Manager/Director of Utilities

Chapter 2 - Mission, Policies, and Organization

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 284 full-time equivalent employees, and well over 100 seasonal employees to serve the community. Many Borough employees work at the offices located at 100 South Second Street, in Chambersburg's historic City Hall and the adjacent Utility Departments' Addition. There are over a dozen other facilities with Borough employees. The staff's overall mission is a 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 60 miles of local streets, Chambersburg Borough has a Land Use and Community Development Department with planning, zoning, land use, economic development, property-maintenance code-enforcement, and systematic rental inspections. Chambersburg operates our own Police force, an all-hazard Fire Department, a Basic Life Support EMS service, a Recreation Department with over 100 acres of parkland, and a municipal parking and traffic operations. Chambersburg owns all their own streetlights and traffic signals, a community revitalization effort including a Main Street downtown revitalization program, and a separate residential revitalization program which recently included an ambitious plan to redevelop a shopping center. Chambersburg has more municipal utilities than any other town in Pennsylvania.

In addition to typical town functions, Chambersburg is Pennsylvania's only municipality supplying electric and natural gas. Chambersburg is one of 35 Boroughs to operate a municipal non-profit 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 the Commonwealth to operate a natural gas utility. The other is Philadelphia, which does not operate an electric utility. Nationally, Chambersburg is one of 2,000 communities to have its own electric system and one of 1,000 communities to have a natural gas system, but one of only about 100 to operate both. Chambersburg manages a regional water system and a regional sanitary sewer system. These utilities are enterprise funds of the Borough, not governed by an independent authority or intermunicipal board. Rather, they operate under Town Council authority. Finally, Chambersburg has a successful regional Aquatic Center and a 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 General Fund operated the system with no dedicated revenue. It was not a utility and merely supported by available tax resources. Following renewal of our Pennsylvania Department of Environmental Protection MS4 permit in 2015, the Borough carved the system out of the General Fund to establish it as a fee-based utility department in a separate enterprise fund. This is similar to our other utilities including the Wastewater utility. From henceforth, the Borough will need to differentiate between two separate sewer utilities: a sanitary sewer system and a storm sewer system.

Some say a Borough cannot operate a storm sewer utility. However, the Borough Code states that boroughs can operate a sewer system and the State law does not differentiate between types of sewers.

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 956 boroughs represent 37.5% of all general-purpose municipal governments in Pennsylvania.

Chambersburg has the largest Borough budget because of our utilities. The Borough has a 2024 population (U.S. Census Bureau: State and County QuickFacts) of 22,484 residents, up from 17,862 in 2000; a 26% increase in twenty-five years. In addition, as you know, there are many other transient populations in Chambersburg not participating in the Census. For example, as the County Seat, Chambersburg has many workers who work in the Borough, but may live in other municipalities like the townships. Keystone Health provides healthcare for 4,197 migrant farmworkers, who may or may not live in Chambersburg. The American Immigration Council believes that 1% of Pennsylvania residents (another 200 to 300 Chambersburg residents) may be undocumented rather than registered non-citizens, who are permitted to live and work in Chambersburg. We know that residential development inside the Borough is increasing at a huge pace with over 400 new units scheduled in 2026. Most of the new residential units under construction are fair market rentals. Subsidized housing is uncommon.

Chambersburg operates under the Council-Manager form of government. The Chief Administrative Officer of the organization is the Borough Manager, appointed and serving at the pleasure and by 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 Liaison. 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.

The next municipal election occurred in November 2025. Mayor Hock won reelection. The unofficial new Council is: David Wilson and Sharon Coffman in Ward 1, Austin Rosenbaum and John Huber in Ward 2, Curtis Shoup and Chadwick Hare in Ward 3, Lucinda Butler and Jamie Boden in Ward 4, and Andrew Kilbride and Bill Everly in Ward 5.

It will take some time to sort out the results, but rest assured, the continuity of municipal operations continues unchanged. For those who are leaving public service, we wish them the best of luck and all the thanks in the world. Being an elected official is no small assignment. For those who are coming on board, we pledge the cooperation and communication that we are very proud of in our local government. Many of us call this town our home and all of us are proud of and encouraged by the challenges and work ahead.

Thank you all for giving pause as the Council will transition in January 2026, and with our assistance and support, move forward to do great things in the future. There is much work to be done and I am glad I can count on all of you to participate. Staff is proudly apolitical. We serve the majority of Council and welcome new faces, new participants, and new ideas. Department Directors and Assistants enjoy political neutrality. It is the cornerstone of the local government management profession and has been a core value in our community for generations.

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 is not the Chief Executive in a Pennsylvania Borough which follows the Borough Code. The chief elected official is the Council President.

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. A borough can choose to divide into no more than 13 wards; each ward must contain a minimum of 300 registered voters. Where a borough has wards, a Borough can decide whether to elect one or two members 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 with a population that 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. Third class cities are not permitted to operate electric and natural gas systems as we do here in Chambersburg.

Finally, Chambersburg could adopt a Home Rule charter. That is a customized form of our Borough government. The basic authority to act in municipal affairs might be transferred from the Pennsylvania Borough Code, as set forth by the General Assembly, to a local charter, adopted and amended by the voters at a referendum.

The PA Local Government Commission has explained this basic point 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.” A citizen commission would need to form and draft the charter to be approved then 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 help in the drafting of a proposed charter. Therefore, one does not know what might be in the proposed charter. In the meantime, Chambersburg operates under the Pennsylvania Borough Code.

Each year, a local law authorizing the collection of real estate taxes should be approved. Finally, Council should authorize the proper establishment of fees and charges through a Master Fee Schedule Resolution.

According to local law, the Borough Manager and their staff start the budget process. Beginning as early as the mid-summer, staff appears before Council with information on the status of finances and plans for the following year. The fiscal year is the calendar year so from the summer through the fall, staff continues to make presentations, generally on a departmental basis, to keep Council well-informed. These presentations present an annual opportunity for staff to meet face-to-face with elected officials and discuss in detail some of their operations and plans.

Generally, by the time the Borough Manager’s proposed budget is released around the first week in November, Council already has a fairly well-informed idea of what the needs are and how the Borough’s finances might stack up compared to other years. Ultimately, only Council can approve the budget and the tax ordinance. Therefore, it is the goal of staff to provide as much information as possible about the budget.

Due to the complexity of the Borough of Chambersburg budget, much of the information is presented in summary format. Obviously, details are always available, but going through the detailed budget would take dozens of hours and not be very illuminating to Council or the public. This document is a worthwhile alternative and represents a summary of much of what has been discussed already with Council throughout the budget hearings and presentations.

For example, the Carlisle Borough budget has 85 different spending line-items. The Chambersburg Borough budget has 2,340 different spending line-items. To suggest any similarity is obviously absurd. That being said, following budget adoption, a detailed line-item budget document is published on the Borough website and is available for every fiscal year back to 2013 at:

<https://www.chambersburgpa.gov/government/documents.html>

This Page Intentionally Left Blank

Budget Calendar

Budget Calendar

- 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. If rates are not increasing, only a resolution is needed.
- 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 or resolution adopted after adoption of budget.
Amending budget in years following municipal election (November of the odd numbered year): (B.C. Section 1311)	During month of January.
Proposed amended budget available for public inspection: (B.C. Section 1311)	10 days after notice is published.
Adopt amended budget – <i>Even numbered years only</i> (B.C. Section 1311)	On or before Feb. 15.

Issue tax duplicate to tax collector: (B.C. Section 1305)	Within 30 days after budget adoption or receipt of assessment roll, whichever is later.
Tax billing by tax collector: (Local Tax Collection Law)	Within 30 days after receiving tax duplicate, or 15 days if received after June 16.
Completion of audit by auditors or controller: (B.C. Section 1059[a])	Within 90 days after close of fiscal year.
File copies of audit report with borough secretary, clerk of court of common pleas, Department of Community and Economic Development and Department of Transportation: (B.C. Section 1059.1 [b.1])	Not later than 90 days after close of fiscal year.
Auditors publish concise financial statement: (B.C. Section 1059.1 [a])	Within 10 days after completion of the audit.
Appeal to court of common pleas from report: (B.C. Section 1059.4)	Within 40 days after filing of the auditor's report in court of common pleas.

Source: Pennsylvania State Association of Boroughs

Available Types of Taxes

BOROUGH TAXES**Act 51 of 2019 Changes to Real Estate Tax Adoption Process**

On July 2nd, 2019, Governor Wolf signed into law Act 51 of 2019, which amended the Borough Code establishing a new process of adopting an annual property tax rate. Act 51 became effective August 31, 2019.

Until Act 51, boroughs were required to adopt an ordinance every year to set a property tax rate. Enacting an ordinance that requires a legal advertisement, when the rates stay the same, was considered an unnecessary use of taxpayer resources.

Now under Act 51 boroughs will enact the tax rate pursuant to the following:

- If the property tax rate stays the same or is decreased from the prior year, you must adopt by resolution;
- If the property tax rate is increased from the prior year, you must use an ordinance;
- A tax resolution is still subject to the approval of the mayor (Sec. 3301.3);
- Same rules apply for veto and override of mayor's veto of the tax resolution;
- A tax resolution must be recorded in the ordinance book within 30 days (Sec. 3301.4);
- A tax resolution OR ordinance must now include a statement expressing the rate of taxation in dollar and cents on each \$100 of assessed valuation of taxable property [Sec. 1302(b)].

Borough Code 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.

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

Source: Pennsylvania State Association of Boroughs

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*
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%*
Mechanical Devices Tax	This tax may be imposed as a percentage of receipts basis or at a flat rate as a privilege or license tax on juke boxes, pinball machines, vending machines, etc.	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), or recreation program fees.

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

West Chester Case and Fees

The Borough of West Chester v. PASSHE case is a legal dispute over whether the stormwater charge imposed by the Borough of West Chester on West Chester University is a fee or a tax. The Commonwealth Court ruled the charge is a tax, which would exempt the university as a state entity from paying it. This decision is currently under appeal to the Pennsylvania Supreme Court and has significant implications for how municipalities fund stormwater management projects. Chambersburg filed a “friend of the court” brief in support of the Borough of West Chester.

If West Chester fails to win on appeal, many municipalities including Philadelphia, Pittsburgh, Chambersburg and others would find their municipal funding systems put in jeopardy. Hopefully, West Chester prevails. If not, a legislative fix changing State law might be needed.

Ambulance Fee

In 2020, the Borough of Chambersburg adopted a monthly, per water service utility invoice ready-to-serve fee in order to support the Ambulance services, and the fee has been increased since. Nothing under the law prevents a fee in support of the Ambulance service, but a fee cannot be collected 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.

In 2026, this budget recommends a change to this fee to \$12.50 per month per water service customer.

Mission Statement

Borough of Chambersburg

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.

Financial Policy Statement

Borough of Chambersburg

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.

Financial Goals

Borough of Chambersburg

- 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.

Operating Position Policy

Borough of Chambersburg

- 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 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 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.

Revenue Policy

Borough of Chambersburg

- 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 also 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.

Expenditure Policy

Borough of Chambersburg

- 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.

Debt Policy

Borough of Chambersburg

- 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 12%.
- 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.

Cash Policy

Borough of Chambersburg

- 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.

Liquid Investments Policy

Borough of Chambersburg

- 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:
 - o Options or futures contracts;
 - o Non-marketable securities;
 - o Un-registered securities;
 - o Derivatives;
 - o Private placements;
 - o Speculative Real Estate (excluding diversified REIT mutual funds);
 - o Short selling or the purchase of securities on margin or swaps;
 - o Commodities other than those necessary for operating;
 - o Oil, gas, timber, or natural resource properties or other mineral rights;
 - o Warrants;
 - o Venture capital;
 - o 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.

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 Town 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 Town Council
2. Committed - may be assigned by Town Council
3. Assigned - may be assigned by Town 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 Town 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.

Increasing transfers (not requiring repayment) from other Borough funds.

Self-Insurance Cash Balance Policy

Borough of Chambersburg

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 hundredth (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.

Post-Issuance Debt Compliance Policy

Borough of Chambersburg

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.
- o. Annual covenant compliance review, including tax covenants.

Of these responsibilities, certain ones 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.
 - 2. The Coordinator (or designate) shall create a file for each series.
 - 3. 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.
- 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. This section refers to financial records.

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 use 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 six 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.
 - c. 15% within 6 months
 - d. 60% within 12 months
 - e. 100% within 18 months
 9. 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:
 - a. 10% within 6 months
 - b. 45% within 12 months
 - c. 75% within 18 months
 - d. 100% within 24 months
 10. 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, 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.
 - 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. Refunding

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 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 refunding 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 proceed 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).
 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.
 - 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.
8. Ensure compliance with restrictions on derivative and swap contracts.

Collections Policies & Procedures

Borough of Chambersburg

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 (\$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 \$150.00, or with the 39th Judicial District Court of Common Pleas if the outstanding amount is greater than \$12,000 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 \$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 \$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 \$150.00, or with the 39th Judicial District Court of Common Pleas if the outstanding amount is greater than \$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 \$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 \$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 \$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 \$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 \$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 \$150.00, or with the 39th Judicial District Court of Common Pleas if the outstanding

- amount is greater than \$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 \$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 \$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 \$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 \$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 \$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 \$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 \$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 \$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.

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 \$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 \$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.

Waterfall Payment Policy

Borough of Chambersburg

Allocation of partial payments.

Whenever any partial payment of a utility billing is received, the amount paid shall be credited to outstanding charges in the following order of priority:

- A. Arrears
- B. Sales Tax
- C. Storm Sewer Fees
- D. Ambulance Fee
- E. Loans
- F. Notice Fees
- G. Sanitation
- H. Water and Wastewater
- I. Natural Gas
- J. Electric.

Fees and charges shall be collected pursuant to the adopted Utility Service Manual (USM).

Fees may take precedent over utility charges in partial payment circumstances.

When in doubt, the Borough Manager shall be solely responsible for interpretation of the waterfall payment policy.

Conflict of Interest Policy

Borough of Chambersburg

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/her office or employment or any confidential information received through his/her holding public office or employment for the private pecuniary benefit of himself/herself, a member of his/her immediate family or a business with which he/she or a member of his/her 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/her immediate family or a business with which he/she or a member of his/her immediate family is associated.
- F. De minimis economic impact shall mean an economic consequence, which has an insignificant effect of less than \$1,000.00.
- 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, appointed officials, employees, and persons-of-interest 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 \$500.00 or more, nor in which the person or spouse or child or business with which associated is a subcontractor unless the Town Council has determined it is in the best interests of the Borough to do so, and the contract has been awarded through an open and public process, including prior public notice and subsequent public disclosure of all proposals considered and contracts awarded. In such a case, the Town Council member, elected official, or Borough employee shall not have any supervisory or overall responsibility for the implementation or administration of the contract.

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

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

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

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

C. Improper Influence

No person shall offer or give to a Town Council member, elected official, Borough employee or nominee or candidate for public office, or a member of his/her immediate family or a business with which he/she is associated, anything of monetary value, including a gift, loan, political contribution, reward or

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.

⁵ 8 Pa.C.S.A. § 1402(b).

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 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.

Procurement Guidelines For Formal Contracts Utilizing Federal Funding

Borough of Chambersburg

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 \$2,000.00, and federal funds supply more than twenty-five percent (25%) 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
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

⁶ 2 C.F.R. § 200.318(b).

⁷ 2 C.F.R. § 200.318(c).

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

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).

¹⁴ 2 C.F.R. § 200.318(h).

¹⁵ 2 C.F.R. § 200.318(k).

¹⁶ 2 C.F.R. § 200.318(j).

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,
 - 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

III. METHODS OF PROCUREMENT TO BE FOLLOWED

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).

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).

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 a threshold amount, which will be updated by the Commonwealth on an annual basis. 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 second tier, as established on an annual basis by the Commonwealth, 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 below the second tier, as established on an annual basis by the Commonwealth as long as their vendors are a sound business practice and are recommended for commerce by other municipalities.

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 Director 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.^{23 24} Affirmative steps shall include:

1. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
2. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
3. Allocating total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;
4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises;
5. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and

²³ 2 C.F.R. § 200.321(a).

²⁴ 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.

6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) above.²⁵

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 Threshold²⁶, including contract modifications, including independent estimates before receiving bids or proposals²⁷. 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 proposals²⁸. Contents of the cost proposal should be in consonance with the contractor's accounting system, which must be operationally capable of segregating costs by contract. Offerors should certify that individual elements of cost are true, correct and verifiable from the contractor's accounting system. The Borough shall compare graphically each contractor's cost proposal using spreadsheets.
2. Costs or prices based on estimated costs for contracts under grants will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices are consistent with Federal cost principles (2 C.F.R. § 200.403, *et seq.*). Grantees may reference their own cost principles that comply with the applicable Federal cost principles.²⁹
3. The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.³⁰

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.

²⁵ 2 C.F.R. § 200.321(b)(1-6).

²⁶ 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.

²⁷ 2 C.F.R. § 200.323.

²⁸ 2 C.F.R. § 200.323(b).

²⁹ 2 C.F.R. § 200.323(c).

³⁰ 2 C.F.R. § 200.323(d).

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 Threshold³¹, 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.³² If such a determination has not been made, the minimum requirements shall be as follows:

1. A Bid Security from each bidder in the amount of ten (10%) percent of the bidder's maximum bid price. The "Bid Security" must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.
2. A Performance Bond on the part of the contractor for one hundred percent (100%) of the contract price. A Performance Bond is one executed in connection with a contract to assure performance as required by law of all persons supplying labor and materials in the execution of the work provided for the contract.
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:³³

1. Contracts for more than the simplified acquisition threshold currently set at \$250,000.00, 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 \$10,000.00, must address termination for cause and for convenience by the Borough including the manner by which it will be affected 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

³¹ 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 \$5,000, 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.

³² 2 C.F.R. § 200.325.

³³ 2 C.F.R. § 200.326.

- 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 \$2,000.00, awarded by the Borough must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. §§ 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The Borough must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage 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 \$100,000.00, 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 \$150,000.00, 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 \$100,000.00, 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 \$10,000.00, or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000.00; 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.

Non-discrimination/non-harassment policy: Contractors that apply or bid for an award exceeding \$10,000 must file the required certification in a form acceptable to the Federal government.

Energy Management Policy

Borough of Chambersburg

The Borough of Chambersburg’s theme is “a clean, green, safe, and healthy community.” It is the policy of the Borough of Chambersburg and Chambersburg Utilities to produce economic and other benefits to the Borough, its citizens, its employees, and its customers while operating in a professional and courteous manner within a structure of local accountability and local control.

The mission statement of Borough is “...to use character, competence, and collaboration to provide safe, reliable, competitively priced, and valuable energy products and services to our customers.” The Borough Energy Management Policy contains the following supporting goals:

1. Provide for energy that is diverse in fuel sources, geographic location, and risk profile.
2. Develop an energy supply approach that will avoid a significant sudden rate increase.
3. Partner in facilities using proven technologies, when cost effective.
4. Avoid projects using unproven technology.
5. Consider formula rate contracts with partners that have generation fleets with diverse fuel sources.
6. Avoid all-requirements, lifetime (30 years or more) commitments that allow others to make all of the power supply decisions for BOC customers.
7. Implement an energy source agreement according to the directives of the Town Council.
8. Implement an energy hedging strategy according to the directives of the BOC Power Supply Strategic Plan and that complies with its Risk Management Controls.
9. Partner with renewable generation facility projects to provide clean, local (if available) power supply, when cost effective.

This BOC Energy Management Policy (“Policy”) provides the governance guidelines for key control structures that provide for prudent risk management processes based on sound energy management principles while ensuring adherence to financial requirements set by the Borough of Chambersburg Town Council (“Town Council”) as well as all pertinent legal and regulatory requirements. The control structures are focused on the following issues:

- Bi-Annual Procurement Plan;
- Permitted transactions;
- Prescribed Delegation of Authority;
- Risk parameters and limits;
- Separation of organizational duties;
- Risk reporting requirements;
- Auditing.

This Policy serves as the governing and policy-setting document for all of BOC’s “energy management processes.”

APPLICABILITY

The full policy was adopted by Town Council herein, and may be updated from time to time. It is available for review.

This Page Intentionally Left Blank

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.

Accounting System - The total set of records and procedures which are used to record, classify, and report information on the financial status and operations of an entity.

Accounts Payable (A/P) - Amounts owed to private persons, firms, or corporations for goods and services received.

Accounts Receivable (A/R) - Amounts owing from private persons, firms, or corporations for goods and services furnished.

Accrual Basis - The basis of accounting whereby revenues are recognized when earned and measurable regardless of when collected, and expenses are recorded on a matching basis when incurred. All proprietary and fiduciary funds use the accrual basis of accounting.

Accrue - To record revenues and expenditures (expenses) when they meet the recognition criteria of the fund type involved regardless of when the cash activity occurs.

Accrued Expenditures (Expenses) - Expenses or expenditures that meet the appropriate recognition criteria of the fund type involved but have not been paid. Accrued expenditures are expected to be paid in a subsequent accounting period.

Accrued Revenues - Revenues that meet the appropriate recognition criteria of the fund type invoiced, but are not realized during the accounting period. Refer to accrual basis, accrual and modified accrual basis.

Actual - Actual refers to the expenditures and/or revenues realized in the past.

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 their 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 Utility 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.

Allocation - The practice of spreading costs among various cost centers on some predetermined reasonable basis (e.g., percentages based on allocation plan) as opposed to distribution of expenses on a unit charge or direct identification basis.

Americans with Disabilities Act (ADA) - Legislation passed in 1990 that prohibits discrimination against people with disabilities. Under this Act, discrimination against a disabled person is illegal in employment, transportation, public accommodations, communications and government activities. The law prohibits private employers, state and local governments, employment agencies and labor unions from discriminating against the disabled. Employers are required to make reasonable accommodations in order for the disabled person to perform their job function.

American Rescue Plan Act - The American Rescue Plan Act of 2021, also called the COVID-19 Stimulus Package or American Rescue Plan, is a \$1.9 trillion economic stimulus bill passed by the 117th United States Congress and signed into law by President Joe Biden on March 11, 2021. It was meant to speed up the country's recovery from the economic and health effects of the COVID-19 pandemic.

Annual Comprehensive Financial Report - Official annual financial report of a government. In addition to a combined, combining (assembling of data for all funds within a type), and individual balance sheet, the following are also presented as appropriate: (1) statement of revenues, expenditures, and changes in fund balance (all funds); (2) statement of revenues, expenditures, and changes in fund balance, budget and actual (for general and special revenue funds); (3) statement of revenues, expenses, and changes in retained earnings (for proprietary funds); and (4) statement of changes in financial position (for proprietary funds).

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.

Approved Budget - The status of appropriations as of a specific date between January 1st, at the beginning of the fiscal period, and December 31st, at the end of the fiscal period. Includes the adopted budget, budget amendments, prior year encumbrances, approved projects carried forward from prior years, and transfers between accounts, divisions and departments.

Artificial Intelligence (AI) - AI refers to the use of intelligent technologies to improve efficiency, enhance public services, and support data-driven decision-making. This includes automating routine administrative tasks, optimizing resource allocation for services like public works and emergency response, or providing citizens with easier access to information through tools like the Customer Portal. AI can also help analyze complex data to improve infrastructure management, public safety, and urban planning. AI used for plagiarism without context, fact-checking, or citation should be avoided.

Assets - The entries on a balance sheet showing all properties and claims against others that may be used directly or indirectly to cover liabilities.

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, is \$219,004,730 as of 9/22/2025.

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.

Balanced Budget – A budget adopted by the Town Council and authorized by ordinance where proposed expenditures are equal to or less than proposed revenues and appropriated fund balance.

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.

Bidder - An individual, partnership, firm, corporation, or joint venture, submitting a bid for a construction project.

Bid Items - Specific items of work, either materials, finished products, or bodies of work that a bidder bids a price on in their pursuit of a construction project; bid items are those items in a construction contract that will be paid for directly.

Bid Packet - The package of materials that is given out to prospective bidders for their use in bidding on a construction project; the package includes a copy of the Invitation to Bid; various notices, forms and contract provisions, Proposal, Special Provisions, wage rates, Plan Set, permits/approvals, addenda, and subsurface boring logs (if any).

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. The Borough Manager directly supervises all departments other than Police. The Manager is appointed and serves at the pleasure of a majority of Town Council. The adopted Chambersburg Pay Plan sets their compensation, 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, that 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 \$10,000.00, 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 their designee, that certain documents are true or valid. Often used for minutes, resolutions, and ordinances.

Chart of Accounts - A chart of accounts (COA) is a list of all the accounts a business uses to record financial transactions. It's a key part of accounting, bookkeeping, and financial reporting.

Code of Ethics (COE) –Town Council herein recognizes the International City/County Management Association (ICMA) Code of Ethics, as may be updated from time to time, as the official code of ethics (COE) binding the work of the Borough Manager, Assistant Borough Manager, Deputy Borough Manager, Assistant to the Borough Manager, Police Chief, or any other official in administration.

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.

Community Development Block Grant – or for COVID (CDBG-CV) - a type of federal grant established under the American Recovery and Reinvestment Act for the purpose of stabilizing property values and preventing neighborhood blight.

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.

Contractor - The individual, partnership, firm, corporation, or joint venture, contracting with the Borough to do prescribed work as defined in the construction contract.

Contractual Services - Expenditures for services the Borough received from an outside company. Professional and technical services performed by non-Borough of Chambersburg (BOC) staff is considered contractual services.

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.

Department – A section of the total organization having a specialized function or activity and segregated cost data, but not necessarily a separate fund.

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 work upon the Borough's electric distribution system.

Emergency Services - The combination of the Fire Department, Fire Code Enforcement, and emergency medical services.

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 Fire 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.

Fund – An accounting device established to control receipt and disbursement of income from sources set aside to support specific activities or attain certain objectives. Each fund is treated as a distinct fiscal entity with a self-balancing set of accounts.

General Fund – The main governmental-type account 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 (DEP) 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, 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.

Infrastructure – Physical assets of the municipality including streets, water, sewer, public buildings, electric facilities, and parks.

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.

Operating Budget - Plans or current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of the Borough are controlled. The use of the annual operating budget is recommended by State law.

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. The 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 wastewater and a storm sewer system for rain, snowmelt, 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 a 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.

Tax Holding Fund – A separate account in the Chart of Accounts used to hold specific and designated taxes from a particular source until, which account is swept to transfer the money to the targeted fund where the tax money will be utilized. Important accounting principle for designated targeted taxes.

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 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.

2026 Description of Borough Funds

Governmental Funds

Governmental Funds are those through which most governmental functions of the Borough are financed.

General Fund – The General Fund is the general operating fund of the Borough. This fund is used to account for all financial transactions except those required to be accounted for in another fund. This is a budgeted fund, and any unrestricted fund balances are considered as resources available for use.

General Capital Reserve Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise funds).

Governmental (Special Revenue) Funds

These funds are used to account for proceeds of specific revenue sources used to finance specific activities as required by law or administrative regulation.

Grant Programs Fund is used to account for the proceeds of specific revenue sources from grants used to finance specific activities as required by law or administrative regulation obtained by the Borough for the governmental activities.

Liquid Fuels Fund is used to account for state liquid fuels tax revenue used primarily for building, improving, and maintaining local roads and bridges.

Fire Tax Fund is used to account for real estate tax revenue used primarily for Fire Department support.

Recreation Bond Tax Fund is used to account for real estate tax revenue used primarily for recreational purposes.

Citizen's Reward Fund is used to hold contributions from private citizens for the purpose of rewarding police informants for their assistance in solving crime.

Police Station Bond Tax Fund is used to account for real estate tax revenue levied to pay for debt service associated with the police station project.

Public Works Campus Bond Tax Fund is used to account for real estate tax revenue levied to pay for debt service associated with the public works campus project.

Proprietary (Enterprise) Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the focus of proprietary funds is on the determination of net earnings and capital maintenance. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Electric & Electric Capital Reserve Fund – Provides electric power and related services to the Borough of Chambersburg and all customers, both residential and commercial, throughout the Borough.

Gas & Gas Capital Reserve Fund – Provides natural gas and related services to the Borough of Chambersburg in addition to its residential and commercial customers throughout the Borough and within its proximity.

Water & Water Capital Reserve Fund – Provides water and related services, including laboratory analyses, to the Borough of Chambersburg, its residents, business establishments and various customers within the proximity of the Borough.

Sewer & Sewer Capital Reserve Fund – Provides wastewater treatment services for the Borough of Chambersburg, its residents, commercial establishments and various customers located within the neighboring areas of Greene Township, Guilford Township, Hamilton Township and Letterkenny Township.

Swimming Pool Fund – Provides aquatic recreational services for the residents of Chambersburg and the surrounding areas.

Sanitation & Sanitation Capital Reserve Fund – Provides trash and garbage removal for the Borough of Chambersburg, its residents and commercial establishments throughout the Borough.

Parking, Traffic and Street Lights & Parking, Traffic and Street Lights Capital Reserve Fund – Regulates and controls vehicle parking, traffic and streetlights throughout the Borough of Chambersburg.

Storm Sewer & Storm Sewer Capital Reserve Fund – Provides stormwater removal for the Borough of Chambersburg, its residents and commercial establishments throughout the Borough.

Project Heat Fund – This fund collects annual donations from the Electric and Gas funds, as well as from the public, which are then distributed to customers who a third-party administrator determines to be in need of temporary utility payment assistance.

Proprietary (Internal Service) Funds

Stores Fund – The Stores Department is responsible for the purchase, storage, and disbursal of inventory which is used to support the construction and maintenance functions of the Borough utilities.

Motor Equipment Fund – This fund supports the activities of the Motor Equipment Department which manages a rolling stock of more than 120 vehicles.

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 engineering, surveying, drafting, and utility location information to other departments. The department also designs and inspects public works projects.

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

Administrative Services Fund – Administrative Services is responsible for the complete financial reporting and utility meter reading, as well as the operation and maintenance of Borough Hall. This fund also includes the Finance Department and Human Resources.

Public Works Campus Fund – This fund supports the activities of the Public Works campus, which includes vehicles and equipment storage and maintenance, office facilities for Motor Equipment, Sanitation, Engineering, and Highway personnel.

Fiduciary (Trust) Funds

Trust funds are used to account for assets held by the Borough under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Borough's own program. The fiduciary fund category is split into two classifications: pension trust funds (Firemen's, Police, and Bargaining and Administrative Employees), and private-purpose trust fund (Sister City).

Police Pension Fund - This fund is used to account for the accumulation of resources for pension benefit payments to qualified public safety (police) employees.

Bargaining and Administrative Employees Pension Fund - This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees of the Borough other than police or Fire Department employees.

Firemen's Pension Fund - This fund is used to account for the accumulation of resources for pension benefit payments to qualified Fire Department employees.

Sister City Fund - Trust fund used to hold money that accumulates for the specific purpose of "sister city" activities. Our sister city is Gotemba, Japan.



The City of Gotemba, Japan, sits at the base of Mt. Fuji, and has a connection to Chambersburg dating back to the 1920s when Ms. Tsunako Negami from Gotemba studied at Wilson College. In 2025, a delegation led by the Mayor and Council President visited Japan.



This Page Intentionally Left Blank

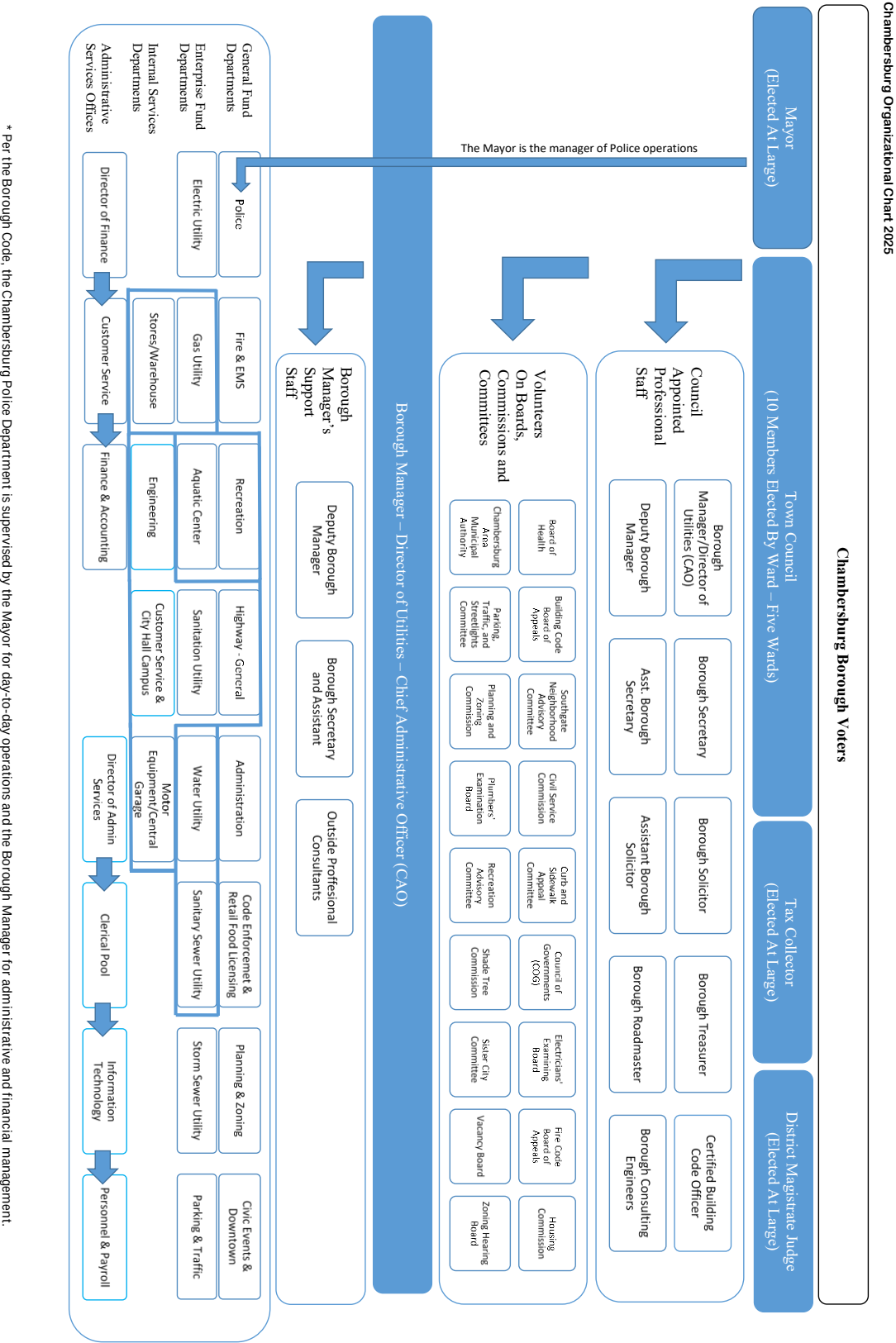
BOROUGH OF CHAMBERSBURG – PROPOSED 2026 BUDGET

2026 Functions and Departments (Sorted by Department)

Department	Fund	Type	Director
General Borough - Tax, Fee, Misc. Revenue	General Fund	Governmental Fund	Jeffrey Stonehill
General Borough - Highway	General Fund	Governmental Fund	Tyler Fairchild
General Borough - Fire & EMS	General Fund	Governmental Fund	Chief Dustin Ulrich
General Borough – Police	General Fund	Governmental Fund	Chief Meredith Dominick
General Borough - Recreation	General Fund	Governmental Fund	Matt Hutchison
General Borough - Land Use & Community Development	General Fund	Governmental Fund	Phil Wolgemuth
General Borough - Miscellaneous & Civic Events	General Fund	Governmental Fund	Jeffrey Stonehill
Electric Utility	Electric Fund	Enterprise Fund	Jeff Heverley
Natural Gas Utility	Gas Fund	Enterprise Fund	John Leary
Water Utility	Water Fund	Enterprise Fund	Lance Anderson
Wastewater Utility	Sewer Fund	Enterprise Fund	Lance Anderson
Sanitation Utility	Sanitation Fund	Enterprise Fund	Tyler Fairchild
Parking, Traffic & Street Lights Utility	Parking Fund	Enterprise Fund	Jeffrey Stonehill
Storm Sewer Utility	Storm Sewer Fund	Enterprise Fund	Phil Wolgemuth
Aquatic Center	Swimming Pool Fund	Enterprise Fund	Matt Hutchison
Stores/Warehouse/Call Center	Stores Fund	Internal Services Fund	John Leary
Motor Equipment	Motor Equipment Fund	Internal Services Fund	Tyler Fairchild
Public Works Campus Interdepartmental Construction & Operation	Public Works Campus Fund	Internal Services Fund	Tyler Fairchild
Engineering	Engineering Fund	Internal Services Fund	Tyler Fairchild
Administrative Services - Utility Building Operation & Maintenance	Administrative Services Fund	Internal Services Fund	Tyler Fairchild
Administrative Services - Human Resources	Administrative Services Fund	Internal Services Fund	Melinda Thompson
Administrative Services - Information Technology	Administrative Services Fund	Internal Services Fund	Melinda Thompson
Administrative Services - Clerical Pool	Administrative Services Fund	Internal Services Fund	Melinda Thompson
Administrative Services - Finance & Accounting	Administrative Services Fund	Internal Services Fund	Benjamin Hayhurst
Administrative Services - Customer Service	Administrative Services Fund	Internal Services Fund	Benjamin Hayhurst
Administrative Services - Capital Projects	Administrative Services Fund	Internal Services Fund	Benjamin Hayhurst
Administrative Services - General & Administrative	Administrative Services Fund	Internal Services Fund	Benjamin Hayhurst
General Fund - Capital Projects Fund	General Capital Reserve Fund	Governmental Capital Fund	Jeffrey Stonehill
Storm Sewer Utility - Capital Projects Fund	Storm Sewer Capital Reserve Fund	Enterprise Capital Fund	Phil Wolgemuth
Electric Utility - Capital Projects Fund	Electric Capital Reserve Fund	Enterprise Capital Fund	Jeff Heverley
Natural Gas Utility - Capital Projects Fund	Gas Capital Reserve Fund	Enterprise Capital Fund	John Leary
Water Utility - Capital Projects Fund	Water Capital Reserve Fund	Enterprise Capital Fund	Lance Anderson
Wastewater Utility - Capital Projects Fund	Sewer Capital Reserve Fund	Enterprise Capital Fund	Lance Anderson
Sanitation Utility - Capital Projects Fund	Sanitation Capital Reserve Fund	Enterprise Capital Fund	Tyler Fairchild
Parking, Traffic & Street Lights - Capital Projects Fund	Parking, Traffic & Street Lights Capital Reserve Fund	Enterprise Capital Fund	Jeffrey Stonehill
Workers Compensation Insurance Trust	Workers Compensation Fund	Internal Services Fund	Benjamin Hayhurst
Self-Insurance Trust	Self-Insurance Fund	Internal Services Fund	Benjamin Hayhurst
Special Revenue Grants Holding Fund	Grant Programs Fund	Special Revenue Fund	Benjamin Hayhurst
Public Works Campus Bond Tax Holding Fund	Public Works Campus Bond Tax Fund	Special Revenue Fund	Benjamin Hayhurst
Police Station Bond Tax Holding Fund	Police Station Bond Tax Fund	Special Revenue Fund	Benjamin Hayhurst
Recreation Bond Tax Holding Fund	Recreation Bond Tax Fund	Special Revenue Fund	Benjamin Hayhurst
Fire Tax Holding Fund	Fire Tax Fund	Special Revenue Fund	Benjamin Hayhurst
Liquid Fuels State Grant Holding Fund	Liquid Fuels Fund	Special Revenue Fund	Benjamin Hayhurst
Sister City Account	Sister City Fund	Trust Fund	Benjamin Hayhurst
Project H.E.A.T. Account	Project HEAT Fund	Enterprise Fund	Benjamin Hayhurst

This Page Intentionally Left Blank

Organization Chart



This Page Intentionally Left Blank

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 years' 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 the Governor signed it into law on April 18, 2014. The new consolidated statute became 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 table and policies, 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. Council sets the table. Employees in these positions step through the pay scales based upon performance evaluations and attainment of goals. A Salary Normalization Committee, the Borough Manager, who is the Personnel Officer, and the Human Resources Department administer the program on behalf of Town Council.

Originally, on December 4, 1991, the Town Council adopted the "Chambersburg Pay Plan". In 2004, the Council updated the plan. The plan is controlled by compensation policies as they relate to pay increases, promotions, lateral transfers, etc. In 2025, Town Council approved an update to this Pay Plan.

The new system's core strength lies in its link to a positions' Skill-Level Score and elasticity of grading and steps. The outdated system utilized only 18 grades (with six unused), whereas the new plan introduces 144 distinct grades, each linked to a specific three-digit skills-level score. This expanded scale provides a more nuanced and accurate way to value each position's worth and responsibilities. Furthermore, the new compensation plan expands the number of pay steps from 10 to 20, creating a "wide and tall" pay scale that allows for more flexible and personalized career progression within each grade. This replaces the old "tight and compressed" structure, which limited growth opportunities for employees.

Chambersburg is unique among local municipal governments to have such a system for such a long time. It has brought relative stability to the compensation system; however, it does, like most pay plans, have its shortfalls. The Compensation Plan does impact individual employees differently. So as a result, the proposal is to have no across-the-board cost-of-living-adjustment (COLA) and in 2026, non-bargaining employees will be moved to their new grade and step for the first full pay in January 2026, then begin to receive step increases on their anniversary of employment.

Politics and public perceptions of compensation play no role in the compensation system. Employees are 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. Under the new plan, progression between steps is based on an employee's anniversary date or the date of their performance review. A lack of performance should impact step progression, and movement between steps will be accomplished by the recommendation of the salary normalization committee. Similarly, a new performance evaluation system, in place within a year or so, should allow step progression to be based on quantifiable and measurable performance standards.

The Borough of Chambersburg is about to implement this significant change to its compensation system for non-bargaining employees, a change that is the culmination of nine months of development and external consultation. The approved "New Non-Bargaining Compensation Pay Plan," slated for implementation in January 2026, represents a strategic move away from a dated and compressed pay structure and toward a more comprehensive, equitable, and forward-looking model. The new system is not an arbitrary overhaul but rather a meticulously crafted plan that ensures compensation is tied directly to a position's responsibilities and skills, and not personal attributes or non-work judgments.

There are a number of significant changes between the old Pay Plan and the new Compensation System. In the new Pay Plan, there is a correlation between grades and that of the three-digit Skills-Level Scores that are used to assign new grades to positions.

In summary, adopting this new compensation system modernizes the Borough's approach to talent management. It provides a transparent, defensible, and structured framework for compensation that is based on the objective value of each position. By addressing the limitations of the old system, the Borough will be better positioned to attract, retain, and fairly compensate its non-bargaining staff in the years to come.

Chapter 3 - General Fund Budget

In most boroughs in Pennsylvania, the General Fund would house almost all municipal employees and operations. Not as significant in Chambersburg, the General Fund is still very important. Despite the dependence on internal service funds to properly allocate utility expenses, the General Fund is the main “GOVERNMENTAL” fund and the home of the most basic municipal operations. The General Fund must house our governmental activities departments by generally accepted accounting principles (GAAP). The General Fund is comprised of six (6) departments operating as one set of financial operations:

General Administration – This general government operation is comprised of the civil and administrative activities of the Town Council, the Borough Manager, general insurances, special events, downtown civic activities, 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 public safety division of the Borough, under the supervision of the Police Chief, and the administration of the Mayor. This is the one area of the Borough where the Borough Manager acts only as the Business Manager, rather than the Chief Administrative Officer.

Fire Department – The Fire Department combines the Fire Suppression, the Fire Code Enforcement, and the Ambulance Service. 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. In 2017, the Borough moved the Aquatic Center from the General Fund to operate in its own business-like fund. The supervision of the independent Swimming Pool Fund (Aquatic Center), as with the entire Recreation Department, is by the Recreation Director 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, restaurant inspections, and management of the Southgate Shopping Center. While engineering and the Storm Sewer utility are closely related, they are not in the General Fund. “Lu Com Dev” is under the supervision of the Deputy Borough Manager who is also the Land Use & Development Director, who is supervised by the Borough Manager.

The Deputy Borough Manager is the deputy, second-more senior position in the Borough organization.

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

Commingled revenue: the Borough earmarks specific General Fund revenue for specific General Fund activities; however, that is by practice only. No such separation of finances exists except in planning.

Unlike the utilities or the internal service funds, the General Fund receives all of its revenue from either various tax levies, 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 operating budget per adopted financial policies. Finally, the Borough should not use savings to balance the General Fund. That is not the use of fund balance. Instead, balances should be shifted to capital expenditures for these areas, which are located in the separate General Capital Reserve Fund.

While we tie one revenue to one program, in practice this is not how the General Fund operates. In the end, each General Fund “department” is just one slice of the greater “General Fund” pie.

General Fund Function	Earmarked Revenue
Administration	No earmarked revenue
Fire Department	Fire (0.5 Mil) Tax (Ambulance Tax Eliminated In 2020)
Fire Department	Local Services Tax On Workers
Fire Department	Fire Code Permits & Fees
Fire Department	Contributions For Ambulance Service
Fire Department	Ambulance Service Charges
Fire Department	Ambulance Club Membership Fees
Highway Department	No earmarked revenue
Land Use & Community Development	Street Excavation Permits
Land Use & Community Development	Curb & Sidewalk Permits
Land Use & Community Development	Snow/Ice Removal Fines
Land Use & Community Development	Property Maintenance Code Violation Fines & Fees
Land Use & Community Development	Property Maintenance Inspection Fees
Land Use & Community Development	Land Use And Development Permit Fees
Land Use & Community Development	Zoning Permits & Fees
Land Use & Community Development	Real Estate Property Rentals
Miscellaneous	Deed Transfer Tax On Real Estate Sales
Miscellaneous	Wage & Earned Income Tax On Residents
Miscellaneous	Interest Income
Miscellaneous	Payments In Lieu Gross Receipts Tax - Electric
Miscellaneous	Payments In Lieu Gross Receipts Tax - Gas
Miscellaneous	Comcast Television Franchise Fee
Police Department	Police Tax (To be 27-Mil in 2026)
Police Department	Police Fines & Fees
Police Department	False Police & Fire Calls
Police Department	Other Police Department Fees
Police Department	School Crossing Guard Grant
Recreation Department	Recreation Program Charges
Recreation Department	Recreation Department Receipts
Recreation Department	Recreation Vending, Concession & Consignment

One can envision how significant and important the undesignated miscellaneous revenue is to keeping certain functions funded in the General Fund. For example, administration and highway have no dedicated funding source whatsoever.

*- It is quite possible that soon, to keep the General Fund balanced, and to continue to provide adequate funding to the Police Department and the Fire Department, a Highway Tax and/or a Recreation Tax will need to be collected so those departments/operations can stop entirely relying on miscellaneous revenue and fees.

If this subject comes before Council, it is our hope that everyone will understand the commingled impact of General Fund revenues.

General Fund Revenues

Some General Fund Revenue is “earmarked” for specific General Fund departments. Other revenue, called non-designated miscellaneous revenue, is put into the proverbial pool for all General Fund departments to use. By accounting, we are required to commingle all revenue of the General Fund departments.

No taxes are used to supplement utility operations. In fact, just the opposite, our Electric Utility and the Natural Gas Utility pay taxes (similar to private companies) into the General Fund. While the Water Utility paid a PILOT through 2013, we ceased that practice as a result of a concern that a State law introduced might prohibit water utilities from making payments for general government operations. That 2017 State law was never adopted. Beginning in 2025, the Water Utility began making a small transfer to the General Fund. Not a payment in lieu of taxes (as with the Electric Utility and the Natural Gas Utility), but rather a payment in lieu of the Ambulance Fee, but just for the residential water customers of the Franklin County Housing Authority (FCHA) property on the westside of town. This is a pass-through, not a PILOT, and is actually FCHA paying the fee, but through the Water Utility. Furthermore, it does not amount to much money.

The Borough is very careful to keep our utilities and our General Fund separate. Those functions that serve multiple departments as service-providers (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 unique accounting practice among municipalities however it makes clear sense as it 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, human resources, accounting, etc.) are not in our General Fund. In almost every other town, they would be.

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 that cannot be adjusted year-to-year, and are 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. Further, State law sets the rules and limits with the real estate tax as well.

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, historically the Council used property taxes for one purpose only: to fund the Chambersburg Police Department.

In 2014, a so-called neutral arbitrator imposed upon the Borough and the International Association of Fire Fighters (IAFF) Local #1813, a labor pact (the infamous “Kasher Decision”). Town Council was forced to add a Fire Tax. That tax started at 2.5-mil but was increased to 3-mil or the State maximum a few years later, and has remained unchanged. Beginning in the 2018 Budget, the Borough included a Police Tax, a Fire Tax, and an Ambulance Tax. However, State law requires that 2-mil of the 3-mil Fire Tax be given to the Motor Equipment Fund for apparatus rather than kept by the General Fund for Fire Department operations. Therefore, the Fire Tax is not very beneficial for the General Fund finances. Further, State law artificially caps it. In practice, one would conclude that the State opposes a fair Fire Tax when it was created in 1965 as an option, when few towns had paid professional firefighters.

General Fund Use of Fire Tax

The maximum permitted Fire Tax for a borough is 3-mil. Of that 3-mil, State law requires no more than 1-mil be used for Fire Department operations and the balance (a maximum of 2-mil must be used to defray the cost of fire apparatus). In Chambersburg, as a result of the antiquated tax system, for budget

purposes, 1-mil is equal to approximately \$218,786 in cash. So, as a result of the actions of the State and Franklin County, the Fire Tax could raise only approximately \$215,800 of the over \$1 million in firefighter wages and benefit costs incurred annually by the Borough to keep our property and businesses safe. We choose to move 2.5-mil of the 3.0-mil to cover apparatus expenses. Regardless, it is a very unhelpful limitation on taxes.

Beginning with the 2020 Budget, Town Council repealed and eliminated the ½-mil Ambulance Tax. It was replaced with a ready-to-serve Ambulance Fee, a surcharge on water bills, which is given to the General Fund to cover the loss of federal fees from the ambulance service. Most of the Fire Tax goes to the Motor Equipment Fund to pay for Fire Department apparatus. A small remainder stays with the General Fund to pay for Fire Department operations.

General Fund Use of Police Tax

In Chambersburg, the cost of the Police Department typically exceeds the revenue derived from what is known in other Boroughs as the “general levy.” Seeing as the entire “general levy” covers only a portion of the cost of Police Department operations, in Chambersburg, we call the “general levy,” the Police Tax.

All of the Police Tax goes to cover the operation of the Police Department. No real estate tax will pay for any operations of the Borough of Chambersburg other than police and fire services.

General Fund Use of the Designated Bond Taxes

Again in 2026, Chambersburg Town Council will levy three (3) dedicated bond taxes. The newest levy is 1-mil for the cost of construction of the Public Works Campus, which began in 2025. The Public Works Campus Bond Tax provides no revenue and no benefit to the General Fund. However, it covers what would have been the fair share of construction costs associated with General Fund operations; the share of construction costs owed by the Police Department, the Fire Department, the Recreation Department, Land Use & Community Development, General Highway operations, and the Administration.

Beginning in 2022, Chambersburg Town Council levied a dedicated Police Station Bond Tax. The Police Station Bond Tax provides no revenue and no benefit to the Police Department or the General Fund. It covers the cost of the construction of the renovated and expanded Police Station on S. Second Street.

Beginning in 2018, Chambersburg Town Council levied a dedicated Recreation Bond Tax. The Recreation Bond Tax provides no revenue and no benefit to the Recreation Department or the General Fund. It covers the cost of the construction of the Aquatic Center, renovated tennis courts and playgrounds, and a new roof that was put on the Recreation Center. It provides no revenue assistance to the General Fund.

This 2026 Budget reflects the continuing commitment by Town Council to pay off the debt associated with the infrastructure of our community.

It remains true that in Chambersburg, our citizens pay no dedicated Recreation Tax, no dedicated Highway Tax, and no taxes for economic development, civic activities, parks, recreation, street paving, alleys, or traffic problems, and no taxes at all to support any of the Borough’s operations, employees, utilities, other than the operations of the Police Department and the Fire Department.

Therefore, all the other General Fund operations must rely upon “miscellaneous revenue” such as what comes from State-limited Act 511 taxes. Every dollar that the Police Tax fails to cover the cost of the Police Department operation, or the Fire Tax and ambulance fees fail to cover the cost of the Fire Department operation, results in less resources for parks, playgrounds, streets, bridges, alleys, economic development, or quality of life code enforcement. While public safety is very important, quality of life suffers when Council fails to account properly for its costs.

Almost all employees of the Borough and most of the equipment of the Borough is a part of and operated by our utility departments (Electric, Gas, Water, Wastewater, Storm Sewer, and Sanitation utilities) and

our utility support departments (engineering, motor equipment, and administrative services). Your taxes do not support any utility operations, personnel or equipment and none of their expenses are in the General Fund.

General Fund Use of Fees

The Police Department earns a very small amount of income from fines and fees. The Fire 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. Health inspections and special events do not cover the expense of their administration. Further, the Rental Registration Program charges property owners a fee, but it does not cover the cost of the inspection program. The Recreation Department generates reliable income from their programming, but recreation departments do not generally cover their expenses. In Chambersburg, the Recreation (non-Aquatic Center) fees generate about 35% of the cost of the Recreation Department (non-Aquatic Center) operations with the balance coming from miscellaneous revenue. Purposely, most fees fail to cover the costs related to the services provided.

The largest fee collected by the General Fund is the Ambulance Fee, which also collects less than the write-off of ambulance patient fees forgiven so that the Borough can bill Medicaid and Medicare for ambulance expenses. The ready-to-serve Ambulance Fee, a surcharge on Water Utility invoices, is used to help cover, but always falls short, of the cost of the Fire Department's Ambulance service.

The Ambulance Fee is used to support the General Fund.

Beginning in 2020, Town Council repealed the Ambulance Tax. This was in conjunction with the establishment of a new ready-to-serve mandatory Ambulance Fee on all Water Utility invoices (because water fees are attributed to the property owner or owner's designee). A Police or Fire fee seems specifically prohibited by State law. However, emergency medical services are different. Beginning in 2026, the fee will rise to a flat \$12.50 per month per water service connection, per residential or commercial unit. The surcharge, unlike a real estate tax, is broad-based. Utility customers of the Borough will all continue to pay this flat fee. Even tax-exempt property owners.

For many years, the Borough has been prohibited from collecting certain fees invoiced to patients who are covered by Medicaid/Medicare. For example, each year the Borough is forced to "write-off" as uncollectible, due to Medicaid/Medicare rules, over \$1-million in normal service fees that patients with third party insurance would have paid. This is in addition to almost \$400,000, per year in unpaid fees for patients with no insurance or unpaid deductibles or copays. All ambulance companies in Franklin County are experiencing the same financial problem with some finding it difficult to stay in business.

As a governmental fund, the business model for the General Fund is revenue-poor. 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. However, these departments are not supposed to be financially profitable.

Who works in the General Fund?

It includes all the police officers, the Police Chief, the two Police Lieutenants, and the Co-Responder/Community Liaison, but not the Police Department clerical staff, who work for Administrative Services.

It includes all the firefighters, and the two Fire Chiefs, but not the Fire Department secretaries, who work for Administrative Services.

In the Recreation Department, many employees split their payroll. The Recreation Director (except when working on Aquatic Center issues), works in the General Fund. The two Recreation Department Supervisors (Recreation & Aquatic Center Supervisor and the Recreation Center & Park Maintenance Supervisor) work in the General Fund (except when working on Aquatic Center issues). The three maintenance employees work in the General Fund (except when working on Aquatic Center issues). The Recreation Program Coordinator works in the General Fund. The Recreation Maintenance Manager splits their year between the Recreation Center and the Aquatic Center. The Recreation Program/Office Assistant splits their time between the General Fund and the Administrative Services Fund. The clerical staff works for Administrative Services.

In Land Use & 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. The Community Development Block Grant program provides a grant to offset administration of that program. 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 the Storm Sewer Utility.

In the Highway Department (General Highway Maintenance), all the maintenance crew employees work in the General Fund. The mechanics in the garage work for the Motor Equipment Fund, not the General 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, the Sanitation Fund, and the Engineering Fund, but a little in the General Fund. The Public Works Director splits their time by all four funds. The General Fund only pays clerical employees indirectly through the Administrative Services Fund.

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

In 2025, the budget included the addition three (3) additional police officers. A small share of that cost is to be offset by a U.S. Department of Justice COPS grant award. In 2026, the budget includes sufficient funding to add a Corporal to the detectives' unit, known as the Criminal Investigation Division (CID). This will allow the detectives to stay on top of activities on social media and in the community. In return, a probationary police officer, beyond the four that are about to be hired, will be hired later in the year in 2026. By the end of 2026, the Chambersburg Police Department will be larger than it has ever been before, with a total complement of 42 sworn officers (including the Chief and the two Lieutenants), an increase of 24% in the last few years. However, most of the cost is being borne by the Police Tax.

In 2025, in agreement with the IAFF, the Borough increased the number of paid firefighters to the highest level in the history of the Borough. As of today, there are 31 paid firefighters plus two Fire Chiefs (and one volunteer Fire Chief). The Borough agreed to carry 28 paid firefighters in the soon expiring collective bargaining agreement. There are seven probationary firefighters at the Fire Academy (making 31 total) and we anticipate one to three senior members of the department will retire in 2026 (making about 28 total). There is no doubt that 31 firefighters will add to the public safety in the community.

There are no additional Recreation or Land Use & Community Development employees requested. One additional employee requested in Public Works will not bill their time to the General Fund.

Clearly, managing the payroll to properly and fairly split all these employees is very challenging.

General Fund Revenue Options?

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, Natural Gas, Water, Wastewater, Storm Sewer, and Sanitation utilities) or our utility support departments (Engineering, Motor Equipment, Administrative Services, which includes information technology, finance, and human resources); Chambersburg would be destitute. Imagine Harrisburg, York, or Lancaster.

Just remember, we are lucky to have strong, well operating, local utilities, two of 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.

For the future, if we were to dream of solutions, 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; paid for by both Borough and township property-owners); or
- A change to State law to allow an optional sales tax, liquor tax, or business tax.

Every year, the uninformed dream of gimmicks to control taxes. 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 to the General Fund, which are:
 - o *Police Tax to the General Fund*
 - o *Fire Tax with 83% shared with the Motor Equipment Fund and*
 - o *Not any of the Real Estate bond taxes;*
- Deed Transfer Tax – *Set at maximum since 1987;*
- Earned Income Tax – *Set at maximum since 1965;*
- Payments in Lieu of Gross Receipts Tax from the Electric Utility & Gas Utility;
- Ambulance Fee on each water service invoice;
- Police Fines & Fees;
- EMS Fees & Charges;
- Recreation Fees & Charges;
- Land Use & Development Fees & Charges;
- Comcast Cable TV Franchise Fee; and
- Pennsylvania State Aid for Pension Costs.

No General Fund Tax Increase in 2026

- This budget includes no change to the Police Tax set at 27-mil. This results in the existing 3-mil availability in future taxes, left until the Police Tax is maxed out, for use in future years.
- This budget includes no tax increase due as a result of Fire Department operations, and one is not permitted under State law.
- This budget includes no increases for the three mortgage-like taxes used to build generational projects (the Recreation Bond Tax, the Police Station Bond Tax, and the Public Works Campus Bond Tax), but these “mortgages” do not benefit the General Fund directly. However, they move these long-term debt expenses to their own funding sources.

With approval of this budget, Town Council can proudly explain to our constituents that there is no tax increase and that the Borough of Chambersburg has not raised taxes in 14 of the last 20 years.

The Broken Real Estate Tax System

Policy Question: why won't Franklin County update the tax rolls from 1961-1962?

If Franklin County undertook a property reassessment (which it has not since 1961-1962) the last County in the Commonwealth to undertake this recalculation, the number of mils would change lower (and render the 30-mil cap irrelevant), but this would not necessarily impact the dollars paid by any individual taxpayer. During the reassessment process, some properties with older real estate may actually see relief, others may see an increase. It is false to say this would hurt senior citizens or farmers as there is no evidence of that fact. In fact, it is likely to hurt newer development like distribution centers and shopping centers, many of which are owned by influential property owners, and did not exist in 1961-1962. Reassessment would be unpopular, but it is actually required by State law and is an effective tool to help fund police and fire services. It would also make the distribution of real estate tax liability fairer and more reasonable. A 2025 study indicated that Franklin County is purposely hiding the inaccuracy of the taxes from the public by leaving out a vast number of commercial property sales from the reporting data.

Here is some helpful information on county-wide reassessment from Indiana County, when they updated their tax rolls from 1968 to 2015:

https://www.indianacountypa.gov/wp-content/uploads/UNDERSTANDING_REASSESSMENT_FINAL.pdf

What is the definition of a mil? Often misspelled as mill, a mil is a property tax unit, equal to one dollar of tax per one thousand dollars of assessed value. 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.

When it comes to taxes, a mil is not a standard measure. A mil is different in each and every municipality in Pennsylvania.

How is a mil determined?

The value of 1-mil is determined by each County's assessment system and the quantity of assessed real estate they decide is inside a municipality. Each County does not use the same assessment system. Some counties measure assessment on Fair Market Value (actual real estate value), whereas others use alternate systems based on historic trend analysis. There are published "equalization tables", which attempt to balance assessed value for comparison from one county to another. These tables, well intentioned, may distort further the differences in assessed value from one county to another. Finally, the quantity of assessed value in one municipality versus another also leads to different mil valuations for each municipality.

Counties with poor or outdated assessed valuations can have wild fluctuations in the value of a mil.

Seeing as municipalities with larger quantities of assessed valuation derive more value from a mil than communities with less quantity of assessed valuation, mil is an arbitrary measure and it rewards wealthier communities with higher real estate assessments with more tax yield and disadvantages communities with lower real estate assessments with less tax yield. It is inherently bias against certain socio-economic communities.

It is also an unfair and inaccurate way of placing caps on real estate taxes. This is the way caps are expressed in State law. Also, no government buildings, schools, charities, churches, or State-owned properties pay any real estate taxes. This tax-exemption system can eliminate 40%-60% of properties from the responsibility of paying for municipal services.

This further exacerbates the unfairness and disparity of using mil to express values or caps.

If my property has a fair market value of \$100,000, what should be my real estate taxes?

It may surprise you that often the non-school real estate tax in some communities for that property might be as low as \$500 per year. In general, in most municipalities, school district real estate taxes are 60% to 80% of real estate taxes paid. Municipal services such as police, fire, and EMS are often relegated to 20% to 40% of the overall real estate tax bill to a property owner.

Part of that inequity is the use of mil as the measure. A percent of fair market value would be much more equitable. Finally, a cap expressed in an annual growth rate, especially tied to an index, is also much more logical, fair, and predictable, and less bias.

Please see the enclosed two examples:



This is a single-family home in West Hanover Township, Dauphin County. It sits on 0.9 acres of land and has a fair market value of \$363,239 according to RealEstimator. It has an assessed value of \$158,500 according to the County. Under the law, 1-mil for this house would result in an annual payment, before discount, of \$158.50 or 0.044% of fair market value.



This is a single-family home in Gettysburg Borough, Adams County. It sits on 0.34 acres of land and has a fair market value of \$271,800 according to RealEstimator. It has an assessed value of \$182,300 according to the County. Under the law, 1-mil for this house would result in an annual payment, before discount, of \$182.30 or 0.065% of fair market value.

What this demonstrates is that there is no standard relationship between fair market value and assessed value. Furthermore, since each County has an independent assessment system, the value of 1-mil can be wildly different from one county to another and it can be much greater or less than as a percentage of the property's true value. Therefore, using assessment and mil results in an arbitrary system of taxation, arbitrary in application, and arbitrarily capped, not fair or equitable to property owners.

Finally, it establishes an unfair bias towards wealthier communities with higher assessed valuation. We conducted a limited survey in 2024 to demonstrate the variability of the value of 1-mil from community to community, from county to county.

<u>Municipality</u>	<u>Type</u>	<u>County</u>	<u>Value of 1-mil</u>
Lower Merion	Township	Montgomery	\$7,780,358
Upper St. Clair Township	Township	Allegheny	\$2,350,000
Monroeville	Borough	Allegheny	\$2,300,000
Montgomery	Township	Montgomery	\$2,175,290
Upper Gwynedd	Township	Montgomery	\$1,692,123
Upper Moreland Township	Township	Montgomery	\$1,548,000
Fairview Township	Township	York	\$1,413,235
Salisbury	Township	Lehigh	\$1,319,445
Fox Chapel	Borough	Allegheny	\$1,231,000
Penn Township	Township	Lancaster	\$893,914
Lansdale	Borough	Montgomery	\$812,512
Amity	Township	Berks	\$735,550
Elizabethtown	Borough	Lancaster	\$640,159
Oakmont	Borough	Allegheny	\$593,461
Middletown Township	Township	Bucks	\$520,000
Gettysburg	Borough	Adams	\$506,783
Forest Hills	Borough	Allegheny	\$383,633
Doylestown	Township	Bucks	\$275,013
Chambersburg	Borough	Franklin	\$201,456
Loyalsock Township	Township	Lycoming	\$180,000
Butler	Township	Butler	\$163,274
Etna	Borough	Allegheny	\$95,000
Halfmoon Township	Township	Centre	\$81,508
Pen Argyl	Borough	Northampton	\$66,817

As is clearly demonstrated, the expression of real estate caps in the format of mil, is nonsensical. A 3-mil Fire Tax cap in Lower Merion would generate \$23,341,074 whereas the same 3-mil Fire Tax cap in Pen Argyl Borough would generate \$200,451 of which \$66,817 could only be used for Fire Department wages and benefits, pursuant to State law.

In conclusion, use of the terminology mil both in the calculation of real estate taxes and State law associated with real estate tax caps is not a good measure for many reasons. The State should consider a dramatic re-statement of law associated with local real estate taxes to make them more transparent, logical, understandable, fair, and free of bias.

A State-appointed panel researching how levies of real estate taxes are calculated and articulated in State law in other states would lend additional knowledge about works and what does not work with relationship to this issue.

Real Estate Taxes and the Police Department and the Fire Department

This is the only fiscal challenge for the Borough. In 2026, it is estimated that the Chambersburg Police Department will cost \$658,968 more to operate than the revenues collected on its behalf. This includes shifting police pension subsidies from the utility departments to help the Police Department as well as the estimated yield of 27-mil of Police Tax. To make the Police Tax cover this gap would have required an additional 3.75-mil increase, which we are not recommending and would not be possible as State law limits the Police Tax to 30-mil. We should be rightly concerned about this impact in 2027.

Increasing costs for the Police Department include wages (both a cost-of-living increase and more employees), benefits including health insurance, vehicle expenses (additional vehicle maintenance costs and additional vehicles), information technology expenses, and an increase in Police Liability insurance premiums. Together, department expenses grew \$510,548 or by 7.2%.

As a result of those changes, the shortfall in police funding grew.

Police Department Budget		2025	2026
Estimated Cost of Operations		\$7,127,180	\$7,637,728
Reimbursement from CASD for School Crossing Guards (estimated)		-\$34,000	-\$32,800
Estimated Yield from Fines and Fees		-\$185,000	-\$170,000
State Grant for Police Pension Costs (grant shifted from utilities)		-\$803,100	-\$821,970
Subtotal		\$6,105,080	\$6,612,958
Tax Rate		27-mil	27-mil
Estimated yield of Police Tax (excluding tax liens & donations)		\$5,862,199	\$5,953,990
Police Department Deficit		-\$242,881	-\$658,968

In general, if the Police Department runs a deficit as it is anticipated to do so in 2025, it is commingled with all the revenue and expenditures in the General Fund. The General Fund miscellaneous revenue must cover it as it does with all the General Fund departments including Fire, EMS, the Recreation Department, Land Use & Community Development, and general highway, which are all mixed together pursuant to the State recommended chart of accounts.

This will work for one more year. Then, in 2027, there is likely insufficient available miscellaneous revenue, such as from Act 511 taxes, to fill the hole. Once the Police Tax hits 30-mil, then there will be even fewer good choices for Town Council. It is likely already too late for Franklin County to fix the real estate tax issue in time. The Police Tax will hit the cap, and then other moves will need to be made.

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. Clearly the Police Tax will rise in the future.

In 2026, it is the Borough Manager's recommendation that the Borough not increase the Police Tax rate, currently at 27-mil.

<u>Police Tax</u>	<u>Mil Rate</u>	<u>Change</u>	<u>% Change</u>
2023	25	1	4.2%
2024	25	0	0.0%
2025	27	2	8.0%
Proposed 2026	27	0	0.0%

In contrast, the Chambersburg Fire Department is in financial crisis right now. In the 2025 budget, the document stressed the end of possible future financial options for the department, but things have only deteriorated as necessary staffing and expenses have increased and options for the future have not presented themselves. It is estimated that the Chambersburg Fire Department and EMS will cost \$1,344,815 more to operate than the revenues collected. This includes shifting State pension subsidies from utility departments to help the Fire Department as well as the estimated yield of ½-mil of Fire Tax permitted to be used for operations and the Ambulance Fee. There is no way permitted to raise the Fire Tax (approx. 6.25-mil more) to cover this deficit. When coupled with an upcoming labor agreement and even reasonable benefit enhancements, the Fire Department is in a troubling state.

The Borough uses the Ambulance Fee to help cover the EMS portion of the deficit. The Ambulance Fee should generate \$1.74 million in 2026, which is already accounted for in the deficit. If the Ambulance Fee was used to cover the whole deficit, it would be set to \$21.84 per month instead of the recommended \$12.50 per month as is proposed for 2026. The proposed Ambulance Fee is made necessary by the allowance for uncollectable ambulance receipts as a result of Medicaid/Medicare federal rules.

Fire/EMS Budget	2025	2026
Estimated Cost of Operations	\$6,206,695	\$6,327,556
Local Services Tax Yield (set at State Maximum)	-\$775,000	-\$790,000
Fire Code Inspections	-\$80,000	-\$88,000
Ambulance Patient Fees	-\$1,500,000	-\$1,605,000
Ambulance Fee on Water Service Invoices	-\$1,538,868	-\$1,738,868
State Grant for Fire Pension Costs (grant shifted from utilities)	-\$594,400	-\$660,238
Subtotal	\$1,718,427	\$1,445,450
Tax Rate	3-mil	3-mil
Estimated yield of Fire Tax	\$621,920	\$661,610
Less required transfer to the Motor Equipment Fund (State law)	-\$536,255	-\$560,975
Net Fire Tax Revenue for Operations	\$85,665	\$100,635
Fire/EMS Deficit	-\$1,632,762	-\$1,344,815

Increasing costs for the Fire Department include wages (both a cost-of-living increase and more employees), benefits including health insurance, vehicle expenses (additional vehicle maintenance costs and additional vehicles), information technology expenses, and an increase in Workers Compensation insurance premiums. Together, department expenses grew \$120,861 or by 1.9%.

However, this only includes a 2.5% cost-of-living adjustment for firefighter wages, which has not been agreed upon.

In addition to the Ambulance Fee, if the Fire Department runs a deficit, it is commingled with all the revenue and expenditures in the General Fund. The General Fund miscellaneous revenue must cover it as it does with all the General Fund departments including the Police Department, the Recreation Department, Land Use & Community Development, and general highway, which are all mixed together pursuant to the State recommended chart of accounts.

This will not work any longer. As of today, there are insufficient available miscellaneous revenue, such as from Act 511 taxes, to fill the hole. If expenses grow even a little (for example, a larger cost-of-living increase or an unforeseen expense) or just that the Borough finishes the 2026 fiscal year, then there will be no good choices for Town Council. It is likely already too late for Franklin County to fix the real estate tax issue in time. If State law changes to raise the Fire Tax caps sometime soon, that will help for 2027. Otherwise, Town Council will no longer be able to shift expenses to the other General Fund departments without creating a new tax for them (i.e., a highway tax or a recreation tax). There are no other choices.

Fire Tax	For Equip.	For Expenses	Total Rate	Change	% Change
2023	2.5	0.5	3	0	0.0%
2024	2.5	0.5	3	0	0.0%
2025	2.5	0.5	3	0	0.0%
Proposed 2026	2.5	0.5	3	0	0.0%

In 2026, it is the Borough Manager’s recommendation that the Borough not change the Fire Tax rate, currently at 3-mil, because an increase is not permitted by the State. Recall, the Fire Tax does not come close to covering the cost of the department, but cannot be increased. Even with the Ambulance Fee, the Fire Department is anticipated to run a deficit requiring the use of general revenues to cover additional expenses.

The Commonwealth of Pennsylvania, in the Borough Code, sets the limit on the Fire Tax at 3-mil of which 2-mil must be used for apparatus; leaving only 1-mil for Fire Department operations (we choose to make the split 2.5-mil and ½-mil but that is no practical difference). Due to the antiquated tax system in Franklin County, that 1-mil is anticipated to generate \$215,800 in 2026. At the end of 2024, the State passed a new law, Act 54 of 2024, which raised the Fire Tax caps but only for “Eligible Boroughs.” Their Fire Tax cap went from 3-mil to 10-mil and their EMS Tax cap from ½-mil to 5-mil. An eligible borough is defined as “Any borough that is located in a county of the second-class A that is contiguous to a city of the first class.” This would only be boroughs in Bucks, Delaware, and Montgomery counties, as the legislation specifically applies to boroughs in counties contiguous to a first-class city. Why not Chambersburg?

In Chambersburg, in 2026, the average single-family home has a Franklin County assessed value of \$17,587; obviously, that is the assessed value and not the single-family home market value.

Half of all single-family homes in the Borough have an assessed value higher, and half have an assessed value lower. Commercial, industrial, and multi-family homes have different values.

According to Redfin.com, the average fair market value for single-family homes sold in Chambersburg, PA, so far in 2025 is approximately \$280,000, with a median sale price of \$248,000 reported through September 2025. Other sources show slight variations; for example, Zillow reported the average 17201 home value (Zillow Home Value Index) as \$248,549 through the end of August 2025.

Average Single-Family House Inside The Borough	2025	2026	% to General Fund
Police Tax (All to the General Fund)	\$475.00	\$477.90	100%
Fire Tax (Shared with most going to the Motor Equipment Fund)	\$53.00	\$53.10	17%
Recreation Bond Tax <i>All revenue goes to paying the Recreation Bond and not the Recreation Department</i>	\$44.00	\$44.25	0%
Police Station Bond Tax <i>All revenue goes to paying the Police Station Bond(s) and not the Police Department</i>	\$35.00	\$35.40	0%
Public Works Campus Bond Tax <i>All revenue goes to paying for construction of the Public Works Campus and not the Public Works</i>	\$18.00	\$17.70	0%
Total (per year)	\$625.00	\$628.35	22.6%

When asked, some citizens wildly inflate the dollar cost of the real estate taxes that they pay per year. For your information, the single-family home with the largest Police Tax bill each year pays \$4,379.40 per year in Police Taxes versus \$477.90 paid by the average single-family home. Further, that home has a Fair Market Value of \$735,700, according to a Zestimate from Zillow (with a Franklin County assessed valuation of \$162,200) and is therefore a unique Borough property. Of all the single-family homes inside the Borough, half pay more than \$628.35 per year in Borough taxes, and half pay less.



BOROUGH OF CHAMBERSBURG – PROPOSED 2026 BUDGET

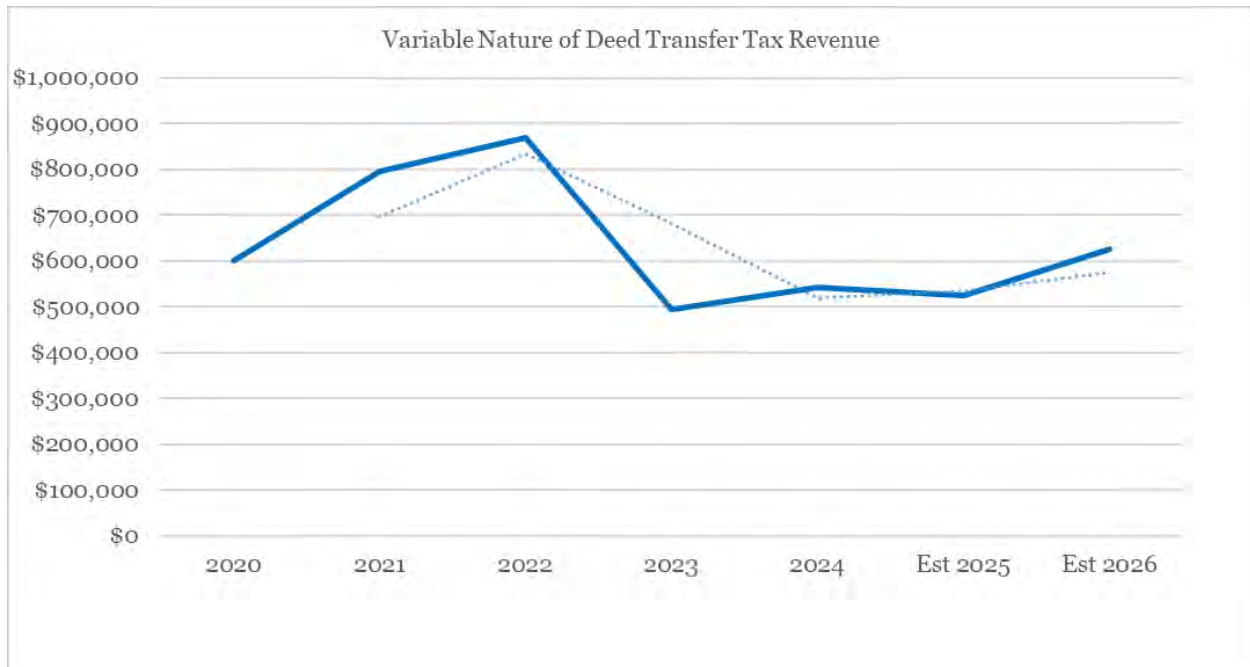
Real Estate Taxes (mil)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 Proposed
Real Estate Taxes for the General Fund												
Police Tax Mil (State Cap of 30-mil)	21	23	23	24	24	24	24	24	25	25	25	27
Fire Tax Mil (at State Cap)	2.5	2.5	2.5	3	3	3	3	3	3	3	3	3
Less Portion for Apparatus (by State law)	-2	-2	-2	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5
Ambulance Tax Mil	-	-	-	0.5	0.5	0	0	0	0	0	0	0
Total Real Estate Tax To the General Fund	21.5	23.5	23.5	25	25	24.5	24.5	24.5	25.5	25.5	27.5	27.5
Real Estate Taxes for Other Uses Not in General Fund												
Fire Tax for the Motor Equipment Fund	2	2	2	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Recreation Bond Tax	-	-	-	3	3	3	3	3	2.5	2.5	2.5	2.5
Police Station Bond Tax	-	-	-	-	-	-	-	1	2	2	2	2
Public Works Campus Bond Tax	-	-	-	-	-	-	-	-	-	-	1	1
Total Real Estate Tax for All Purposes	23.5	25.5	25.5	30.5	30.5	30	30	31	32.5	32.5	35.5	35.5
Deed Transfer Tax to the General Fund	½ of 1%				No change allowed							
Earned Income Tax to the General Fund	½ of 1%				No change allowed							
Local Services Tax to the General Fund	\$52 per year per worker				No change allowed							
Mercantile/Privilege Tax	N/A				No change allowed							
Amusement Tax	N/A				Not necessary							

Without the ready-to-serve Ambulance fee, a surcharge on Water Service invoices, the General Fund would be out of balance by over \$1.74 million.

There are very limited funding options for this extremely important fund going forward.

Key General Fund Revenues (Excerpt)

2026 General Fund Revenues (Excerpt)	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2026 Proposed Budget
POLICE TAX (Rose To 25-Mil In 2023, Rose to 27-Mil In 2025)	\$5,035,978	\$5,067,454	\$5,060,555	\$5,229,081	\$5,347,609	\$5,862,199	\$5,953,990
AMBULANCE TAX (Lowered To Zero In 2020)	\$5,490						
Fire Tax (1/2-Mil)	\$111,821	\$106,208	\$102,299	\$105,078	\$119,513	\$109,840	\$111,268
Local Services Tax On Workers	\$816,309	\$787,302	\$785,273	\$774,095	\$799,226	\$775,000	\$790,000
Deed Transfer Tax On Real Estate Sales	\$600,003	\$795,061	\$869,660	\$493,324	\$543,200	\$525,000	\$625,000
Wage & Earned Income Tax On Residents	2303983	2426441	2745152	2836387	3100100	2900000	3400000
Payments In Lieu Gross Receipts Tax - Electric	\$1,350,000	\$1,350,000	\$1,350,000	\$1,470,000	\$1,870,000	\$2,033,000	\$2,500,000
Payments In Lieu Gross Receipts Tax - Gas	\$570,000	\$650,000	\$650,000	\$750,000	\$900,000	\$910,000	\$975,000
Ambulance Service Fee	\$778,980	\$971,785	\$974,749	\$1,244,182	\$1,511,166	\$1,498,868	\$1,738,868
Police Fines & Fees	\$143,345	\$129,978	\$132,141	\$219,153	\$119,438	\$185,000	\$170,000
Ambulance Fees & Charges	\$1,147,111	\$1,217,343	\$1,314,329	\$1,399,772	\$1,609,044	\$1,500,000	\$1,605,000
Motor Equipment Fund Rebate (Includes 1/2-Mil Of Fire Tax)	\$573,355	\$585,320	\$575,815	\$612,735	\$594,260	\$586,255	\$209,430



BOROUGH OF CHAMBERSBURG – PROPOSED 2026 BUDGET

General Fund Revenues (Full Detail)

2026 General Fund Revenues (Detail)	Year	(\$)	MIL
Police Tax Revenue (70002, 70003, 70008, 70011)	Est. 2026	\$5,953,990	27
	Budget 2025	\$5,862,199	27
	2024	\$5,347,609	25
	2023	\$5,229,081	25
	2022	\$5,060,555	24
	2021	\$5,067,454	24
	2020	\$5,035,978	24
Deed Transfer Tax Revenue (70009)	Est. 2026	\$625,000	
	Budget 2025	\$525,000	
	2024	\$543,200	
	2023	\$493,324	
	2022	\$869,660	
	2021	\$795,061	
	2020	\$600,003	
Earned Income Tax Revenue (70010)	Est. 2026	\$3,400,000	
	Budget 2025	\$2,900,000	
	2024	\$3,100,100	
	2023	\$2,836,387	
	2022	\$2,745,152	
	2021	\$2,426,441	
	2020	\$2,303,983	
LST (or EMST) Tax Revenue (70005)	Est. 2026	\$790,000	
	Budget 2025	\$775,000	
	2024	\$799,226	
	2023	\$774,095	
	2022	\$785,273	
	2021	\$787,302	
	2020	\$816,309	
Police Fines Revenue (70031, 70034)	Est. 2026	\$170,000	
	Budget 2025	\$185,000	
	2024	\$119,438	
	2023	\$219,153	
	2022	\$132,141	
	2021	\$129,978	
	2020	\$143,345	
Ambulance Billing Revenue (70046,70047)	Est. 2026	\$1,605,000	
	Budget 2025	\$1,500,000	
	2024	\$1,609,044	
	2023	\$1,399,772	
	2022	\$1,314,329	
	2021	\$1,217,343	
	2020	\$1,147,111	

Police Department



Mission Statement: The mission of the Chambersburg Police Department (CPD) is to improve the community's quality of life through crime control and public safety while serving all people with fairness and respect.

Vision Statement: The Chambersburg Police Department will work hand in hand with members of the community 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 Director: Chief Meredith Dominick

	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Police Operations	\$6,223,358	\$7,127,180	\$7,637,728
Earmarked Revenue			
Police Tax	\$5,347,609	\$5,862,199	\$5,953,990
Police Fines & Other	\$ 119,438	\$ 185,000	\$ 170,000
Subtotal	\$5,467,047	\$6,047,199	\$6,123,990
Excess (Deficit)	(\$756,111) Deficit	(\$1,079,981) Deficit	(\$1,513,738) Deficit

	2024 Actual	2025 Budget	2026 Budget
Police Operations			
Non-Personnel Costs	\$1,238,461	\$1,595,880	\$1,630,738
Personnel Costs	\$4,984,897	\$5,531,300	\$6,006,990

This 2026 Budget includes hiring one (1) additional patrol officer and related expenses related to the promotion of a police officer to a new position, a supervisory employee in the detectives' division.

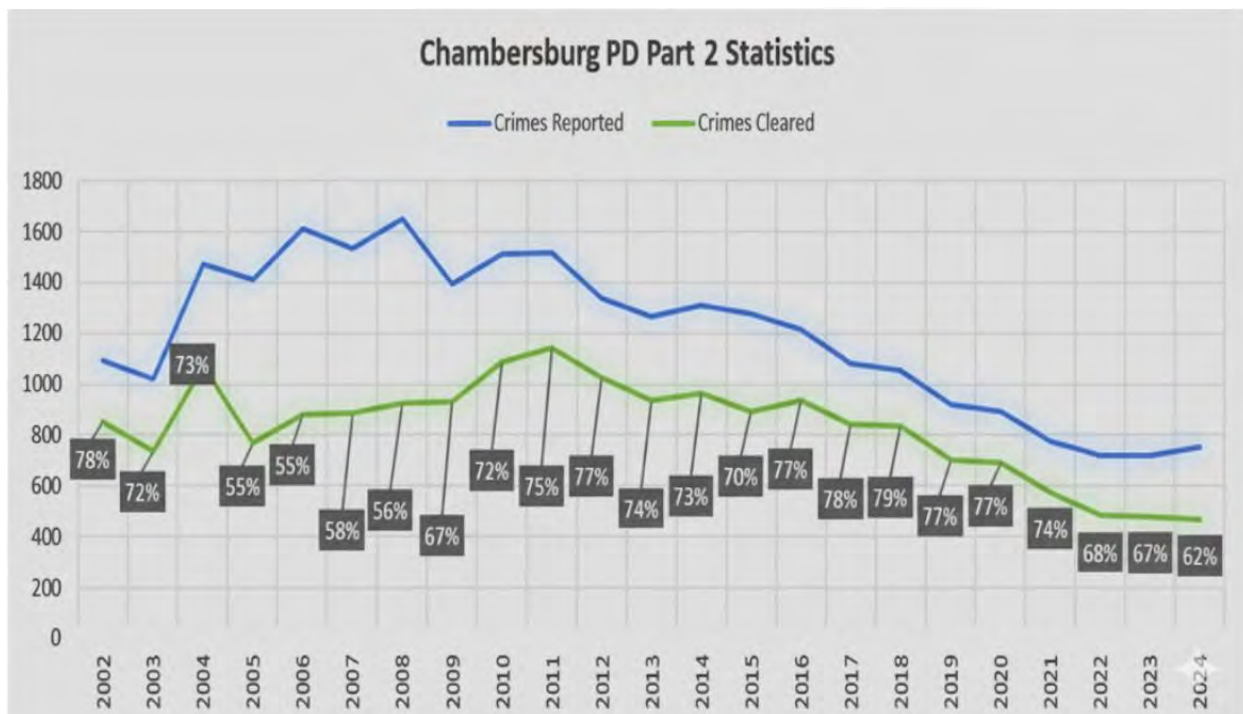
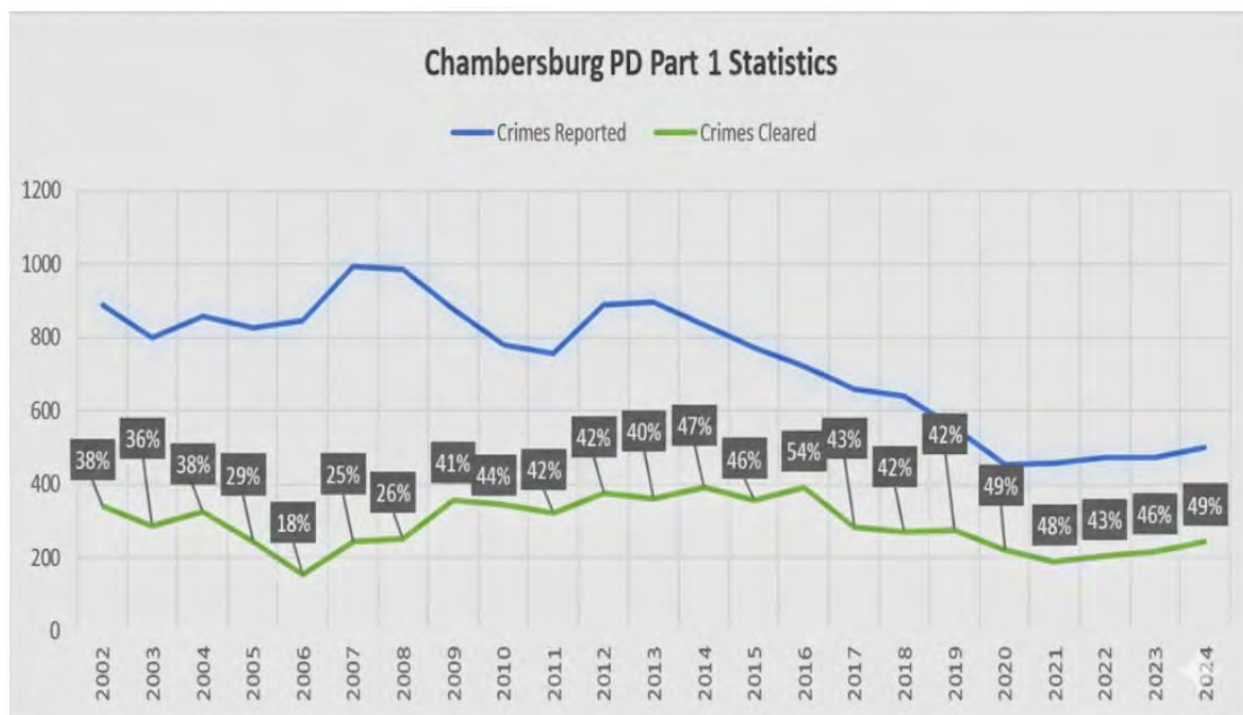
Chief Dominick anticipates 2026 will be another year of continued growth for the Department and our community. The agency accomplished its 2025 goals and has plans for further achievement in 2026. As of January 2026, the Police Department will be short by four (4) officers due to retirements and the Departure of Chief Camacho. Recruiting efforts occurred in late 2025, and the Borough hired four (4) candidates for the January 2026 police academy class. The fifth candidate, discussed later in the 2026 budget, will be hired in the spring to attend the July police academy. The goal is that the Department will be fully staffed by the end of 2026, absent unknown personnel changes due to retirements or resignations.

The Department continues to be recognized as one of the top agencies with Crime Watch, a resource for building public awareness concerning crimes and sharing information about those who commit crimes. The CPD is recognized as the top Crime Watch agency in Pennsylvania for site visits/social media, and crime tips.

The Department completed and earned its second follow-up year as an accredited police agency through the Pennsylvania Law Enforcement Accreditation program. CPD also maintains IACP's One Mind Campaign Pledge, where it trains and certifies 100% of our officers in Mental Health First Aid and Crisis Intervention Training.

Crime

Part 1 Crimes: Includes crimes such as Murder, Rape, Robbery, Assaults, Burglary, Thefts, Arson, etc.



Improved with Gemini

Part 2. Crimes are “less serious” offenses and include Simple Assaults, Forgery/Counterfeiting, Embezzlement/Fraud, Receiving Stolen Property, Weapon Violations, Prostitution, Sex Crimes, Crimes against Family/Child, Narcotic Drug Laws, Liquor Laws, Drunkenness, Disturbing the Peace, Disorderly Conduct, Gambling, and DUI without serious injury, etc.

Crime reports have significantly decreased in the Borough of Chambersburg over the last fifteen years.

Year	Part 1			Part 2		
	Crimes Reported	Crimes Cleared	Clearance Rate	Crimes Reported	Crimes Cleared	Clearance Rate
2000	947	460	49%	1224	1070	87%
2001	935	349	37%	912	729	80%
2002	888	341	38%	1090	852	78%
2003	798	284	36%	1021	737	72%
2004	858	323	38%	1471	1072	73%
2005	828	242	29%	1411	770	55%
2006	845	154	18%	1609	882	55%
2007	992	243	25%	1532	884	58%
2008	985	252	26%	1648	925	56%
2009	875	356	41%	1395	930	67%
2010	778	342	44%	1510	1086	72%
2011	758	319	42%	1519	1142	75%
2012	887	375	42%	1337	1027	77%
2013	897	361	40%	1264	937	74%
2014	836	391	47%	1310	962	73%
2015	771	357	46%	1277	894	70%
2016	722	390	54%	1217	937	77%
2017	660	282	43%	1080	840	78%
2018	641	271	42%	1052	834	79%
2019	554	274	49%	918	704	77%
2020	452	219	48%	891	690	77%
2021	458	187	41%	774	576	74%
2022	472	202	43%	716	484	68%
2023	473	215	45%	719	481	67%
2024	500	243	49%	752	470	62%

Highlights for 2025

The Department was graciously awarded \$327,465 from Pennsylvania's Gaming Local Shares Account (LSA). The LSA funded the purchase of three vehicles: a replacement K9 vehicle, the replacement of a patrol vehicle, and an additional vehicle for the fleet. The grant also included the replacement of five (5) Mobile License Plate Readers, the purchase and replacement of 11 Mobile Data Computers (9) for vehicles, and (2) motorcycles, and the purchase of two (2) Quick deploy Mobile License Plate Readers that allow the Department to utilize in areas where and when needs are identified. The Department continues to be awarded the Patrick Leahy Bulletproof Vest Partnership Grant. This grant assists with the cost of an officer's body armor (vest) through partial reimbursement (50%). As the costs for body armor continue to rise, this grant helps return some of the costs to the Borough's coffers. Since returning to the grant in 2023, the CPD has purchased and received offsetting costs for 20 vests! This has been an approximate \$18,500 return to the Borough.

Thanks to the generosity of the budget and the taxpayer's money, which is spent with fiscal responsibility, the Department replaced the failing fixed License Plate Reader (LPR) at an intersection within the Borough. LPRs are camera systems that capture vehicle license plates, convert the image to text, and compare the plate number to law enforcement databases. LPRs help the Department combat traffic complaints and criminal activity. The Department also purchased an additional Mobile Data Computer, one Mobile License Plate Reader for the new vehicle that was added to the fleet, and a new body-worn camera for one of the 2025 new hires.

Janko, a Belgian Malinois and our newest K9, completed his academy training in November 2024 and was put into service immediately. Like our officers, Janko wears body armor to protect against threats and harm. His body armor was received through a generous donation from Spikes K9 Fund. K9 Janko and his partner, Officer Nick Jacoby, are an excellent pair and bring more skill to the Department's already successful K9 unit!



Janko, a Belgian Malinois, with Officer Jacoby

The Department also purchased five (5) new ballistic shields through a generous donation of \$25,000 from an anonymous donor.

One of the Department's final highlights was the introduction of the new color scheme for police cruisers. The color scheme provided a cost savings by eliminating the multi-color paint patterns, and gave the Department's fleet a fresh look. As vehicles are replaced, the Department will utilize the new color scheme.



Traffic Enforcement Strategy

Traffic safety and crime deterrence are priorities for members of the Chambersburg Police Department. Our priorities are to keep citizens safe and ensure they are able to move from one location to another, safely, free from harm. It takes everyone's effort in this endeavor. Truth is in the phrase, "See something, say something." The CPD cannot enforce what the police do not know, but while the police cannot be everywhere, a knowledge and understanding of criminal behavior is key. For example, the CPD strive to enforce all traffic laws and eliminate criminal activity, but as a reminder, they use the public's help through 911, the non-emergency number to the Franklin County Communications Center, (717.263.1611) and the Crime Watch website. Anyone who wishes to report criminal activity or traffic-related offenses can do so anonymously; however, the police need everyone's help. The police encourage people to register their exterior cameras (home or business) with the police department through Crime Watch. Your video may help solve a crime. In 2025, our community saw an increase in crime. The department responded with proactive efforts that focused on directed enforcement in addition to our daily patrols and response to calls for service. Results were a success! The CPD initiated 96 traffic stops, issued numerous citations and warnings, made one felony and six misdemeanor arrests, and served seven (7) arrest warrants.

Traffic enforcement remains a department-wide initiative. The ultimate goal is to have a dedicated traffic unit for the Department. In the interim and until staffing is sufficient, all officers participate in traffic details, including speed enforcement, click-it-or-ticket, DUI roving patrols, and responses to citizens' traffic complaints. Call volume continues to climb, and officers do their best to balance call volume, criminal investigations, and traffic enforcement.

2024 and 2025 Traffic Enforcement Details

- 2024
 - *Number of Details: 1707*
 - *Number of Traffic Stops resulting in at least one citation: 378*
 - *Number of Traffic Stops resulting in at least one warning: 66*
 - *Work Hours committed to enforcement: 170*
- 2025
 - *Number of Details: 504*
 - *Number of Traffic Stops resulting in at least one citation: 86*
 - *Number of Traffic Stops resulting in at least one warning: 46*
 - *Work Hours committed to enforcement: 260*

Proactive Traffic Efforts

All of 2024 and 2025 (Through August 2025)

- Parking Tickets
 - 2024- 464
 - 2025- 260
- Traffic Citations
 - 2024- 1013
 - 2025- 362
- DUI Arrests
 - 2024- 80
 - 2025 -58

Reactive Traffic Efforts

- Collisions
 - 2024- 1089
 - 2025- 641

Proactive Criminal Efforts

- Arrests
 - 2024- 2129
 - 2025- 948
- Foot Patrols
 - 2024- 602
 - 2025- 197
- Call volume
 - 2024- 20, 675
 - 2025- 12,685

The Department continues to develop new public service announcements (PSAs) for traffic and crime education. PSAs are utilized to educate the community on public safety topics. PSAs are created to focus on issues that the Department identifies as safety specific affecting the community. Their goal is to promote a safer community. In 2025, the Department created PSAs on Bike safety (English and Spanish), Bikes and Skateboards, and one on the new Paul Miller's Law. The Department also re-released PSAs on the Perception of Speed, Porch Pirates (Theft), and Witnessing a Crime (English and Spanish).

<https://youtu.be/thlRCvopkz0>

Capital Project needs

2026 PROJECTS		Total Cost
New (Replacement) Tasers Phase 1		\$62,000
New (Replacement) Portable Radios Special Event Monitors		\$20,000
Police Drone	Donation Anticipated	\$35,000
2027-2029 PROJECTS		
New (Replacement) Portable Radios Police Officers		\$400,000
Body Camera Replacements, Upgrades and Video Storage		\$200,000
License Plate Reader Fixed Location		\$135,000
Expand License Plate Reader at Another Intersection		\$135,000
Replace Mobile License Plate Readers		\$110,000
New (Replacement) Tasers Phase 2		\$62,000
New (Replacement) Portable Radios Special Event Monitors		\$40,000
Purchase Additional Drone	Donation Anticipated	\$20,000
		\$1,102,000

Accreditation

On June 28, 2025 the department successfully completed its second follow-up year of accreditation. During the year, the CPD were continuously tested on our policies and standards to ensure the department-maintained professionalism. Accreditation validates the department's policies and operations through a rigorous assessment of best practices and standards that the Pennsylvania Law Enforcement Accreditation Program publishes. Ultimately, accreditation continues to lessen agency liability and continue enhancing the agency and its law enforcement practices. For June, 2026, the CPD will prepare for our next on-site visit with assessors.



Critical Components Essential To The Mission And Goals

The Chambersburg Police Department continues to operate in line with the “6 Pillars of 21st Century Policing.” This modern policing strategy was developed through the 2014 Presidential Task Force. The strategy includes:

- Building Trust and Legitimacy;
- Policy and Oversight;
- Technology and social media;
- Community Policing and Crime Reduction;
- Officer Training and Education;
- Officer Safety and Wellness.



CPD Patrol Officers

Community Policing

Community policing continues to be the central philosophy of the Chambersburg Police Department. In 2025, officers from the Department improved their efforts at community partnerships and attended numerous events. The Department's Mental Health Co-Responder and Community Liaison, Jennifer Ewing, spearheaded the agency's third National Night Out. In December 2025, the Department will again co-sponsored Holiday with Heroes with the Borough's Fire Department. This, too, was a great success, and the CPD anticipate that 2026 will successfully continue.



Community Engagement Holiday with Heroes!

Another successful year with our CFD partners!



The Chief's Advisory Committee and The Chambersburg Community Police Foundation remain strong supporters and partners with the Department and the community.

Training, Education and Coaching

The Chambersburg Police Department upholds the philosophy that all officers are leaders in the community. Training gives officers the necessary tools to properly and effectively police our Borough. It also promotes a high level of professionalism among the officers. Through police software programs like Lexipol and Police One, the Department can successfully and quickly push out training daily, weekly, and monthly. These programs allow members to remain current with case law and policy modifications, following the best practices in policing procedures across the United States. In 2024, the Chambersburg Police Department maintained its gold standard achievement with Lexipol by completing required daily training modules and keeping the Department's policies current and up to date. This is the fifth straight year the Department has been awarded for its policy management initiatives and is on track to earn it again for the sixth straight year.

Several command staff and supervisors completed high-level command schools in 2025. Lieutenant Matt Bietsch graduated from the FBI's National Academy. Lieutenant Fegan and Sergeants Iversen, Good, Armstrong, Kirk, McGhee, and Corporal Hinds graduated from the FBI's LEEDA Executive Command Institute. As a result, Sergeants Iversen, Good, Kirk, Armstrong and Corporal Hinds received Trilogy recognition for graduating from all three components of the program. Sgt. Iversen graduated from the Northwestern University School of Police Staff and Command.

Additionally, the Department continues a professional wellness program by incorporating new coaching and mentoring initiatives for the officers. Officers from the Department take advantage of coaching. Coaching is a method where a manager or expert guides the officer to improve their skills, achieve goals, and reach their full potential. The Department's platform is Performance Protocol. Performance Protocol applies this coaching methodology to create a positive and effective work environment for officers, leading to better morale, higher retention, and increased overall agency effectiveness.

Staffing

Technology has enhanced investigative capabilities and overall effectiveness, yet the increased volume of digital evidence and data have expanded the work hours required for thorough investigations. The Department spends most of its time responding to calls, completing the required paperwork, and patrolling when possible. This leaves little time for proactive policing.

- In 2024, the Chambersburg Police Department handled approximately 1,720 calls for service per month.
- The total calls for service in 2024 were 20,675.
- An average of 52 calls for service occur each day, with shift staffing between 5- 6 officers on duty per shift, including a supervisor.

The approved allocated 2025 budget allowed the Department to grow its complement of officers by three (3), bringing the total number of officers to 38, thanks to the Town Council and the COPS grants. As a result, three officers were hired in the fall of 2024 and graduated from the police academy in June 2025.

The COPS Community Policing grant was awarded in 2024. During the three-year grant period, it continues to pay up to about \$125,000 total of an one officer's salary and benefits for two more years.

The complement of 38 sworn officers, includes two Lieutenants (the Inspector title was renamed to Lieutenant in mid-2025) and the Chief. In addition, there is one (1) civilian mental health co-responder/community policing liaison for 39 Police personnel. There is a financial offset for the CSO/Co-Responder position (Franklin County) and one of the 38 patrol officers (COPS Grant). There are also three (3) civilian clerical employees from the Clerical Pool within the Administrative Services Department.

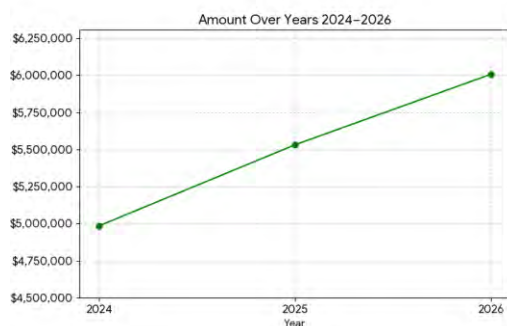
The 2026 Budget includes the hiring of one (1) additional patrol officer. That officer, will be hired in Q2 of 2026 by way of a Council-approved 2026 Budget, and attend the Police Academy at Harrisburg Area Community College, at Borough-expense, by the Third Quarter of 2026, the department will reach a full complement to 39 uniformed personnel.

	Chief	Inspector	Lieutenant	Clerical	CSO/ Co-Responder	Officers
2007	1	-	-	3	-	33
2008	1	-	-	3	-	33
2009	1	-	-	3	-	33
2010	1	-	-	3	-	33
2011	1	-	-	3	-	33
2012	1	-	1	2	-	31
2013	1	-	1	2	-	33
2014	1	-	1	2	-	33
2015	1	-	1	2	-	34
2016	1	-	1	2	-	32
2017	1	-	1	2	-	32
2018	1	-	1	2	-	32
2019	1	-	1	2	-	32
2020	1	-	1	2	-	32
2021	1	1	1	2	-	31
2022	1	1	1	2	1	31
2023	1	1	1	3	1	31
2024	1	1	1	3	1	31
2025	1	1	1	3	1	34
Proposed 2026	1	0	2	3	1	35

In early 2025, the Council replaced the Inspector job position with a second lieutenant.

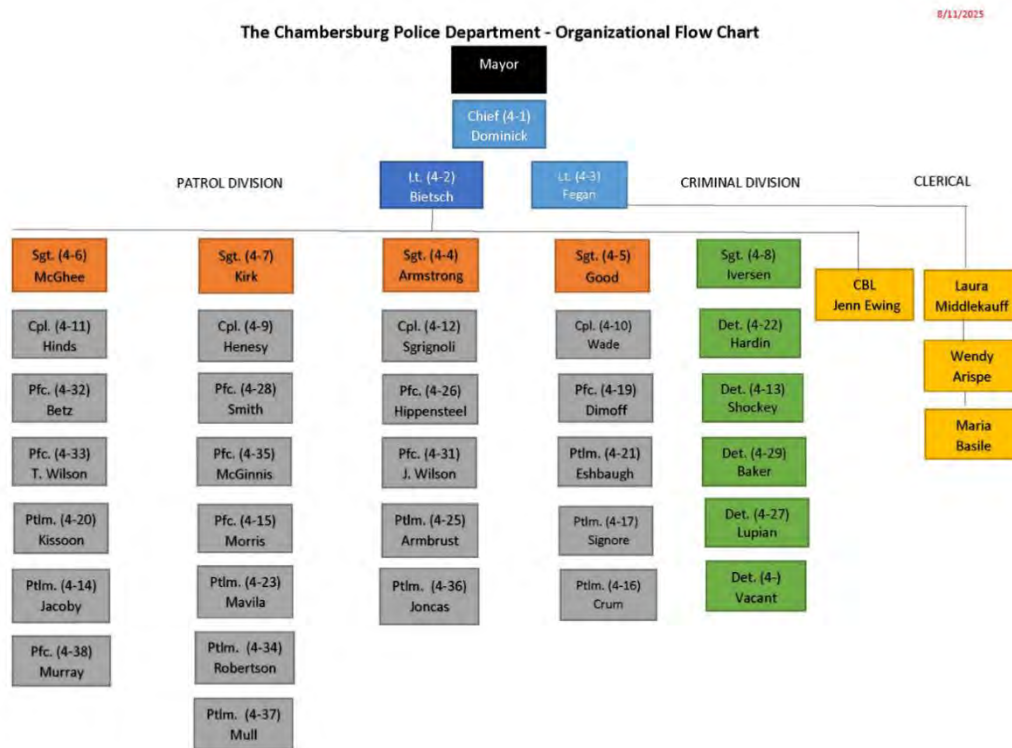
The number of uniform personnel in the Chambersburg Police Department will have increased by 8 or 24% in the last two decades.

With the increasing cost of wages and benefits, the total cost to the Borough of Chambersburg for Police personnel alone is now over \$6 million per year. This expense drives the need for taxes and revenue.



The commitment of Town Council and the community to funding the Police Department is apparent and demonstrates a desire to see the Borough of Chambersburg have the most professional and best equipped law enforcement agency in our area.

The largest challenge in the next few years will be covering the increasing cost of equipment such as police cars, body-worn cameras, tasers, radios, and computers. The cost of this equipment has risen significantly while the need to invest in such equipment is invaluable. These expenses will cost well over \$1 million per year going forward or about 4-mil of additional Police Tax.



Officer Formal Education is a Continuing Priority

- 66% of the Department holds a Bachelor's Degree (30% is Nationwide Avg.)
- 14% of the Department earned a Master's Degree (5% is Nationwide Avg.)
- More Officers Currently Enrolled in Higher Education
- Chambersburg Police Officers are NOT Required to have College Degrees; however, they choose to pursue them.

Research shows that educated officers are...

- Less likely to use unnecessary force.
- Oriented to problem-solving.
- Better able to relate to the community they serve.
- More open to the use of evidence-based policing practices.
- Lower number of complaints filed against officers.
- Officers gain critical thinking skills, which assists them with solving real-world problems.

"To maintain at all times a relationship with the public that gives reality to the historic tradition that the police are the public and that the public are the police."
Sir Robert Peel

This Page Intentionally Left Blank

Fire Department



The Chambersburg Fire Department (CFD) is dedicated to delivering outstanding service to the community while steadfastly pursuing its mission to address one call at a time, ensuring that every individual receives the highest quality of service and care. As an all-hazard incident management agency, CFD handles a wide range of activities, including fire prevention, fire suppression, rescue operations, hazmat response, and emergency medical services. The primary goal is to protect the lives and property of all who live in, work in, or visit the Borough of Chambersburg. Each incident, whether a non-emergency situation or a critical emergency, is addressed with the utmost professionalism. The department's highly trained staff engages with the community to ensure safety and preparedness, offering assistance and expertise to those in need. By focusing on each call, the CFD demonstrates its commitment to a safe environment, emphasizing the importance of a quick, reliable, and effective response to any situation that arises.

Department Director: Fire Chief & EMS Director Dustin L. Ulrich

	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
ES Dept. Operations	\$5,641,715	\$6,206,695	\$6,327,556
Earmarked Revenue			
Fire Tax Transfer	\$ 625,322	\$ 536,255	\$ 560,975
Local Services Tax	\$ 799,226	\$ 775,000	\$ 790,000
Fire Code Inspections	\$ 88,442	\$ 80,000	\$ 88,000
Ambulance Fees	\$3,071,993	\$3,006,000	\$3,311,000
<i>Subtotal</i>	<i>\$4,584,983</i>	<i>\$4,397,255</i>	<i>\$4,749,975</i>
Excess (Deficit)	(\$1,056,732) Deficit	(\$1,809,440) Deficit	(\$1,577,581) Deficit

	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
ES Dept. Operations			
Non-Personnel Costs	\$1,156,050	\$1,361,295	\$1,038,218
Personnel Costs	\$4,485,665	\$4,845,400	\$5,289,338

Of the \$6,327,556 cost to operate the Fire Department, \$5,289,338 (84%) are wages and benefits.

In 2026, it is estimated that the Chambersburg Fire Department will cost \$1,577,581 more to operate than the revenues collected. This includes the Ambulance Fee and use of \$660,238 of the State Pension Grant shifted to assist the Fire Department budget from other departments.

As in any deficit year, the Fire Department draws on the other resources of the General Fund to break-even. After all, the General Fund is really one comingled fund with Police, Fire, Recreation, Land Use & Community Development, and Highway. Therefore, the Fire Department will break even at the expense of other departments and operations. The Borough of Chambersburg is not permitted to raise the Fire Tax to close this gap. To raise the Ambulance Fee to close this gap would necessitate an increase from \$12.50 per month (proposed for 2026) to \$21.84 per month (not recommended). The 2026 Budget recommends no change in the Fire Tax because none is permitted.

	<u>2024</u>	<u>2025</u>	<u>2026</u>
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Fire Code Permits & Fees	\$88,442	\$80,000	\$88,000
Ambulance Fee on Water Service Invoices	\$1,617,261	\$1,538,868	\$1,637,868
Ambulance Patient Service Receipts	\$1,517,964	\$1,400,000	\$1,500,000
Ambulance Club Membership Fees	\$91,080	\$100,000	\$105,000
<i>Total Revenue from Fire Department Operations</i>	<i>\$3,314,747</i>	<i>\$3,118,868</i>	<i>\$3,330,868</i>

The Fire Department's team of dedicated individuals works hard to keep the community safe. Currently, there are thirty-one full-time firefighters and six part-time firefighters, all of whom are also trained as emergency medical technicians (EMTs). The department is led by the Fire Chief and EMS Director, an Assistant Fire Chief & EMS Director, and four Fire Captains, as well as a volunteer Deputy Fire Chief.

The strength of the Fire Department lies in its ability to respond quickly and efficiently. With a well-trained and motivated team, the department prides itself on its rapid arrival times. In most cases, a fire unit can reach any location within the Borough in under four minutes from the time they are dispatched. This speed is crucial when dealing with emergencies, as it can significantly reduce the damage caused by a fire or provide timely medical assistance when someone's life is on the line. The department's commitment to maintaining this level of responsiveness demonstrates its dedication to protecting the community served.

In 2025 alone, the Department's fire apparatus responded to over 1,100 emergencies. Each call varied in nature, including structural fires, fire alarms, motor vehicle accidents, hazardous materials incidents, and medical emergencies. This wide range of situations indicates not only the diverse training of the firefighters but also the importance of having a responsive and adaptable team in place. Their continuous training and dedication ensure that they are always prepared to meet whatever challenges may arise.

Career Staffing

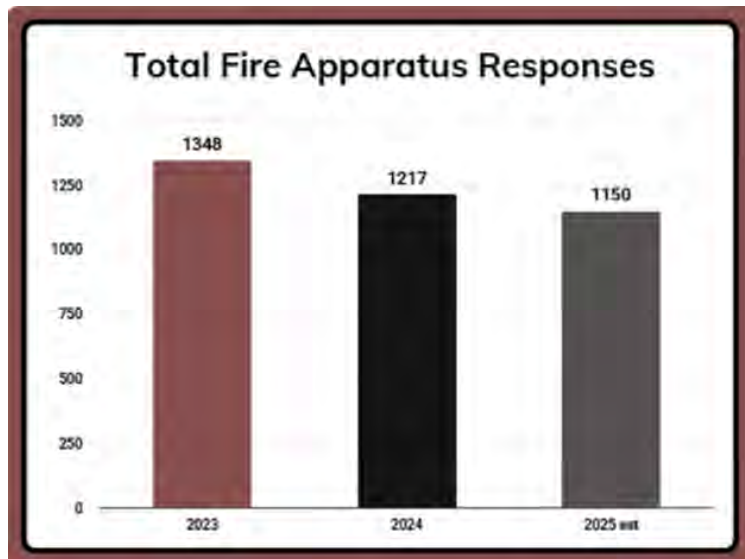
Mid-year 2022, a collective bargaining agreement was ratified between the Borough and the IAFF Local 1813. This agreement allows for the maximum staffing level of 28 to be implemented as the budget allows. Additional staffing could assist with overtime costs or allow the staffing levels to be at seven if no one is off. The request would be to fill the positions as the funding allows and to be able to get the new hires through their mandatory training and orientation in a timely manner.

	Chief	Assistant Chief	Clerical	Firefighters
2007	1	1	1	21
2008	1	1	1	21
2009	1	1	1	21
2010	1	1	1	21
2011	1	1	1	21
2012	1	1	1	21
2013	1	1	1	21
2014	1	1	1	21
2015	1	1	1	21
2016	1	1	1	21
2017	1	1	1	21
2018	1	1	1	24
2019	1	1	1	25
2020	1	1	1	25
2021	1	1	1	25
2022	1	1	1	25
2023	1	1	2	25
2024	1	1	2	27
2025	1	1	2	28
Proposed 2026	1	1	2	31

Currently, the Fire Department is carrying three (3) additional firefighters, with some anticipated retirements soon, with a net complement of 31 after that occurs.

The Borough will be carrying three extra firefighters above the 28 full time firefighters required by agreement with the fire union. As of today, there are seven (7) probationary firefighters and no vacancies in the department, which is reflective of the extended training period needed for new firefighters.

The Fire Department's functions continue to grow which creates a substantial amount of paperwork that needs readily completed by administration and, the firefighters. In 2023 the Fire Department added a second clerical position to supplement the one office position. This position assists with quality assurance compliance of EMS reports, management of personnel time records, as well as the final stage of paperwork for quality control and statistical performance measurement with the inspection and permitting processes.



Emergency Medical Services

Currently, the Fire Department is a regional provider of Basic Life Support (BLS) ambulance service inside the Borough and in parts of the surrounding townships. Billing for ambulance services brings significant income back into the Department.

As with previous years, the Department has seen a steady increase in the number of responses to emergency medical services (EMS) and fire/rescue incidents. In 2025, staff responded to over 4,900 EMS calls. This call volume is anticipated to continue to increase by several hundred calls in 2026, which highlights the growing demand for these crucial services. The majority of these calls are typically handled by a single unit that operates around the clock from the Headquarters Fire Station on North Second Street. The dedication and quick response of the staff remain essential for the community's safety.

One contributing factor to the increase in calls is the significant growth of new infrastructure, healthcare, and nursing facilities in the area. As more facilities open their doors, the need for emergency medical services rises correspondingly. This situation puts pressure not only on local EMS teams but also on the entire regional emergency medical system.

Despite the department's commitment to serving the community, financial and staffing challenges continue to pose serious issues. Many fire and EMS departments across the country are facing similar struggles, often leading to staff shortages and, in some cases, the closure of vital public safety facilities. These challenges result in a ripple effect, jeopardizing response times and overall effectiveness.

One of the main fiscal challenges facing the Chambersburg Fire Department is the issue of ambulance reimbursements. Each year, the department responds to a large number of emergency calls to medical and nursing facilities. Unfortunately, many of these patients rely on Medicare for their insurance coverage. With the change in insurance trends from private plans to basic Medicare, the department often finds itself caught in a difficult situation when the insurance is billed. If the transport does not meet Medicare's strict medical necessity criteria, the department receives no payment at all.

This situation leads to significant financial strain on the Fire Department. When patients are transported to the hospital, the expectation is that the services provided will be compensated. However, the reality is that Medicare often refuses payment for many of these transports. As a result, the department ends up writing off over \$1.4 million of funds each year. This write-off occurs because of strict federal billing limitations, leaving the department to absorb the costs that were expected to be reimbursed.

Moreover, private insurance companies also contribute to the problem by setting lower reimbursement rates for ambulance services. This reality leaves the Chambersburg Fire Department struggling to cover the expenses associated with responding to emergencies. With each call answered, the financial burden grows, forcing the department to find ways to manage these losses while still providing vital services to the community. The dedication of the emergency services personnel remains strong, but sustained support from the community and local government is essential to ensure these critical services can continue to operate efficiently.

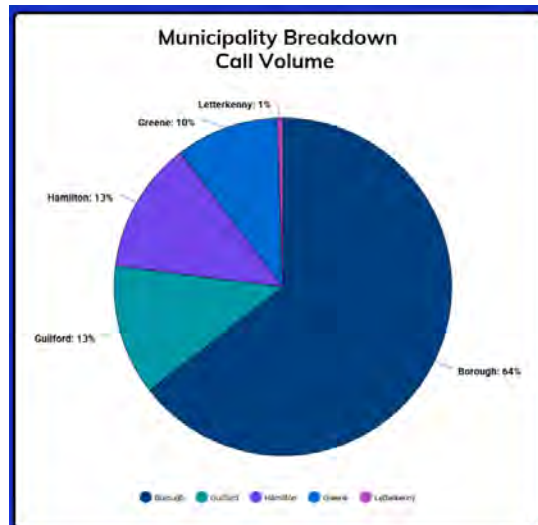
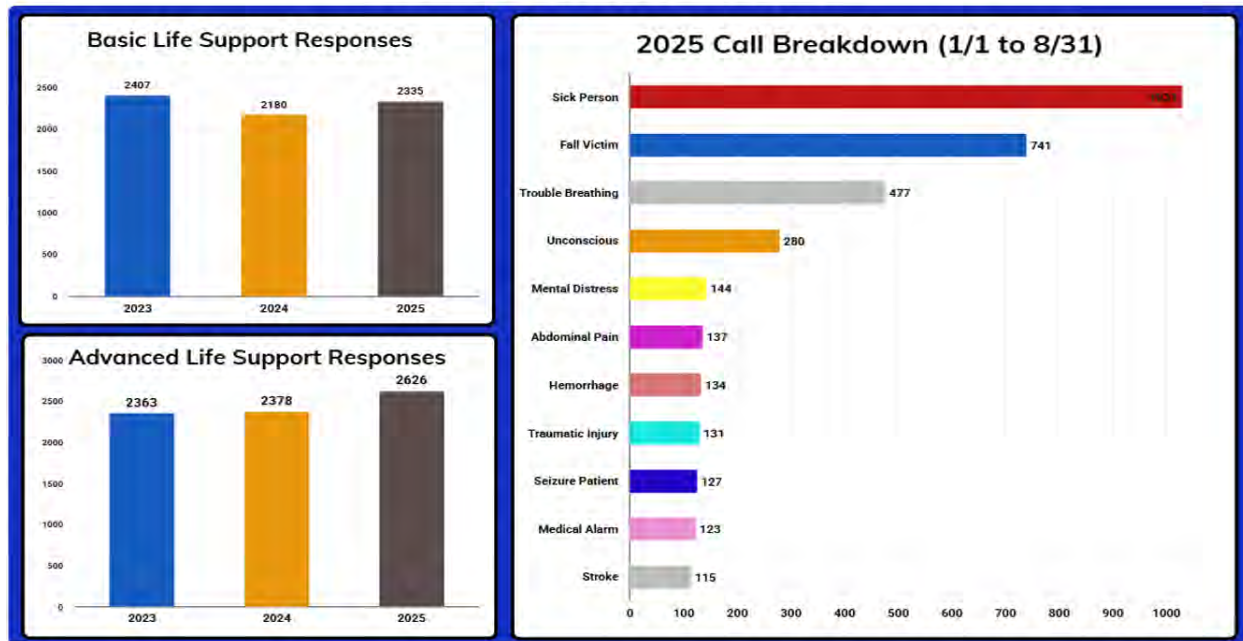


	Generated Revenue	Contractual Allowable (Uncollectable Due to Federal Regulations)	Call Volume	Average Revenue Per Response
2023	\$1,297,780	\$1,736,873	4,770	\$272
2024	\$1,514,521	\$1,499,389	4,558	\$332
2025 (Through 8/31/25)	\$1,067,116	\$975,908 (Through 8/31/25)	3,308	\$322

EMS Equipment Costs Rise 6% on Average per Calendar Year

Ready-to-Serve Ambulance Fee Revenue Jan-Aug 2025 \$965,169.57 (y-t-d) \$11 per month per Water Service Account	Federal Mandates Restrict Billing Amounts for Medicare and Medicaid Patients Medicare - \$432.03 (Previously \$421.90) Medicaid - \$562.05 (Previously \$525.20)

OPERATIONAL - EMS



Missed calls are medical incidents that are handled by a mutual-aid EMS company due to the primary ambulance being on another emergency incident.

**CFD Ambulance
100 Year Anniversary
May 15, 2025**



The Chambersburg Fire Department proudly celebrates a century of dedicated Emergency Medical Services (EMS) to the Chambersburg community. Since its inception in 1925, the ambulance service has played a vital role in providing timely medical assistance, ensuring the safety and well-being of countless residents. Over the years, its skilled personnel have responded to emergencies with compassion and professionalism, forming a crucial link in the community's healthcare system. This milestone not only reflects a legacy of service but also a commitment to evolving and meeting the needs of the people they serve.



On August 28, 2025, the Chambersburg Fire Department received a remarkable honor from State Representative Rob Kauffman and the Pennsylvania House of Representatives. This recognition celebrated a century of dedicated Emergency Medical Services (EMS) in the community. The citation highlighted the longstanding commitment of the department to ensure the safety and well-being of its residents. It acknowledged not only members of the past who established the EMS system, but also the current team who carry on that legacy with pride and determination.

Founded in 1925, the EMS branch of the Chambersburg Fire Department has played a crucial role in the community. Over the years, the department has adapted to many changes in medical care and emergency response techniques. As the field of emergency medicine evolved, so did the training and equipment used by the dedicated personnel. This commitment to continuous improvement has made the department an essential resource during medical emergencies, providing timely and effective care to those in need.

Fire and EMS Apparatus

The demand for fire and EMS vehicles in Chambersburg has risen significantly, prompting the need for more frequent replacements of these essential units. In 2015, the department created a strategic apparatus replacement plan that aims to be both financially sound and tailored to meet the specific needs of the Borough's emergency responses. In 2025, the department welcomed a new Pierce Enforcer fire engine, replacing a 2005 model that had served the community well over the years. However, with the soaring costs of fire and EMS apparatus and the delivery times stretching to over four years for new orders, careful planning is vital. Each year, the fire department administration diligently monitors these rising costs and evolving delivery timelines, making necessary adjustments to the replacement plan. This proactive approach ensures that the community continues to receive reliable and efficient fire and emergency services, even in challenging economic times.



Engine 1-1 (2025 Pierce Enforcer Pumper)

Community Risk Reduction (CRR) Efforts

One of the first steps to making a community safer is by carefully analyzing the risks that exist or may arise in the future. The Chambersburg Fire Department takes this responsibility seriously, conducting assessments to identify and prioritize these risks. By gathering data and understanding potential threats, the department can create a practical action plan to reduce incidents that could harm residents. This proactive approach ensures that the community stays informed and protected, minimizing the chances of accidents and emergencies.

Among the various risks identified, two top priorities in Chambersburg's Community Risk Reduction (CRR) plan are carbon monoxide and cooking fires. These issues are particularly concerning because they can occur unexpectedly and have serious implications for residents' safety. By focusing on these specific risks, CFD can implement targeted strategies to educate the public and offer preventive measures, which are crucial for maintaining a safe living environment. As the saying goes, "An ounce of prevention is worth a pound of cure," and this philosophy guides the efforts.

A notable initiative that has emerged from this risk management strategy is the partnership between the Fire Department and the Borough Gas Department. In 2020, a program was launched to distribute carbon monoxide and natural gas detectors to residents free of charge. This collaboration ensures that homes across the borough are equipped to detect dangerous gases and carbon monoxide, significantly enhancing safety. Additionally, the Fire Department's agreement with the American Red Cross to provide smoke detectors to owner-occupied residences further strengthens the mission by providing resources and support to keep the community safer. Such cooperative efforts highlight the importance of working together to address public safety concerns effectively.

Office of the State Fire Commissioner - State Grants awarded in 2025

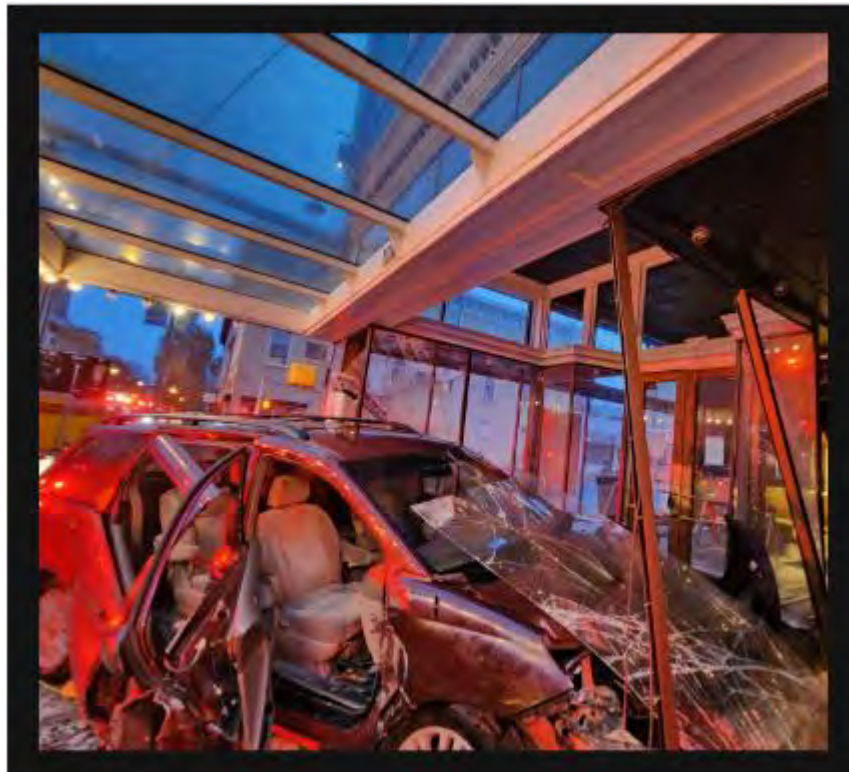
- The Office of the State Fire Commissioner (OSFC) granted \$15,000 to the CFD fire for the purchase of new firefighting turnout gear.
- The OSFC granted \$15,000 to CFD EMS for the purchase of electric vehicle rescue tools.
- The OSFC granted \$13,256.07 to the Cumberland Valley Fire Co. No. 5 for gym equipment
- The OSFC granted \$13,061.55 to the Junior Hose & Truck Co. No. 2 for self-contained breathing apparatus parts.
- The OSFC granted \$13,061.55 to Goodwill Fire Co. No. 3 for thermal imaging camera replacements.

2025/2026 Challenges

- Heavy call volume for both EMS and Fire apparatus.
- Limited funding options for fire revenue – Mil Tax capped per law.
 - Demand for services increases, additional workforce needed – limited funding, and equipment costs rise every year.
- Limited staffing on emergency incidents as the Nation is in a volunteer staffing crisis.
- Aging fire stations – (McKinley Street Fire Station built 1959 & Headquarters Fire Station built 1976) -replacements/renovations are required in the near future.
- Recruitment and retention of fire personnel.



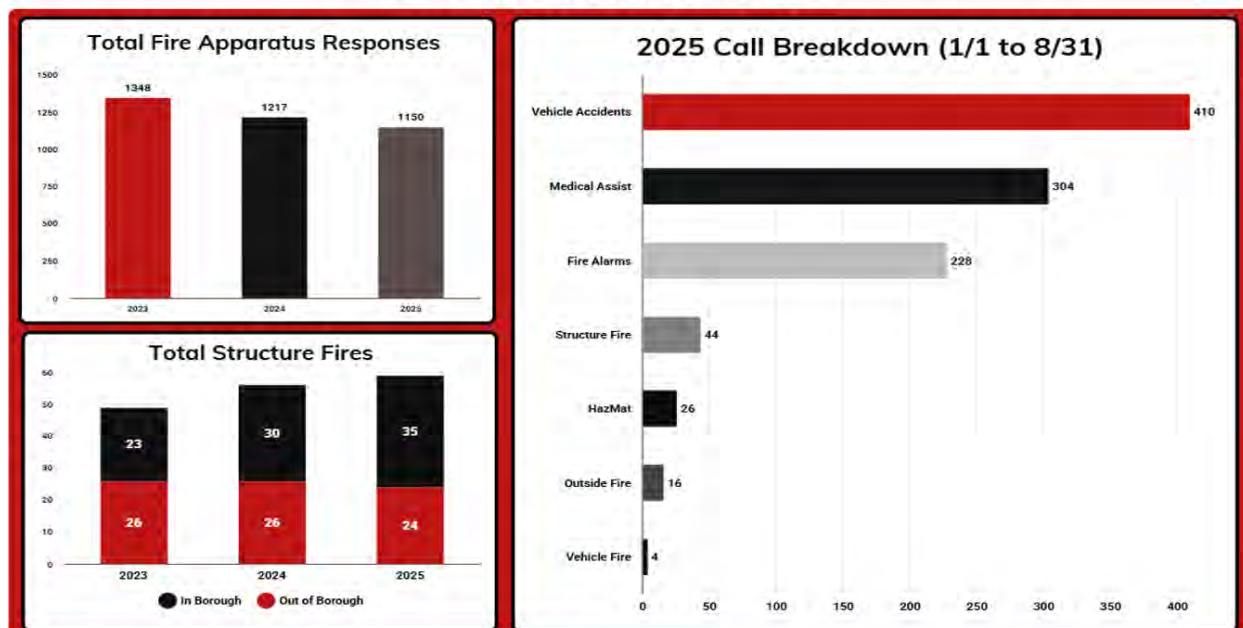
House Fire – East Washington Street



Auto Accident – 100 Block South Main Street

Fire Services

OPERATIONAL - FIRE



This past year, the Chambersburg Fire Department (CFD) continued to excel in training, standards, and operations. The fire service is an ever-changing environment and staff continued to build on their operational and leadership skills to be ever ready to serve the community.

Each year, fire department personnel train extensively on situations they may encounter over the course of their duties. In 2025, this is no different. To maintain operational readiness and prioritize personnel well-being, all members of the CFD engaged in mandatory annual live fire training at the Franklin County Public Safety Training Center. This training is essential for enhancing our skills and ensuring the department are prepared for emergencies. Additionally, CFD firefighters underwent rigorous training in search and rescue techniques, elevator rescue and operations, and fire flow calculations.

For the third year in a row the fire department was recognized by Lexipol for excellence in training. The Lexipol Connect program tracks and evaluates CFD's performance on five metrics proven to measure success in training management. Our department achieved Silver recognition for consistent and effective training management, which includes training hours assigned and completions tracked, personnel engagement, and external training activities logged.



	2024	2025 (through 8/31)
Fire Tax Revenue*	\$613,055.22	\$605,578.49
Local Services Tax Revenue	\$799,225.65	\$475,257.33
Fire Call Recovery Billing	\$36,037.00	\$20,218.95 (through 7/31)
Business Permit Inspection Revenue	\$59,283.00	\$56,335.00

**Fire Tax is capped at 3-mil with at least 2-mil required to be used for apparatus expenses. The Borough transfers 2.5-mil to Motor Equipment.*



Fire Prevention and Code Enforcement

Every year, one of the most important missions of the Fire Department is to prevent the loss of life and property. This mission is delivered through targeted fire prevention activities to the community and within schools throughout the year, as well as an established “commercial property” 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. The inspection program also provides some income for the Fire Department.

The Fire Department prides itself on having well-established fire codes and a prevention program within the Borough of Chambersburg. With an established fire code ordinance and inspection program, the benefits could be tri-fold for the commercial occupancies within other jurisdictions. The advantages are that it could lower their insurance premiums, drastically reduce the property loss value, as well as provide a safer establishment for both the owners as well as the customers who occupy the business. Additionally, a business that has reduced fire 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.

There are no fire risk prevention or code inspection programs in our neighboring townships. For years, the Borough has sought to expand our program outside the Borough-limits, encourage safety, lower insurance costs, protect volunteer fire companies, and share the remittance with others to invest in their fire companies. So far, this has not happened.

Should Chambersburg Need to Assume Responsibility for Advance Life Support Services

The Fire Department has continued to see an increase in the public's request for advanced life support (ALS) services. With the inconsistent services provided by ALS agencies supporting the department's mission, strong consideration must be given to expand our EMS services to support our community's needs. Over the past ten years, many of these ALS companies have utilized two to four paramedics to staff

units at their facilities. Recently though, these same departments are having difficulty keeping one to two paramedics in service. Financial constraints on these departments also have some of their financial management re-evaluating their function and needs in this area.

The Borough currently contracts with Wellspan Health in order to provide this service. The main obstacle from assuming responsibility for this service by the Fire Department is the cost of staffing necessary to accomplish this program. The new program would likely require a 25% to 30% increase in staffing and net cost the Borough taxpayers about \$1 million in additional taxes or fees per year.

However, if our contractor fails to be able to deliver on our contracted services, this may become needed.

ISO Rating/ Public Protection Classification

An ISO insurance rating, also known as a **Public Protection Classification (PPC)** or **fire rating**, is a score from **1 to 10** assigned to a community by Insurance Services Office (ISO) to measure its fire protection capabilities. This rating influences property insurance premiums, with lower scores (e.g., Class 1) indicating better fire protection and potentially lower costs for homeowners and businesses. The rating is determined by evaluating factors such as the fire department's quality and staffing, the community's water supply, and the reliability of its emergency communications systems.

Key Components:
The rating is based on the ISO's Fire Suppression Rating Schedule (FSRS):

- Fire Department (50%): Evaluates the department's training, equipment, personnel, and geographic distribution.
- Water Supply (40%): Assesses the community's water infrastructure, including the availability and flow of water.
- Emergency Communications (10%): Reviews the dispatch system's reliability and function in receiving alarms.
- Community Risk Reduction (Bonus): An additional credit can be earned for community-based fire prevention and safety programs.





Wellspan Health Paramedic Chase Car

Thank you to Wellspan Health for their continuing support of the Chambersburg Fire Department!

Recreation Department



The Chambersburg Recreation Department provides quality recreation experiences for our community through well-organized and diverse programs, a properly maintained park system, and a welcoming and safe Aquatic Center. The new Department Director beginning in November 2025 will be Matt Hutchison.

	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Recreation Operations	\$1,484,393	\$1,580,295	\$2,131,843
Earmarked Revenue			
Recreation Tax	\$ -	\$ -	\$ -
Recreation Fees	\$ 275,003	\$ 247,000	\$ 247,000
Subtotal	\$ 275,003	\$ 247,000	\$ 247,000
Excess (Deficit)	(\$1,209,390) Deficit	(\$1,333,295) Deficit	(\$1,884,843) Deficit

The Recreation Department has done an excellent job of creating programs and monitoring expenses. 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, community health, safety (getting kids off the street), and vitality.

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. In 2026, the Recreation Department was budgeted to cost \$1,884,843 more than the revenue it will collect.

In general, if the Recreation Department runs a deficit, as it is anticipated to do in 2026, it is commingled with all the revenue and expenditures in the General Fund. The General Fund miscellaneous revenue must cover it as it does with all the General Fund departments including Police, Fire, EMS, Land Use & Community Development, and general highway, which are all mixed together pursuant to the State recommended chart of accounts.

Therefore, the current and recent plan to fund the Recreation Department is threefold:

- Ensure that the Police Department is well funded so that miscellaneous revenue is not entirely diverted to their budget.
- Ensure that the Fire Department is well funded so that miscellaneous revenue is not entirely diverted to their budget.
- Endeavor to offer programs and activities that bring in some revenue to offset expenses.

In most years, the funding of the Recreation Department is at direct opposition to the funding shortfalls in the Fire Department and the Police Department. Your community suffers by not either fully funding or not being able to fully fund law enforcement and public safety in this way as well.

There is no Recreation Tax - yet. In their wisdom, the State law, the Borough Code, permits Council the authority to levy a separate property-based Recreation Tax up to and equal to the total cost of the department operations (i.e., at least \$2,131,843 in 2026). This means that while Council is prohibited in raising the Fire Tax at all, or much more in Police Tax, it could alternatively fully fund the Recreation Department with an additional 9.74-mil. So while this may seem counter-intuitive, by fully funding the Recreation Department, Council would allow 100% of the miscellaneous revenue to go to support public safety instead of being used to support Recreation Department needs; both services in the General Fund.

General Recreation Financial Review of 2025

The Recreation Department is a small, but vital entity for the community and is widely regarded as a hidden gem due to its broad range of services. It offers over 150 diverse programs annually that serve residents and non-residents of all ages. It is responsible for the management and maintenance of the Eugene C. Clark Recreation Center, 18 public parks in which 8 playgrounds are located, Chambersburg Rail Trail (portion of the Cumberland Valley Rail Trail), and more than 100 acres of green space throughout the Borough of Chambersburg. Additionally, the department operates and maintains the Chambersburg Aquatic Center, whose finances are in a separate account, with money not commingled in the General Fund. The Aquatic Center serves as a major recreational hub for individuals and families during the summer months. Though the Recreation Department has a small number of full-time staff, it relies on a dedicated team that is comprised of part-time, seasonal, and contractual employees to help operate and maintain the programs, parks, and the Aquatic Center. The department continues to be committed to enhance the quality of life for all community members.

General Recreation Areas	Operating & Maintenance (O&M) Expenses	
	<u>2025 Budget</u>	<u>Through of 8/31/2025</u>
-		
Recreation Center	\$135,000	\$85,267
Memorial Park	\$183,500	\$125,656
Other Park Areas Including the Rail Trail	\$185,300	\$136,046
Total Expenses for O&M	\$503,800	\$346,969

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



Annual Program Goals/Challenges:

The Borough continues to offer more quality programs that engage members of our community while working with limited resources to accomplish this goal. Our preparation and coordination of recreation services such as programs, activities, and rental options is extensive. Unfortunately, extensive planning and advertising for programs does not always equal a successful program due to a lack of community interest. Our goals are:

- Programs that generate the most participation/revenue: Sports Leagues and Programs;
- Programs that generate the leagues participation/revenue: Arts/Specialty classes;
- The cost of equipment and supplies continually increasing is a large challenge.

Because of growing interest in certain sports, staff are looking to be able to partner and rent at neighboring facilities, while trying to keep expenses and a respectable profit margin.

The revenue comes from activities such as renting rooms at the Rec Center, pavilions, and various fields and courts. The demand for soccer, lacrosse, and pickleball has not been fully addressed yet.

<u>RECREATION (NON-CAC) REVENUE & EXPENSES</u>	<u>2024 ADOPT BUDGET</u>	<u>2024 ACTUAL TOTAL</u>	<u>ROLLING 12 MONTH TOTAL</u>	<u>2025 BUDGET</u>	<u>2026 BUDGET</u>
70037 - Recreation Department Receipts	\$195,000	\$263,270	\$284,071	\$235,000	\$235,000
70038 - Recreation Vending, Concession & Consignment	\$12,000	\$11,733	\$15,965	\$12,000	\$12,000
Expenditures - Operating Expenses	\$1,447,220	\$1,459,393	\$1,422,147	\$1,549,375	\$2,028,746
Expenditures - Non-Operating Expenses	\$1,000	\$0	\$0	\$1,000	\$1,000
Expenditures - Interfund Transfers (Workers Compensation & Capital Improvements)	\$25,000	\$25,000	\$30,276	\$29,920	\$102,097
<i>Total</i>	<i>(\$1,266,220)</i>	<i>(\$1,209,390)</i>	<i>(\$1,152,387)</i>	<i>(\$1,333,295)</i>	<i>(\$1,884,843)</i>

In 2026, the Recreation Department was budgeted to cost \$1,884,843 more than the revenue it will collect.

Changes in Personnel and What the Recreation Department Accomplishes

In 2026, there is an expansion in expenses for personnel planned at the Recreation Department. Despite the gloomy fiscal outlook, there is a new Recreation Director starting, and Council has challenged the director to turn around the financial order. To accomplish this, the Borough is budgeting to supplement his team with 1.5 new personnel including a part-time administrative assistant, whose hire was already approved in 2025 by Town Council, and a new full-time Assistant Recreation Director, a position that has been unfilled since the promotion of the last assistant director several years ago.

This department has significant full-time, part-time, and seasonal employees including contractual employees (i.e., referees and time-keepers) and employees associated with sports leagues and facility/park maintenance and operations.

RECREATION STAFF

Interim Management: Borough Manager and Deputy Borough Manager

Office Staff

Recreation & Aquatic Center Supervisor: *Samantha Hewitt, FT since '15*

Recreation Program Coordinator: *Kendahl Shearer, FT since '19*

Recreation Program & Office Ast: *Colby Rider, FT since March '25*

Recreation Secretary, II: *Dixie Bryan, FT since Nov '24*

Welcoming a new **Director*

Matthew Hutchison

Beginning November 10th

Maintenance Staff

Maintenance Supervisor: *Rodney Clark, FT since '18*

Maintenance Manager: *Nicholas Sheaffer, FT since '23*

Maintenance: *Timothy West, FT since '22*

Maintenance: *Dustin Hummelsine, FT since '23*

Maintenance: *Kenneth Mason, FT since Sept. '25*

*PLUS part-time,
seasonal, and
contractual
employees*

Building Attendants
Park Guards
PT Secretary

Referees
Scorekeepers
Site Supervisors

Aquatic Center Staff
Maintenance Staff

WHAT WE DO

 **150+ diverse programs**
annually, serving residents and non-residents

 **18 public parks + 8 playgrounds**
located in the Borough of Chambersburg

 **Chambersburg Rail Trail**
portion of the Cumberland Valley Rail Trail

 **100 acres of green space**
throughout all parks

 **Chambersburg Aquatic Center**
home at Chambersburg Memorial Park



What can Chambersburg afford to do to tap into growing interest in new sports like pickleball? As you can see, staff does not currently have a fiscal plan to address interest in a new sport such as this one. To rent or build facilities would be a great expense for a department already operating in a deficit. Even if the Borough were to charge for its use, it is unlikely that user fees generated would alone pay for these expenses. Other communities have built large indoor recreation facilities but these are very expensive to own and operate. The community has struggled with the cost of major recreation facilities that were built using debt in 2016 and 2017. Those projects were funded by taxes.

Projects Completed

Staff has done an excellent job completing various tasks that arose within the past year. They have completed a lengthy list of new improvements not only throughout facilities, but as well as through an operational lens. The following projects were completed using the available funding:

- Implemented and went live with a new recreation software system called DASH;
- Installation of a concrete pad that is home to the chess table at Cumberland Community Park;
- Resurfaced two half-basketball courts due to the original surface cracking and deteriorating;
- Nellie Fox Ball Field was removed, along with the backstop and dug outs; as well as the regrading of the field and planting grass seed as a part of building new soccer capacity;
- Addition of a kicking wall at Mike Waters Memorial Park was completed by a local Eagle Scout.

Additionally, Greenway Meeting Place was completed and opened to the public, part of the Southgate Shopping Center Redevelopment Initiative. The historical signage of Frederick Douglass and John Brown is now home in this park.



Cumberland Community Park Chess Table - Kicking Wall at Mike Waters Memorial Park



Demolition and repurposing of Nellie Fox Ball Field at Memorial Park

While some folks mourn the conversion of the last baseball field to soccer use, the demand on fields is clear and unambiguous. At the time that the Recreation Advisory Committee approved the renovations, the Borough was down to one part-time baseball team. At the same time, hundreds of children and adults fill the fields at this park and others playing soccer throughout the year. The popularity of soccer has far eclipsed baseball. It was a responsible choice to make this change. The Fox Family was consulted before the conversion and the Borough pledged to maintain the memorial to Nellie Fox that is at the field.



Greenway Meeting Place and historical signage



Sensory Path for Inclusive Play at Memorial Park

Capital Projects Planned

Two of the three Capital Improvements Projects for 2025 have been completed: replacement of Mike Waters Memorial Park fencing and replacement of the lower-level windows at the Recreation Center. Currently, the Recreation Center Door Replacement Capital Project is still in the bidding process. This project will be completed by December 31, 2025. Additionally, the Capital Project for Memorial Park's Sensory Path for Inclusive Play, a Capital Improvements Project listed for 2024, was completed in 2025 as the DCNR grant was awarded in this year.

Mike Waters Fence Replacement	\$11,000
Recreation Center Door Replacement	\$20,000
Recreation Center Window Replacement	\$25,000
Total	\$56,000

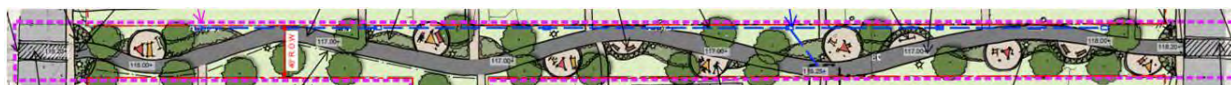
The department continues to look for ways to enhance general recreation and improve current facilities, park systems and Rail Trail. The Borough is currently requesting a Statewide Local Share Account (LSA) Program grant that will fund the first phase of the renovation of the Eugene C. Clark Recreation Center. The project includes replacing the boiler with a new HVAC system, installing more efficient windows in Gym 1 (the older gym), and installing air conditioning throughout all lower-level rooms, Gym 1, and the remainder of the Rec Center. This project will be the first phase to help the facility prosper and begin to better utilize all amenities for all programs, leagues, and future facility rentals.

The redevelopment and revitalization of the Southgate Neighborhood continues to progress as well as upgrades and extensions of the Chambersburg Rail Trail, a portion of the Cumberland Valley Rail Trail. The Water Street Linear Park will be established when Water Street is demolished and installation of stormwater management facilities is completed. A Rail Trail Extension Feasibility Study is to analyze and develop plans for extensions of the current rail trail throughout the Borough. All such projects are possible and coming into fruition through applications of grant funding. With completion of all new projects, all new parks and amenities will be managed and maintained by the Recreation Department. The Borough anticipates significant new LSA and other grant applications for facilities to be filed in 2026.



LOOKING AHEAD..... Future CIPs

2026 PROJECTS	Total Cost	Outside Funding Grant	Borough Funding
Water St. Linear Park (PennDOT TASA \$734,871, CFA MTF \$650,000 and DCNR C2P2 \$464,910)	\$1,849,781	\$1,849,781	\$0
Recreation Center LSA Improvements Phase 1 (New HVAC system, air conditioning and windows in old gym)	\$619,255	\$600,000	\$19,255
Stormwater Drainage Replacement and Pave Lower-Level Parking Lot Next to Bard Hall	\$80,000	\$0	\$80,000
Zero-Turn Mowers (4)	\$50,000	\$0	\$50,000
Replace Railroad Tie Retaining Wall Along Rail Trail, Located Near Texas Lunch	\$25,000	\$0	\$25,000
Leaf Vacuum for Dump Truck	<u>\$6,000</u>	<u>\$0</u>	<u>\$6,000</u>
	\$2,630,036	\$2,449,781	\$180,255



Future projects include:

- Recreation Center Improvements Phase 2
(Renovate Gym 2, offices, kitchen and locker rooms to bathroom);
- Replace Memorial Park Multi-Purpose Field Lights with LED Lights;
- Replace Recreation Center Lower-Level Flooring;
- Recreation Center Gym 2 Divider;
- Update Memorial Park Bathrooms in Band Shell and Next to Pavilion;
- Update Recreation Center Alarm and Key Fob System;
- Replace Recreation Center Scoreboard in Gym 2;
- Turf for Memorial Park Field Adjacent to I-81;
- Memorial Park Tennis/Pickleball Court Light Pole Replacement;
- Rail Trail extensions and feasibility study.

Many recreational improvements for the Southgate neighborhood including:

- Meeting Place Greenway (now partially open);
- Water Street Linear Park;
- Meeting Place Plaza;
- Creekside park in the area of the Maranatha Cold Weather Shelter.



Rochester, New York, Frederick Douglass Statute

In the early stages of planning, the Meeting Place Plaza may include a likeness of John Brown and Frederick Douglass from their historic meeting at a nearby quarry.

Independence Day Celebration 2025

The Chambersburg Recreation Department continues to organize and host the Independence Day Celebration for the community. In 2025, 17 different food vendors, two local breweries, four bounce house inflatables, three bands, face painting, and an incredible fireworks display. The department continues to seek sponsors to offset the cost of the event.

Expenses for Event

	2024	2025
Fireworks Balance	\$8,504	\$8,929
Bands	\$750	\$1,550
Local Codes Permit	\$205	\$205
Directional Traffic Personnel	\$1,320	\$1,300
Special Event Monitors	\$982	\$1,254
Police Personnel	\$496	\$1,300
Sani pots/Sanitation Dept. Charges	\$2,152	\$2,718
Inflatable	\$2,157	\$2,028
Prizes for Games	\$120	--
Games	\$144	--
Knocker Balls	\$419	--
Face Painters	--	\$360
Donation to Chambersburg Fire Department	\$50	\$100
Donation to Franklin Fire Department for Fire Police	\$50	\$100
Donation to Marion Volunteer Fire Company for Fire Police	\$50	\$100
Donation to New Franklin Fire Company	--	\$100
Donation to Pleasant Hall Fire Department	\$50	--
Donation to St. Thomas Fire Police	\$100	--
Donation to Waynesboro Fire Department	\$25	--
Staff Shirts	--	\$855
Sunrise Electronics, Sound/Speakers	--	\$850
Advertising: Utility Bill Flyer	--	\$1,125
Fireworks Deposit for next year's 4th of July Celebration	\$8,504	\$12,400
Total Expense	\$26,078	\$35,274

Revenue of Event

Revenues Generated to Offset 2025 4 th of July Expenses:	2024	2025
Inflatable	\$981	\$1,210
Food Trucks and Beer Tent	*\$1,273	\$4,271
<i>*Lower income from vendors because of inclement weather</i>		
Carnival Games	\$56	--
Knocker Balls	\$320	--
Face Painting	--	\$260
Sponsorship Sales	\$9,175	\$3,300
Total Revenue	\$14,430	\$9,041

The 2025 celebration generated an income of \$9,041 to offset the expenses of \$35,274. Unfortunately, the total number of sponsorships were half as much as in 2024. However, the number of food vendors increased by five in 2025. It is the goal for the department to continue to grow the list of sponsors for this event and to continue to provide a memorable experience to the community.



2025 4th of July Crowds – Flag Retreat by 21 Day Retreat and volunteers



Fireworks as seen from the Aquatic Center

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 Director: Phil Wolgemuth, Deputy Borough Manager

	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Operations	\$878,366	\$1,095,860	\$1,260,351

While the Land Use & Community Development Department generates some revenue through fines and permit fees, the Borough understands that it costs much more than any revenue it generates. In general, if the department runs a deficit, as it is anticipated to do in 2026, it is commingled with all the revenue and expenditures in the General Fund. The General Fund miscellaneous revenue must cover it as it does with all the General Fund departments including Police, Fire, EMS, the Recreation Department, and general highway, which are all mixed together pursuant to the State recommended chart of accounts.

The department has done an excellent job of creating programs and monitoring expenses. With that said, there is no dedicated source of recurring tax revenues used towards land use and community development in Chambersburg, other than undesignated revenues and permit receipts. Communities must commit to funding these services for non-fiscal reasons such as economic development, community health, safety (safe housing, safe restaurants, etc.), the economic vitality of the community, and eligible use of Federal funding for housing and urban development.

In other states, other than Pennsylvania, where community development results in additional tax revenue for the local municipality, community development activities are funded by towns borrowing against future revenues to build new downtowns, new entertainment districts, or new business districts. In Pennsylvania, where municipalities such as Chambersburg are denied a share of sales taxes, liquor taxes, hotel taxes, or business taxes, there is no source of funding upon which to borrow to make this development happen. All that revenue goes only to the Commonwealth with the local municipality getting little benefit for redevelopment in their town. This is why cities across Pennsylvania seem so bleak and undeveloped; because their State takes away their tax benefits.

For example, recently Hagerstown Maryland, our nearby neighbor, saw a new minor league stadium paid for entirely by the State of Maryland and the team owner, and a new parking garage built next door, by an increase in the City's hotel tax. Neither of these things could or would happen in a Pennsylvania city.

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. Issues related to the health code or the Board of Health are combined with Special Events permitting and restaurant/retail food licensing.

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, and 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, codes, 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 activities involve outreach to citizens, neighborhood groups, businesses, stakeholders, land developers, and contractors, along with Borough staff and appointed and elected officials. The Town Council are the elected officials who guide the process. The Town Council appoints citizens to serve on the Board of Health, Building Code Board of Appeals, Curb & Sidewalk Policy Compliance Committee, Southgate Neighborhood Advisory Committee, Housing Commission, Parking, Traffic & Street Light Committee, Planning & Zoning Commission, and the Zoning Hearing Board. These groups help facilitate the various parts of the planning and community development process. The Land Use & Community Development Department staff works with everyone to ensure that the practice 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 & 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.

Codes Office accomplishments for 2025 include:

- Irene Sosa transitioned from Quality-of-Life Local Code Enforcement Officer to Secretary I, replacing Jody Mayer, who retired after years of service;
- As a result, the Quality-of-Life Local Code Enforcement Officer position was left open, with three Property Maintenance Code Enforcement Officers assigned those duties, including Retail Food Facility inspections and enforcement for Brush, Grass and Weeds Code and Streets and Sidewalks Code;
- The department worked with the Solicitor and Town Council to amend agreement with Pennsylvania Municipal Code Alliance (PMCA) to appoint Kim Spittler as Borough's Building Code Official, replacing Clem Malot, who retired after years of service;
- The department worked with Finance Department to complete cost of service studies for the Residential Rental Unit Inspection Program and the Retail Food Facility Program;

- The department worked with the IT Infrastructure Steering Committee, Public Works Department and Utility Departments to test and recommend new software and service fee payment system for code enforcement, permits and licensing;
- The department worked with Chambersburg Police Department and Franklin County Homeless Coalition to provide assistance to people that could become homeless as a result of code enforcement action;
- The department worked with the Police Department to transition and assume Special Event Monitor management for special events;
- The department worked with the Fire Department, the Police Department, and the Highway Department to implement better barricade system for special events;
- The department hosted ServSafe courses at Borough Hall for restaurant managers and food handlers, including free courses for volunteers.

The Codes Office's goals and challenges for 2026 include:

- To implement code, service fee and personnel changes associated with cost-of-service study options for Residential Rental Unit Inspection Program and Retail Food Facility Program, as decided and approved by Town Council;
- To potentially fill Quality of Life Local Code Enforcement Officer position, at least part-time;
- To implement new software, with costs to be shared by departments using the software (2026/\$45,811, 2027/\$11,510 and 2028/\$12,086);
- To work with the Solicitor to implement system for issuing citations for code violations;
- To establish training for all Borough code enforcement personnel on how to properly address and document complaints received from the public;
- To host more ServSafe courses at Borough Hall for restaurant managers and food handlers, including the free course for volunteers;
- To continue to work with Chambersburg Police Department and Franklin County Homeless Coalition to provide assistance to people that could become homeless as a result of code enforcement action;
- To work with other Borough departments to develop drone administration program, which would be used for code enforcement.

Software Payment System Recommended for Code Enforcement, Permits and Licensing.

Throughout 2025, the Land Use and Community Development Department worked with the IT Infrastructure Steering Committee, Public Works Department and Utility Departments to review, analyze and select a vendor to provide a software and service fee payment system for code enforcement, permits and licensing. These functions are woefully outdated, relying on paper forms and various computer applications, which are not efficient or modern for customers or employees. The department is pleased to recommend the purchase of new software to the Borough Manager and Town Council to implement a software and online fee payment system.

Retail Food Facility License Enforcement

This team of employees operate an efficient system to ensure all public eating and drinking places, including those that participate in Special Events, are inspected for compliance with the Pennsylvania Retail Food Facility Safety Act and the Pennsylvania Food Safety Act. Bilingual staff at the Borough provide language translations services during inspections in support of the team.

Working with more than 300 licensees, the program entails coordination of license applications, inspections and issuance, including compliance with reporting requirements for the Pennsylvania Department of Agriculture online restaurant inspection registry. Borough fees collected for licensing and inspections are estimated to be \$50,000, for 2025; however, that amount will not cover the entire cost of program administration, resulting in the need for some General Fund revenue support. In 2025, a cost-of-service study was conducted, to include program fee adjustments for 2026.

To assist restaurant operators with ServSafe requirement, staff organized ServSafe training for Retail Food Facility Licensees that was conducted at Borough Hall by a training consultant hired by the Borough. In 2024, the first-ever course in Chinese was conducted. These training sessions were well attended and will continue in 2025, to include courses offered in English, Chinese, and Spanish.

Chambersburg prides itself on its large civic events and the Borough takes a teamwork approach to facilitating their success. In 2025, all major events, like the Christmas Parade, IceFest, Old Market Day and AppleFest, as well as smaller events, were held and well attended. These events generated revenue for food vendor inspections conducted by Borough staff in compliance with Food Code Enforcement playing a major role in the preparation for events.

RETAIL FOOD FACILITY LICENSES

Year	Licenses	Inspections
2023	357	467
2024	311	461
9/30/2025	287	454

SPECIAL EVENT PERMITS

Year	Permits
2023	83
2024	87
9/30/2025	72

What is ServSafe?

ServSafe is an educational program that was developed by the National Restaurant Association (NRA). It's main goal is to educate food service workers about food safety. But it's not just for members of the NRA – anyone can become ServSafe certified.

ServSafe estimates that the average American purchases about 200 restaurant meals every year. They also estimate that nearly 1 million restaurants in the US employ almost 14 million food service workers. A food safety education program is needed to protect the public from foodborne illness.



Chambersburg prides itself on many special events,
most require food permits or inspections



Conducting ServSafe Classes at City Hall for restaurant employees in English, Chinese, and Spanish



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 the Borough has 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. Compliance with health and safety codes is the only objective of this system.

Town Council has repeatedly stated that property owners who are illicit community citizens (in the form of specific, chronic, and repeated Code violations) need to be prosecuted if they will not comply.

In 2025, a cost-of-service study was conducted, indicating that the program covers over 90% of its costs. At the direction of Town Council, in 2026, a committee will be formed to study the fee structure and other program attributes such as how often a unit should be inspected and what items should be included in the inspection. It is also possible the inspector, currently outsourced, will become a Borough-employee.

RENTAL PROPERTY CODE (4,954 residential rental units billed in 2025)

Year	Systematic Inspections	Follow-Up Inspections	Total Rental Unit Inspections
2023	805	708	1,513
2024	1,182	1,144	2,326
9/30/2025	667	1,172	1,839

PROPERTY MAINTENANCE CODE

Year	Rental Unit Violation Notices	Non-Rental Unit Violation Notices	Vehicles Unlicensed Uninspected	Vehicles Inoperable
2023	162	77	18	8
2024	115	72	40	1
9/30/2025	132	87	30	3

Planning and Zoning Office accomplishments for 2025 include:

- The department welcomed Jamie Foose, Secretary II, to the department;
- We worked with the Solicitor and the Finance Department to address outstanding escrow and public works security fees associated with Subdivision and Land Development Plans;
- The department worked with the IT Infrastructure Steering Committee, Public Works Department, and other utility departments to test and recommend new software and online fee payment solution for code enforcement, permits and licensing;
- The department worked with Solicitor for Zoning Hearing Board to process several appeals to Franklin County Court of Common Pleas;
- The department processed Ordinances to amend the Zoning Map for the Public Works Campus and properties addressed as 589 S. Fourth S., 597 S. Fourth St., 385 E. McKinley St. and 389 E. McKinley St.;

- The department processed two requests to rezone 3.9-acre parcel on Benedict Avenue owned by Shorebuilt, LP;
- The department processed an Ordinance to modify on-street parking rules associated with trailers, trucks, food trucks and recreational vehicles in residential neighborhoods;
- The department processed a Resolution renaming Cedar Avenue, between Loudon Street and West South Street, to Cedar Street.

Planning and Zoning Office goals for 2026 include:

- To continue work with the Solicitor and the Finance Department to address outstanding escrow and public works security fees associated with Subdivision and Land Development Plans and determine whether escrow and plan review fees need to be increased;
- To implement new software, with costs to be shared by departments using software (2026/\$45,811, 2027/\$11,510 and 2028/\$12,086);
- To continue planning and implementation for the Southgate Neighborhood redevelopment project;
- To work with the Town Council, the Planning and Zoning Commission, and Environmental Planning & Design to update the Subdivision and Land Development Code and Zoning Code;
- To help pay for Pennsylvania Planning Education Institute training for the Planning and Zoning Commission and the Zoning Hearing Board members.

SUBDIVISION, LAND DEVELOPMENT & ZONING

Year	Plans	Land Use Permits	Building Permits	ZHB Appeals
2023	15	490	385	9
2024	19	481	263	11
9/30/2025	9	421	182	15

Development in Chambersburg Proceeds Unabated

In 2025, most permits for new housing were confined to three developments; Maple Run, Progress Village and Quinn Station. Completion of Progress Village is a notable milestone, as construction there started more than 20 years ago and was completed over seven phases, providing more than 400 dwelling units in the Third Ward. Site work for the new Orchard Drive Apartments nearby development was completed; however, construction of the buildings to be occupied by 156 dwelling units did not commence.

Non-residential development was steady, as evidenced by the following land development plans approved in 2025:

- Borough Plan RE-1603, Final Land Development Plan for Tall Pines Distillery;
- Borough Plan RE-1605, Final Land Development Plan for MotoMember Chambersburg;
- Borough Plan RE-1608, Final Subdivision and Land Development Plan for Borough Public Works Campus;
- Borough Plan RE-1611, Final Land Development Plan for Downtown Chambersburg, Inc. Amphitheater;
- Borough Plan RE-1613, Final Land Development Plan for Sunnyway Early Learning Center;
- Borough Plan RE-1614, Final Subdivision and Land Development Plan for Bethel Assembly of God Church;
- Borough Plan RE-1617, Final Land Development Plan for LPF Properties, LLC for Grayce Gardens at 50 Plasterer Avenue;
- Borough Plan RE-1618, Final Land Development Plan for E Squared Land Holdings, LLC to construct building on corner of Stouffer Avenue and Kennebec Drive to be occupied by dentist;
- Borough Plan RE-1619, Final Subdivision Plan for the Borough of Chambersburg to subdivide six parcels at Southgate Shopping Center;
- Borough Plan RE-1622, Final Land Development Plan for Wolter Advanced Dental Care.

Also, in 2024, new owner-occupied units began construction at the final phase of the Maple Run residential development, including nine (9) new single-family and 18 duplex dwellings that were approved by Town Council in 2023.

Non-residential development was also strong, as evidenced by the following land development plans approved in 2024:

- Borough Plan RE-1595, Final Land Development Plan for LBS Properties to construct a two-story building on Wayne Avenue to be occupied by Rita's Italian Ice on the first floor and professional offices on the second floor;
- Borough Plan RE-1599, Final Subdivision and Land Development Plan for Forrester Lincoln to construct a building on Lincoln Way East to be occupied by an automotive sales and service use;
- Borough Plan RE-1603, Final Land Development Plan for Tall Pines Distillery to construct a building and outdoor patio on Orchard Drive;
- Borough Plan RE-1608, Final Subdivision and Land Development Plan for the Borough to construct a Public Works campus on Wayne Avenue;
- Borough Plan RE-1609, Final Subdivision and Land Development Plan for Stohan Property Investments to renovate and expand a building on Lincoln Way East.



Tall Pines Distillery on Orchard Drive



New Moto-Member Motorized Equipment Showroom on Sheller Avenue



New Borough Public Works Campus on Wayne Avenue



New Downtown Chambersburg Amphitheater on Spring Street





Renovated Bethel Assembly of God Church on Glenn Street



Grayce Gardens Event Center on W. Washington Street



New Keystone Health Community Medical Center on Catherine Street

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.

Community and Economic Development Office accomplishments for 2025 include:

- The department worked with the IT Department to implement Constant Contact to distribute Borough email blasts;
- The department worked with the Town Council and the Chambersburg Area Municipal Authority to implement Southgate Shopping Center redevelopment project, including compliance administration for grants from U.S. Army Corps of Engineers, FEMA, Commonwealth Financing Authority, PennDOT, PA Department of Community and Economic Development and PA Department of Conservation and Natural Resources;
- The department worked with the Chambersburg Police Department and Franklin County Homeless Coalition to provide assistance to homeless people, including participation in Point-in-Time Counts;
- With assistance from Urban Design Ventures, the department administered contracts for 2021, 2022, 2023, 2024 and 2025 CDBG, to include CDBG-CV that funded Meeting Place Greenway project;
- The department worked with Urban Design Ventures to prepare Consolidated Plan for FY 2025 to 2029 for submission to HUD;
- The department worked with Luminest Community Development to administer \$1,507,287 grant from state HOME Investment Partnership Program for the South Main Commons Project;
- The department worked with Downtown Chambersburg, Inc. to administer \$879,865 grant from Pennsylvania Commonwealth Financing Authority for the Spring Street Amphitheater Project;
- The department worked with the Borough Secretary and Mike Waters Citizen of the Year Committee to seek nominations and select recipient of this annual award.

Community and Economic Development Office goals for 2026 include:

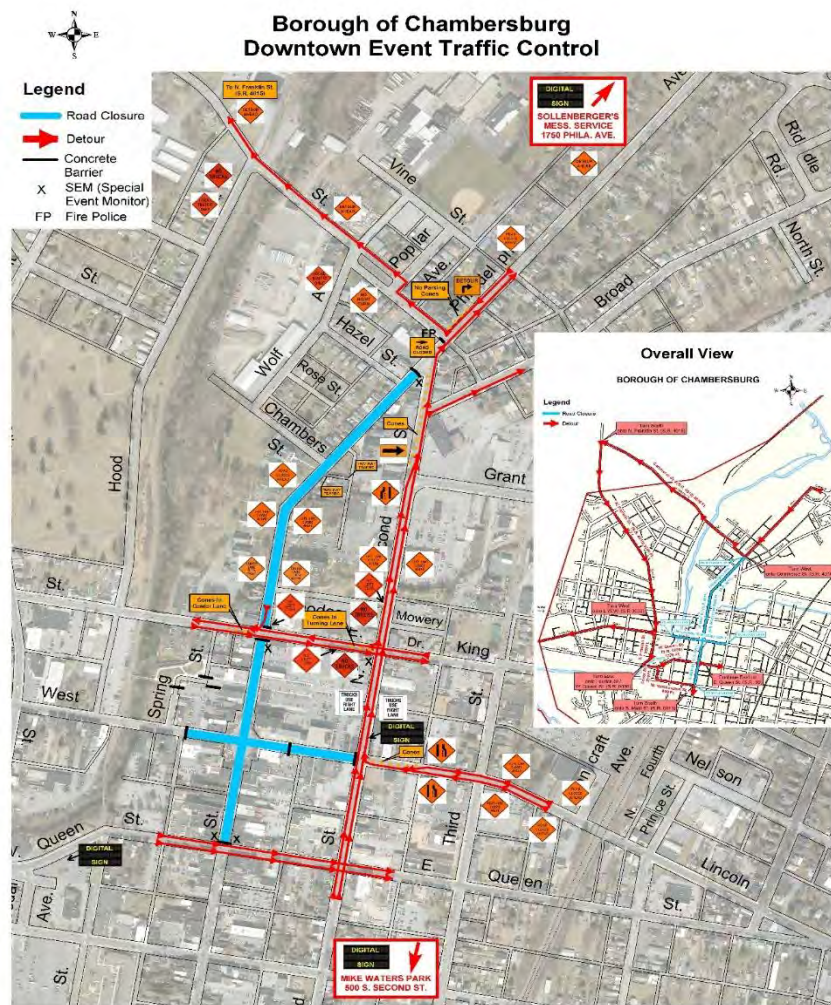
- To continue the day-to-day management of Southgate Shopping Center and implementation of redevelopment project;
- To hire a consultant to complete Historic Property Inventory/Survey for Historic District as required by FEMA Flood Mitigation Grant for acquisition of Maranatha Ministries property at 195 Loudon Street;
- To continue work with Luminest Community Development to administer \$1,507,287 grant from state HOME Investment Partnership Program for the South Main Commons Project, with construction to begin in 2026;
- To continue work with the Chambersburg Police Department and Franklin County Homeless Coalition to assist homeless people;
- To continue work with Urban Design Ventures to administer CDBG and HOME contracts, to include another CDBG workshop;
- To complete Pleasant Street Improvements Project and investigate other Borough street improvements to fund with CDBG;
- To work with the Storm Sewer Utility to prepare plans and bid specifications for Chambers Fort Park Retaining Wall Project;
- To work with PennDOT and Borough representatives to plan for PennDOT project to replace West King Street bridges over Falling Spring Creek, estimated to start in 2027 or 2028;
- To continue to work with Downtown Chambersburg, Inc. and Veterans of Foreign Wars Post 1599 to administer Hometown Hero Banner Program;

- To continue downtown maintenance oversight, including street trees, tree pits, waterwheel and parking lot line painting;
- To continue to work with small business operators to navigate Land Use Permit Application and PMCA permit application processes.



Meeting Place Greenway Project in the Southgate Neighborhood





Newly developed traffic safety plan for closing streets in Downtown for Special Events



IceFest 2025

Downtown Maintenance (Community and Economic Development)

The Community and Economic Development Office manages a budget of \$70,000, 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.

Forty (40), 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.



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 2024, Town Council financially supported DCI to administer the downtown partnership marketing program at a rate of \$30,000, 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 2026, this budget again includes the DCI request to cover its marketing and promotions costs, business retention and recruitment costs, investor/developer retention and recruitment costs, Keystone Community costs and Keystone Opportunity Zone exploration.



New Downtown Restaurant Development



2025 Burning of Chambersburg Celebration



Our ask, to continue existing support of Downtown Chambersburg and Downtown Chambersburg Inc.

Our downtown is doing well, but still a lot of work to do. Other towns envy what we have.

From a real estate development perspective, we are attractive.

Upper Floor investments are great. We need to continue it and work through the challenges (including parking for residential units).

Work to remedy notable property code issues.

For 2026, DCI Inc., has requested continuation of their funding, a grant of \$30,000 for their mission.

Southgate Redevelopment Initiative

The Borough of Chambersburg collaborated with the community to embark on a proposed long-term initiative to reclaim and redevelop the Southgate Shopping Center into a mixed-use residential neighborhood.

The neighborhood's ongoing involvement in the Southgate redevelopment process is vitally important to the success of this community development initiative. To codify the neighborhood's continued participation in the redevelopment project, the approved Southgate Zoning Overlay District legislation included a provision that established a permanent advisory committee made of neighborhood volunteers, which would review all planned development going forward.



The dilapidated half-empty Shopping Center as it appeared in 2022

Currently, the Board of the Chambersburg Area Municipal Authority (CAMA) continues to seek proposals to sell or give away parts of the shopping center, having been purchased entirely from the previous owners in Ohio using a federal grant and no local tax money.

Interested new developers have expressed to staff their desire to see the infrastructure work planned for 2026 to be completed before they explore any interest in taking control or investing in the facility. In early 2025, the Big Lots Store became vacant as a result of the shuttering of the business. The owners mostly paid off their lease obligation to CAMA and also paid for the disposal of merchandise and shelving left behind. After discussions with non-profits to take up temporary residence in the store resulted in no firm plans, the CAMA Board instead decided to leave the store vacant for now. It was agreed that the Big Lots store and the balance of the old JC Penny building was in very bad shape. Instead, a grant application was filed with the State to seek funding to help with the costs associated with demolition instead. The total cost of demolition of the JC Penny building is estimated at \$1.2 million.



On March 26, 2025, the CAMA Board met and approved an extension to the Request for Proposals to seek partner developers. Following good discussions with prospective developers, it was the recommendation of staff to wait until 2026 and allow more work to be done on infrastructure projects before the site was offered for re-sale. It was the conclusion of staff that the operation of the shopping center was still covering all its own expenses and further, there was much more work to be done on a variety of projects to prepare the site for re-sale. Therefore, the CAMA Board approved an extension of the Request for Proposal until July 31, 2026. The Keystone Rural health Center development project successfully opened its doors in 2025.

According to an internal review, through August 31, 2025, the Southgate Redevelopment Project had revenue in excess of expenses of \$90,000, meaning that to-date, no local tax money has yet been invested in this project.

Some citizens confuse the needed neighborhood infrastructure work being undertaken by the Storm Sewer Utility as a taxpayer investment in the shopping center. This is woefully inaccurate as the infrastructure work would have been required regardless of whether CAMA had taken ownership. Furthermore, they conveniently forget the hours, days, and weeks, of Borough Solicitor and Town Council work time spent on enforcing building, health, safety, and fire codes upon the previous owners as if that had no cost to the community. It is hard to believe that some folks still misunderstand the need for this project even after seeing new townhomes and a new medical center rise from the site of the shopping center.

U.S. Army Corps of Engineers Storm Sewer Project

The Borough received a very significant grant from the U.S. Army Corps of Engineers (USACE) under their Section 313 Program, to assist with eligible costs associated with the Southgate Stormwater Infrastructure project. The overall cost for the neighborhood project is \$4.6M and \$2.0M has been already been allocated for reimbursement to the project under the Section 313 program.

A portion of the Borough's overall neighborhood project will be designated as the federal project. Separable elements will be identified so that federal funds provided for the project are sufficient to cover all USACE costs and reimbursements for the project, at a 75% Federal / 25% non-Federal cost share. At the time of grant award, \$2.0M in federal funds was made available, which equates to a first phase of the project of approximately \$2.67M. The project by the Borough is to construct improved stormwater conveyance features for the Southgate neighborhood. Stormwater features will utilize best management practices including bioretention areas with native species, riparian restoration, and stream bank stabilization along the stream corridor.



Route of new community storm water conveyance and bioretention pond

It is anticipated that engineering and design work will take place in the remainder of 2025, with construction of the new system expected to occur in 2026 and 2027. This is one of several grant programs being undertaken in the Southgate neighborhood not directly related to the purchase of the shopping center, but to prepare the shopping center for resale.

It is important to add bike and pedestrian connectivity to the neighborhood; the new linear park adds recreational resources to target this neighborhood as well. A new linear park in the space that is now Water Street will add a much-needed park to this new improved neighborhood. Parkland is very important to economic redevelopment. Most developers point to accessibility to natural resources as a key to investment. The new Water Street Linear Park will not only be a Rail Trail but also a full park dedicated to the health of the community. The goal is to include exercise stations between W. Catherine Street and W. Washington Street, which will allow persons of all ages and abilities to pause along the trail and undertake exercise. These exercise stations match well the fundamental goals of the Keystone Health community healthcare facility being developed nearby soon.

The CAMA Board has expressed support for not only economic revitalization but personal revitalization from this project.

Meeting Place Plaza Project

The Borough of Chambersburg intends to identify funding to add a neighborhood plaza as a focal point in the Southgate Neighborhood. The community plaza would be a focal point because it would serve as a central hub for social interaction, community events, and local identity. It acts as a neighborhood “living room,” where people can gather, socialize, and participate in activities, strengthening community bonds and fostering a sense of belonging. This well-designed plaza would be located in a central, accessible area and would include amenities that encourage diverse use at different times of day, making it a vibrant and essential part of the neighborhood life.



The plan calls for a new Meeting Place Plaza to be installed at the site of the I-Hop Parking Lot

This new, publicly accessible outdoor facility, will be owned and maintained by the Borough, creating open space, passive recreation and economic development facility. The neighborhood includes residents of the 14-acre area encompassing the Southgate Shopping Center as well as surrounding neighborhoods located in Census Tract 110, Block Group 1 (91.1 % LMI), Block Group 2 (75.7%) and Block Group 3 (LMI 53.1%) and Census Tract 112, Block Group 1 (82.8 % LMI), Block Group 2 (68.3%) and Block Group 3 (LMI 65.7%). These areas are primarily residential, located in residential, commercial and manufacturing zoning districts. Residents of this area currently walk to the shopping center so it is logical to think that they will walk to the outdoor facility, which would become even more important to encourage use of the greenway for recreation in the neighborhood.

This Page Intentionally Left Blank

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 to helping the Borough perform a wide variety of non-highway-related maintenance activities. Frequent assistance is rendered to the Codes Departments, Storm Sewer Utility, and the Gas, Water, Wastewater, and Electric Utility in accomplishing their daily tasks. The new Department Director beginning in November 2025 will be Tyler Fairchild.

	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Operations	\$1,480,569	\$1,613,227	\$1,738,319

The Highway Department has done an excellent job of creating programs and monitoring expenses. With that said, there is no dedicated source of recurring tax revenues used towards these particular functions in Chambersburg, other than undesignated revenues and payments from others to the Highway Department for work on their behalf (i.e., the storm sewer utility for maintenance or the codes office for mowing properties). General street, road, signs, and much of the infrastructure under the control of this department is a bottomless expense. Many communities have established a dedicated tax for these things, but not in Chambersburg. There is no Highway Tax in Chambersburg.

Taxpayers often claim, “I pay taxes for that”, when in fact there is no tax in our community for street maintenance. The department has almost no revenue.

In general, if the Highway Department runs a deficit, as it is anticipated to do in 2026, it is commingled with all the revenue and expenditures in the General Fund. The General Fund miscellaneous revenue must cover it as it does with all the General Fund departments including Police, Fire, EMS, Land Use & Community Development, and the Recreation Department, which are all mixed together pursuant to the State recommended chart of accounts.

Recall, that general highway maintenance does not include maintenance of vehicles, which is undertaken by a separate internal service fund called the Motor Equipment fund, sanitation functions, which are undertaken by a separate enterprise fund called the Sanitation Utility; and the civil engineering functions, which are undertaken by a separate internal service fund called the Engineering Department. None of those employees or functions are included in what the Borough refers to as general highway maintenance.

Therefore, the current and recent plan to fund the Highway Department is twofold:

- Ensure that the Police Department is well funded so that miscellaneous revenue is not entirely diverted to their budget.
- Ensure that the Fire Department is well funded so that miscellaneous revenue is not entirely diverted to their budget.

In most years, the funding of the Highway Department is at direct opposition to the funding shortfalls in the Fire Department and the Police Department. Your infrastructure suffers by not either fully funding or not being able to fully fund law enforcement and public safety in this way as well.

There is no Highway Tax - - yet. In their wisdom, the State law, the Borough Code, permits Council the authority to levy a separate property-based Highway Tax up to 5-mil (which would generate \$1,093,930 in additional revenue). This means that while Council is prohibited in raising the Fire Tax at all, or much more in Police Tax, it could alternatively fully fund the Highway Department with an additional tax. So while this may seem counter-intuitive, by fully funding the Highway Department, Council would allow 100% of the miscellaneous revenue to go to support public safety instead of being used to support general highway maintenance needs; both services in the General Fund.

The Highway Department is the Borough Department charged with the maintenance of the Borough's streets and rights-of-way. This involves activities such as filling potholes, fixing large areas of damaged streets (patching), removing leaves, crack sealing, and includes the very labor-intensive process of snow removal from streets after a major snowstorm.

Besides maintaining streets, the Highway Department has provided significant support to other Borough Departments. Examples include:

- For Code Enforcement, mowing lawns and removal of signs in rights-of-way in violation of local law;
- For the Storm Sewer Utility, construction and maintenance of stormwater facilities;
- For the Fire Department, assisting with fuel spills after accidents;
- For the downtown, repairing damaged cannon posts and crosswalk striping;
- Parking lot and metered parking space maintenance for Borough facilities;
- Maintaining the Memorial Square and Glen Street Fountain;
- For the Electric Utility, setting telephone poles in concrete bases.

While many of these jobs have nothing to do with highways, supporting our partner agencies is a priority for this Department.



Snowy Memorial Square



Installing Handicap Parking Stall



Snow Removal Equipment

The activities undertaken by the Highway Department have become increasingly expensive. Specifically:

- Costs associated with rental of highway trucks and equipment from Motor Equipment;
- Costs associated with painting of parking stalls and crosswalks on streets;
- Costs associated with crack filling on Borough-owned streets;
- Costs associated with temporary patching of non-utility ditches on Borough-owned streets;
- Costs associated with buying and storing road salt and cinders for winter use;
- Costs associated with making and installing signs.

The Highway Department, with no dedicated revenue source, has a very small crew.

The Highway Department also supervises the road and alley paving program, with funding from a State grant on liquid fuels, cash balances from previous years of General Fund spending, if any, and contributions from utilities.

However, when it comes to large projects, such as building a new roadway (i.e., the upcoming construction of Plasterer Avenue) or rebuilding or replacing a Borough-owned bridge (i.e., the 2025 replacement of the bridge deck on the Chambers Fort Park pedestrian bridge), no funding exists. These projects drain resources needed to help pay for the Police Department and the Fire Department, with no explanation of how such funding might otherwise work.



New bridge deck on the Chambers Fort Park Pedestrian Bridge

The department took on a major undertaking, replacing the deck of the Fort Chambers Pedestrian Bridge. With the help of other departments in Public Works the Highway Department finished the project in a week, allowing for a safer and nicer product.



Let it snow!

The Borough's snow removal expenses are perhaps among the most unpredictable General Fund expenses to budget for, as they are directly related to winter weather, which can and does vary greatly in frequency and severity from year to year. The 2024-25 winter season was “normal” and required an average snow removal. However, of the \$94,000 budgeted for snow and ice removal from streets and alleys, \$100,210 has been expended to date.



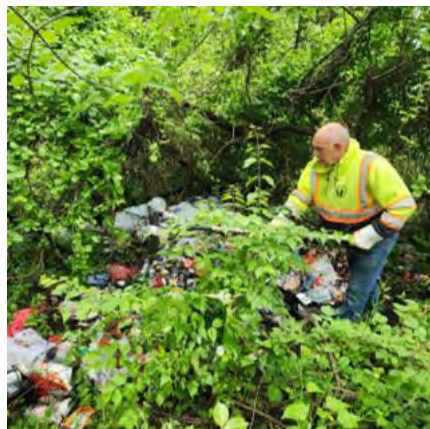
In the early part of 2026, it remains a significant possibility, that Chambersburg will be impacted by significant snow and ice, thereby starting the year and the General Fund, in a precarious fiscal state. If not for any other reason, beginning in 2027, Council should give serious consideration to a Highway Tax.



Setting Up the Memorial Square Christmas Tree



Resurfacing the Glenn Street Fountain



Helping Social Services Clean Up an Encampment in the Woods

Major items for 2026

In 2026, the Highway Department will continue to fulfill all daily tasks. The Limekiln Drive bridge will need to be completed in 2026. The Highway Department team are evaluating different configurations to provide the Borough with the safest and most cost-effective option. It is estimated to be \$700,000, depending on the option chosen.

Customer service is a key component of the Highway Department. The department takes pride in completing tasks efficiently and quickly. For instance, if a complaint of a pothole is received at a reasonable time of day, on most occasions the department will be able to fill the pothole on the same day the complaint is received. Likewise, emergency response is available 24 hours a day, 7 days a week. If a tree is blocking the cartway or a stop sign is down, crews are dispatched to correct the issue, no matter the time of day. The department hopes to continue this level of service, while also finding new and better ways to serve the citizens of the community.



Highway Department Employees Building Curbs and Hauling Materials for Street Paving Projects

Non-Utility Ditch Patching:

An increased emphasis on patching streets—from minor potholes to large patches—is reflected in the “Patching of Paved Streets” line item. This is set at \$210,000 in the 2026 budget. Money previously set aside for alley patching has been redistributed to our alley rehabilitation program. The 2026 budget anticipates \$100,000 for reconstruction and paving.

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

Further, there are not enough funds from our Highway Aid grant (a grant provided through PennDOT based on the sale of Liquid Fuels) to fix and pave any alleys throughout the Borough.

The Borough owns many (although not all) of the back alleys. It appears the Borough has taken possession of more back alleys than a municipality of our size typically does. With the completion of a 2022 Alley Analysis Report, the Borough Manager instructed the Public Works Director to move forward with a plan of action beginning in 2023. This plan of action was presented to the Borough Council in the summer of 2023 and they supported a rate increase to Sanitation to increase the budget amount thereby allowing alleys to be completely repaved. In 2025, the Council will be asked to add a Storm Sewer Utility contribution of \$100,000 as well. Both utilities will contribute to alley maintenance in the 2026 budget.



Some Alleys Serve Just a Few Homes



Others Provide Storm Water Conveyance or Sanitation Truck Routes

New Public Works Campus Project

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 Sanitation, Motor Equipment, and Highway departments from the Loudon Street Garage, the Highway Department, and the Engineering Department from City Hall, and find a home for the Water and Wastewater street crew.

As part of a neighborhood transformation project, the Chambersburg Sanitation Utility purchased the abandoned cold storage building on S. Fourth Street. This derelict and blighted structure was demolished in 2023, and the land will be incorporated into the new site of the Borough's future Public Works Campus facility. An American Rescue Plan Act (ARPA) grant provided sufficient funding to secure the building, plan for, and help pay for its demolition and the site clearing. Additionally, this location may also co-locate future stormwater facilities to alleviate chronic and repeated flooding on S. Fourth Street. Finally, the site may also provide a part of a future pedestrian trailhead connected to the Borough's Rail Trail, which now terminates at S. Main Street.

Ground was broken on this important facility in early 2025. The new facility, a Public Works Campus, will be home to the Highway Department, Engineering Department, Sanitation Department, Motor Equipment maintenance, and the water and wastewater maintenance crew. It's well needed as the previous public works facility was built in 1921, so it's been over 100 years.

In addition to Federal grant money, which was designated from the American Rescue Plan Act (ARPA) for this project, Council has approved using the Borough utilities through their motor equipment rentals, and the Borough taxpayers together will fund this community revitalization development to modernize Borough operations and relocate disparate departments into one modern energy-efficient facility for generations to come.

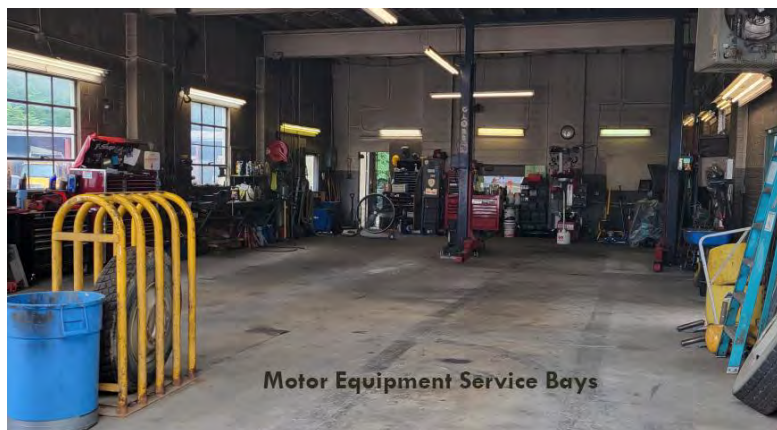
As of now, the current cost to the average single-family homeowner in Chambersburg is \$18 per year in real estate taxes or about the cost of one large pizza.



Existing public works facility on Loudon Street dates from the beginning of the last century



Existing public works facility on Loudon Street has inadequate vehicle storage, maintenance bays, and is in the floodplain – would be unusable in an emergency



In the 2025 budget, as approved by Council, authorization was given to sell a bond of \$10 million by a separate interdepartmental Public Works Campus Fund which began construction in the spring of 2025.

The plan approved by Council in January 2025 is to issue the second half of the funding, a second \$10 million bond issue in January 2026 (which will net to \$7.8 million in additional cash). This second bond is not optional and is already obligated by Council's award of the construction contract. However, staff is working to lower over-all construction costs by reducing interest paid on funding and spreading costs out over time and among different Borough resources. Based on construction costs already agreed to by Council, another bond issue is required and appears in the 2026 budget. It was only delayed from 2025 to 2026 to reduce the cost of interest for the project. Now that January 2026 is approaching, Council will make a move towards issuing this second bond issue as well as address the status of debt for the Borough.

Also, this second bond includes a portion of refinancing the short-term bridge loan that Council took out in 2024 to finish the purchase of the homes that have been demolished to make way for the project site. That 2024 loan is taxable (because it involved rental of homes back to former residents) and can now be incorporated in this round of tax-exempt financing (typically when the Borough borrows money it is exempt from local, state, and federal taxes), and that is included in the 2026 \$10 million bond referenced in this budget - - and will save money on the cost of the project as a result.



New Public Works Campus project

Approval of the 2026 budget includes approval of the January 2026 second bond issue.

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, the Pennsylvania State Association of Boroughs, and the Pennsylvania Municipal League, and training and conferences for elected officials. Downtown maintenance expenses include fountains, trees, sidewalks, walkways, and signs. Finally, the reimbursement for Special Civic Events is passed through General Government.

Department Director: Jeffrey Stonehill, Borough Manager/Director of Utilities

	2024 Actual	2025 Budget	2026 Budget
General Operations	\$2,560,839	\$2,473,380	\$2,481,448
<i>Includes insurance, tax collection, printing, dues, legal costs, training, back office, advertisement of ordinances and necessary transfers to other operations such as the General Fund contribution to the Administrative Services Department.</i>			
Civic & Downtown Operations	\$367,690	\$462,200	\$395,550
<i>Includes emergency management, Shade Tree Commission, and civic events</i>			
Transfer to Capital Reserve, etc.	\$800,000*	-	-
<i>Includes transfers for street projects (if available) and other capital projects for General Fund departments.</i>			

* - Includes a typical end-of-year transfer from the General Fund to the General Capital Reserve for 2025 street paving project expenses.

Downtown Operations includes the major item of Southgate Shopping Center operations (\$310,000), which is completely offset by Southgate Shopping Center lease payments, so no local tax money is used for this purpose. Civic Operations includes money to maintain fountains and downtown trees. The Shade Tree budget remains unchanged at \$20,000. Maintenance of Landscaped Areas rises to \$70,000 per year.

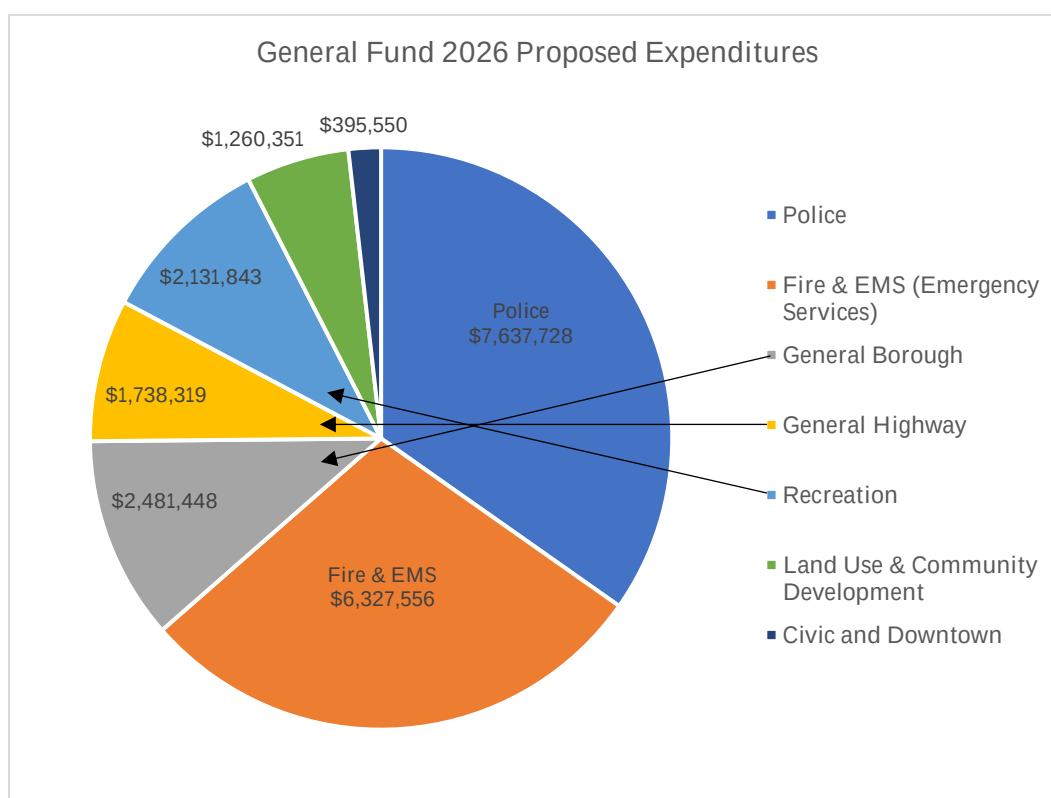
Not included in the budget, but planned for each December beginning in 2014, the Borough uses this Cost Center to transfer miscellaneous revenue to the following year's General Capital Reserve to ensure there will be a street paving program. The Borough never budgets for the transfer, but we hope that 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. There was a transfer of \$800,000 in 2024; 2025 remains unclear.

This Cost Center includes compensation for elected officials (including the Tax Collector) as well as money for 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 2026:

- Despite a new State law allowing a significant increase in future elected officials' compensation, Council leadership declined to consider this option before the 2025 municipal election.
- Borough Solicitor compensation will rise 2.5% in 2026. In addition, the Solicitor has made a request to not increase the January lump sum payment received for administrative back-office operations.

- This budget keeps the Shade Tree Commission funding to \$20,000 to support the work of the Commission (tree grants, downtown tree improvements, and tree pit material testing). A new tree inventory project is being funded by the Engineering Department, not the General Fund.
- Support of the Ice Fest Ice Slide installation will continue at a cost not to exceed \$15,000.
- 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 2026 as matched by 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.
- There is no support for any other community organizations in the proposed budget.
- The Borough will continue our program of regular maintenance of the Memorial Square and Glen Street fountains.



	2026 Budget	
Police	\$7,637,728	34.76%
Fire & EMS (Emergency Services)	\$6,327,556	28.80%
General Borough	\$2,481,448	11.29%
General Highway	\$1,738,319	7.91%
Recreation	\$2,131,843	9.70%
Land Use & Community Development	\$1,260,351	5.74%
Civic and Downtown	\$395,550	1.80%
Total Expenditures	\$21,972,795	100%
Total Revenue	\$21,972,795	

When combined, Police, Fire, and EMS make up 63.56% of the General Fund operations. The General Fund is always balanced.

Chapter 4 - Enterprise Funds Budgets

An enterprise fund establishes a separate accounting and financial reporting capacity for borough services for which the Borough collects a service charge or fee in exchange for services provided. It is a business-like operation, separated financial and accounting-wise from other operations. Chambersburg has a preponderance of business-like operations. Under enterprise fund accounting, accounting separates the revenues collected and expenditures related to services into separate accounts. Each fund has 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, wastewater, storm 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 service, such as police, fire, code enforcement, or zoning services. Those are governmental-type activities.

Creating an enterprise fund does not create a separate or autonomous entity from the municipal government operation, as would be done with 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 separated into these funds in order to provide Council and taxpayers with information to:

- Gauge performance;
- Analyze the impact of financial decisions;
- Determine the cost of providing a service; and
- Identify any transfers from other funds in order to provide services.

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 or cost based accounting method by renting vehicles, or paying administrative, or engineering expenses.

In addition to major utility enterprise funds such as the Electric Utility, Water Utility, Natural Gas Utility, Sanitation Utility, and Wastewater Utility, Chambersburg also maintains other enterprises such as a Storm Sewer Utility, the Parking, Traffic, and Street Lights Utility and the Aquatic Center; all operated as separate enterprises of the Borough.

Chambersburg has some unique business-like operations including the Aquatic Center and the Storm Sewer Utility, both of which are independent enterprise funds. It is common for municipal recreation facilities, like swimming pools or golf courses. As with the Aquatic Center, the Storm Sewer Utility is a much smaller enterprise, but its operations are independent of other departments. Further, Council used taxes to cover the debt that was used to build the Aquatic Center and other Recreation Department improvements, the enterprise annually must balance its operating costs, and reserve for maintenance, and infrastructure using fees collected, just as with any business-like operation.

This Page Intentionally Left Blank

Electric Utility



The Chambersburg Electric Utility takes a long-term strategic view of managing a nationally-recognized public power system, all while building character, competence, and collaboration. The utility will provide to our customers' valuable energy products and services that are safe, reliable, and competitively priced. The Electric Utility will produce economic and other benefits to the Borough, its citizens, its customers, and employees. The utility operates in a professional, ethical, and courteous manner, accountable to Borough management and Town Council policy-making.

Utility Director: Jeff Heverley, PE

	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Revenue	\$33,833,398	\$37,633,610	\$38,867,000
Expenses	\$35,166,213	\$37,633,610	\$38,867,000
Excess (Deficit)	-\$1,332,815 Deficit	- Balanced -	- Balanced -

While the goal is to produce approximately \$2,000,000 per year in excess revenue, as the necessary maintenance of the distribution utility costs approximately that much per year in investment. In 2024, the results illustrated the necessary increase in retail electric rates that began in 2023 and will continue through 2026 and 2027.

This rate recovery program, adopted by Council, to annually increase electric rates, was a response to over a decade of holding the retail rates flat (or declining rates) while costs including maintenance, personnel, and energy continued to increase every year. This budget includes the third year of implementation of new revenue enhancements for the Electric Utility, begun with the 2023 rate study. In 2023, for the first time in over ten (10) years, the utility did a comprehensive study of electric rates, which is impacting 2026 decisions. It had become clear over the last year or two that the extremely low retail rates enjoyed by Borough customers was having a deleterious impact on the finances of the system. Specifically, without recovering sufficient cash from customers, the once abundant capital reserves of the department, necessary to sufficiently invest each year \$2,000,000 to \$2,500,000 per year in mission-critical infrastructure, was mostly, if not completely, depleted.

Chambersburg has always proudly boasted one of the lowest retail electric rates in the Commonwealth. Perhaps, too low at times. While neighboring investor-owned utilities were implementing double-digit rate increases in 2022 and 2023, Chambersburg held the line on rates. This resulted in neighboring utilities with 42% higher retail rates than inside the Borough. It also resulted in an unsustainable position for Borough-leadership. Once the study was completed, Council immediately suggested, and staff began work upon, an 11.3% average overall rate increase in 2023, to be followed by 1% to 5% rate increases scheduled for 2024, 2025, 2026, and 2027.

This 2026 budget includes estimates of the new revenue generated by the already-approved retail electric rate increases implemented by the rate increase scenario adopted by Council. At this point, depleted reserves have nearly been recollected and the financial position of the Utility is back in much better shape as planned. Rates can be re-evaluated going forward to account for the current landscape with the ever-changing Electric markets.

When the Electric Utility embarked upon rate maintenance to determine adequate and fair increased rates in 2023 for 2024 and beyond, the need to create sustainable rates was the goal. The Electric Utility only wishes to cover operating expenses and remain one of the lowest cost energy providers in Pennsylvania. As in every other year, Chambersburg still has incredibly low rates.

Despite already having three rate increases, Chambersburg still enjoys the fourth lowest retail rates in Pennsylvania with only a few small systems remaining slightly lower. As a public power utility, the Borough can maintain low rates and reliable service for customers.

The value of low electric rates is it helps homeowners pay for taxes for police, fire, and EMS; and, it helps Borough businesses hire more workers, pay better wages, and make bigger profits.

Only a public power utility, such as Chambersburg, remains 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 two billion dollars annually directly back into their communities. This is the magic of community-owned electric utilities.

Background and History

The Electric Utility serves over 11,750 electric meters 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 other public power communities, 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.



Credit: Mike Marotte, III.

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. From dark until midnight, they operated the street lighting system. It did not operate 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 just 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-2021 the overall average cost per kWh was around \$0.08959. About 8 million kilowatt hours were generated in 1935. In 2008, the total billed kilowatt hours were 303,299,213.

In 2020, the total billed kilowatt-hours were down about 3.7% under the 2019 level at 298,902,132 kWh, due mostly to the local COVID-19 pandemic effects, with the Borough's generation facilities and contracted landfill gas-to-power facility producing about 16% of that annual total. Sales have since rebounded with new growth to 321,334,572 kWh in 2024, the last full year with records.

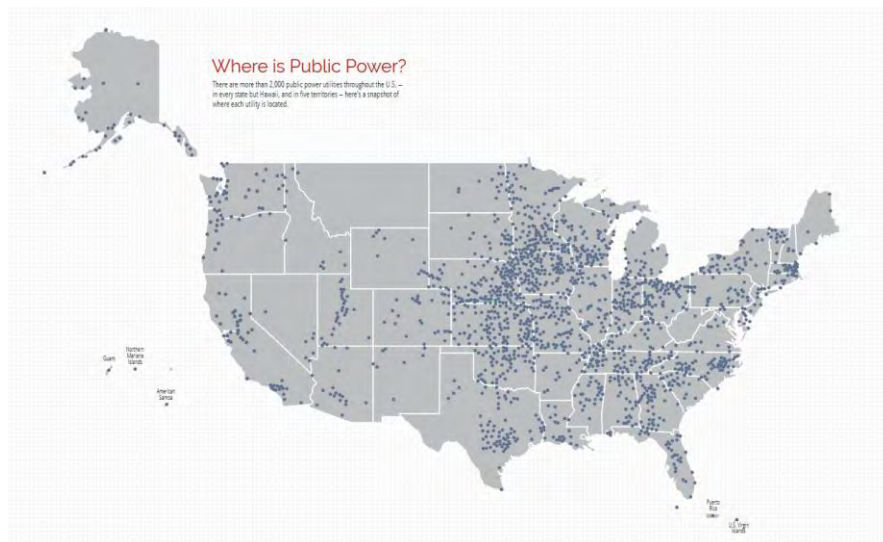
Chambersburg is unique in that the utility has a significant summer peak for power supply as well as a growing demand for energy in the winter season as well.



Crew from the Electric Utility in 1936 on Light Avenue

Expansive change in the Electric Utility's business model came when the Borough's long standing single power supply agreements with DTE Energy (the former Detroit Edison) expired on December 31, 2012. The Electric Utility 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 about mid-2022, at which time the future market prices for power began to rise. Electricity is a commodity; bought, sold, and traded hour by hour, every day of the year.

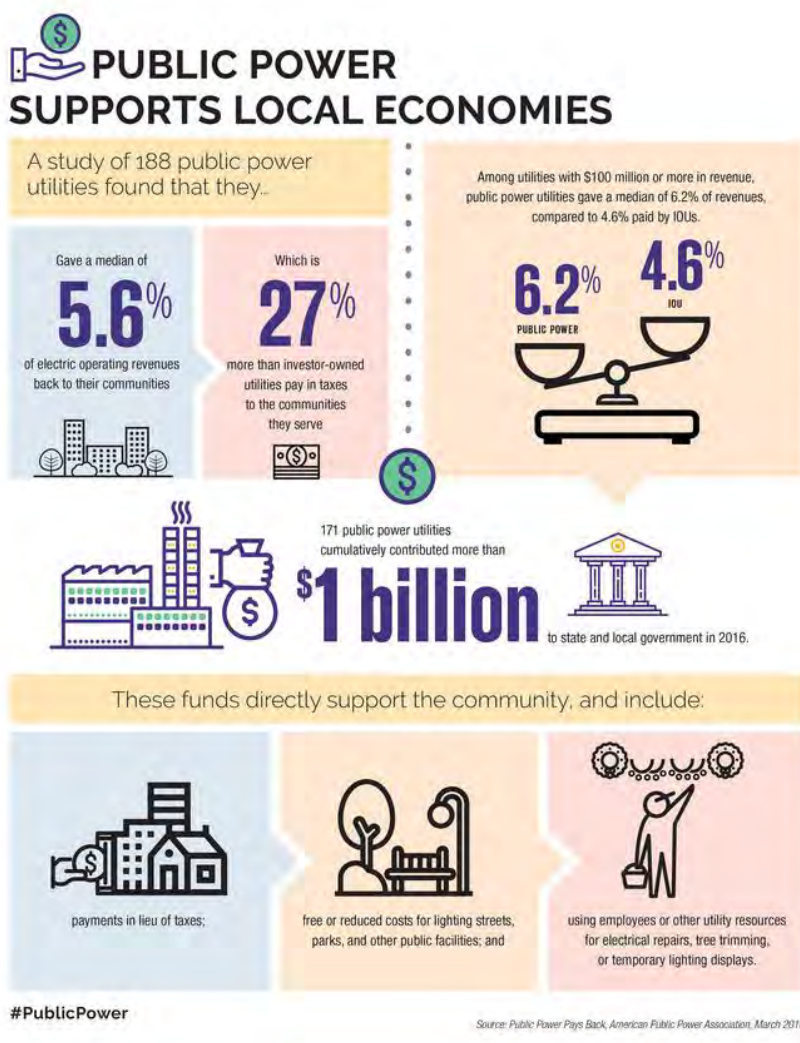
Chambersburg is the largest public power system in Pennsylvania. The Borough owns most of the poles and supplies electricity on a non-profit basis to a majority of homes and businesses within Chambersburg. It is more typical than many know that a local municipality may be an electric supplier. There are more than 2,000 public power utilities throughout the U.S. One in every state but Hawaii, and in five territories. Below is a snapshot of where each utility is located.



Due to new wholesale 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. The Borough can negotiate and buy energy purchases without the cumbersome and untenable bid process typically used to buy large items. In light of this authority, Chambersburg, with its consultant, GDS Associates of Marietta, Georgia, developed a Power Supply Master Portfolio Plan, which Town Council adopted on May 14, 2012.

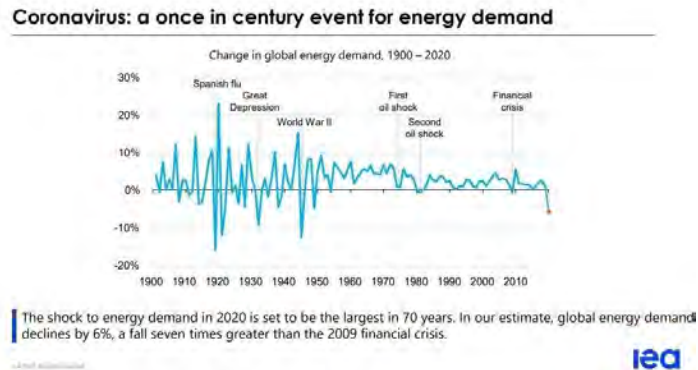


The Borough has a portfolio of wholesale power options in addition to our own generation assets. Management of the portfolio is intended to provide Chambersburg homes and businesses with the lowest possible energy rates while maintaining a high level of reliable electric delivery.



Demand on Load 2020-2023

While the COVID-19 health crisis had a temporary impact on load consumption for the Borough system in 2020, the portfolio adopted by Council allowed a portion of each day's wholesale needs to be purchased daily on the "spot market." This prevented the sales downturn from accruing to the Borough as excess power capacity and energy purchases with exorbitant or un-recovered costs. This is the advantage of daily portfolio management. Further, throughout the late 2020 winter, stay-at-home workers, a unique development in the health crisis, drove up residential electric uses whereas commercial electricity consumption dipped. There was a short period during the pandemic when industrial facilities were completely closed, but that did not last long. While industrial consumption dropped at first, contributing to the shortfalls of budget electric consumption in the first and second quarter of 2020, it quickly rebounded in 2021 and consumption continued mostly stable throughout 2022 and into 2023.

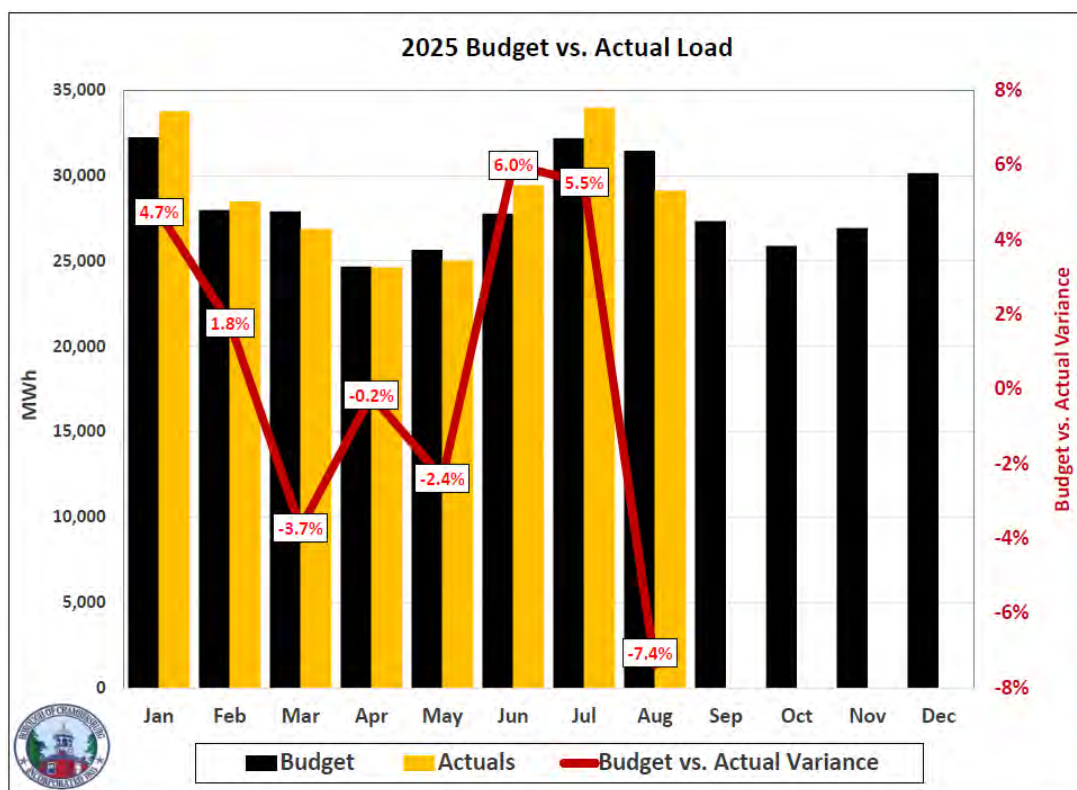
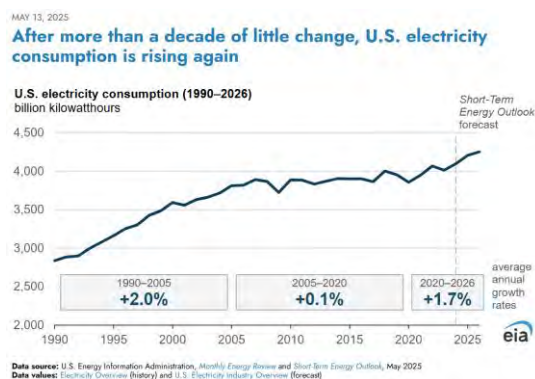


Added to the Pandemic-related electricity consumption reductions from budget in 2020, there were some weather-related effects. The months of January, February, and March had significantly fewer heating degree-days (a measure of how much heating energy might be needed for heating) than the prior year, coupled with COVID-19 reductions, which may mostly explain the steepest energy use drop during the first half of the year. The energy sales in the first half of 2020 dipped down below budget by about 12% at its worst in April 2020. They recovered to a positive 11% in July 2020, but then with the difficulties of the year, closed out with a net-negative 5% below forecast.

The 5% below budget outcome was balanced on both the revenue and expenditure side of 2020, with no long-term net impact on Electric Utility finances.

Seeing the overall increase in energy sales trends toward the end of 2020, there were still some sectors of industrial and commercial load that were historically below average, and remain so to this day (some vacant commercial real estate). During the year 2021, sales of electric energy continued the trend upward at a moderate rate. Furthermore, the system saw some new industrial customers that did quite well in 2021, and with the first half of 2022 became a more stable buying pool. Overall, after the 5% dip in sales in 2020, 2021 was right back up to 2019 numbers, which remained fairly flat in 2022 and 2023 even with new residential and commercial metered customer growth. Sales have trended upward again throughout 2024 and 2025.

The Borough has shown full load and retail sales recovery and more from the COVID-19 pandemic of 2020-2022, but market volatilities and unbalanced supply chain price increases have begun to appear. With the resurgence over the past couple years following 2020, coupled with expected customer growth, the projections were for higher load in 2023, but that was not the case with actual load coming in about 8% lower than projections for the year. 2023 ended up being a slight drop in customer sales from 2022. Projections going forward for 2024 and beyond have been tempered back some so that the Borough is not getting to the point where we have over-purchased with our hedged supply deals. So far, 2025 is tracking slightly over budget overall with monthly variances.



Through September of 2025, the overall Electric Utility operating cash, cumulative revenues minus expenses for the year, is showing a positive position of \$2,076,683, due mainly to the effects of rate increases to build back depleted funds coupled with a favorable year of market conditions and record-breaking generation. Energy prices had increased dramatically and now dropped back while capacity prices had also fallen off significantly over the past wholesale power delivery years; until a steep increase in June 2025. There are a lot of moving parts in the markets including generation and transmission systems, energy flows, costs, and the various market-pricing mechanisms. Fortunately, as 2023 proceeded, market energy costs stabilized and continued to come back down into 2024. The Borough seems well hedged to take advantage of many of the available market fluctuations and for the ultimate benefit of its residents, but there are still uncertainties that the Utility is watching during 2025 into 2026. Furthermore, the production of our mix of network resource and behind-the-meter generation assets remains our biggest strength in hedging the uncertainty of energy and capacity prices.

Chambersburg Borough has made an unprecedented investment in generation assets and so far, this move has worked very well to control the rising cost of wholesale electricity.

Any decline in energy use because of a local economic downturn, as temporarily witnessed during Covid-19, is mitigated by the Borough’s portfolio purchases of electricity. As consumption decreases, for whatever reason, the Borough’s energy wholesale purchase expenses are also reduced proportionally by not purchasing as much expensive energy on the margin (“Portfolio of Energy Products”). Another cost-saving phenomenon in the “portfolio” benefits kick-in which applies if there is a reduction in energy demand/use for any reason (i.e., recurring recession, COVID up-tick, or other similar event). When prices are up, as observed over the recent years, the Borough merely purchases less of the expensive market balancing power for its residents, thereby lowering the portfolio all-in cost per kWh.

The utility is managing the purchasing based upon the vagaries of the load and the local economy. In 2024 the Electric Utility saw a change at the top of the customer list from the long-term highest users of TB Woods, Chambersburg Hospital, and Ventura Foods. The Curaleaf cannabis cultivation facility has taken over as the top electric customer of the Borough, with existing building space to further increase usage over the coming years as applicable legislation would change.

Looking forward to the 2026 budget-year, the local economy appears stable with construction seemingly back to normal. There is always a level of uncertainty and risk of unforeseen changes in the power industry over time. Chambersburg is not immune to market variability or the impacts of national and state legislative initiatives. The utility is positioned well and may be, in some circles, considered as a more nimble and well-connected PA Borough utility. As a result of these observations, and while expecting some increased volatility, possibly major at times, Chambersburg also evaluates and remains actively involved with watching progress and in the development of regional and national public policy.

Historic Challenges to Public Power in Chambersburg

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 and preserved the Borough’s right to be one of Pennsylvania’s founding electric systems. The now named “Park of the Valiant” on North 2nd Street, near the Headquarters Fire Station, was built in the 1938-1939 time period as a “floral park” 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. The commemorative plaque was cleaned this year. Further, a tree re-planting project is underway with assistance of the Shade Tree Commission.





Park of the Valiant Fountain and the Park Pavilion

Public power has enjoyed both support and opposition since the beginning of electrification (Borough of Chambersburg, circa 1893). Public power is often challenged, sometimes by powerful corporate interests. These discussions and viewpoints however have grown in recent decades. The expanding corporate versus government dichotomy has become a chasm in some cases. Currently, in many States there are electric utility operational difficulties and public uprisings against cost/service divergence leading to a number of municipalities, nationwide, considering becoming public power entities. These towns, some small and some as large as Pacific Gas & Electric in California, are being faced with significant reliability of service and cost pressures. Therefore, some electric transmission distribution company operating models and their viabilities are being called into question. Public Power entities, when run well, avoiding the profit motive, have the potential to achieve and to maintain the longest records of accomplishment of providing excellent, reliable public services, and at the lowest costs. It is not always good news for public power; however, some large public power systems including Murfreesboro, Tennessee, and Vero Beach, Florida, are considering liquidation. The Murfreesboro City Council in a 6-1 vote, agreed to sell the Murfreesboro Electric Utility in January 2020 for a base price of \$245 million to the larger Middle Tennessee Electric Membership Corporation, an electric co-op. On June 5, 2018, the Florida Public Service Commission (FPSC) approved the \$185 million purchase of the Vero Beach municipal utility by Florida Power & Light (FPL).

Closer to home, in Pennsylvania, many times legislation has been introduced in Harrisburg with ideas to make the provision of public power more challenging and to favor private industry and commerce at the expense of lower electric rates and hometown control. It is important for a new generation of the valiant to fight off these efforts.

Historically, Chambersburg Makes Electricity



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

becoming 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.

In 1975, the decision was made to cease the Borough's steam-driven generation operations because of the age of the equipment and the 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 several decades, the Electric Utility continued to add to and upgrade the substations and the distribution system. In 1999 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 Utility 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 Utility has been instrumental in installing a fiber optic cable system among the various substations and other 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, the Borough's traffic signal systems. In 2021, the Borough network was significantly expanded to incorporate the Borough-wide traffic signal upgrade project and the newly constructed Franklin County office facilities, including the new courthouse complex on Memorial Square.

In 2021, and completed in 2022, all three engines were overhauled and new control systems were installed, including a vertical drive vibration monitor on each engine generator set at the Falling Spring Generating Station. In 2021, Town Council made a policy decision to renovate the Falling Spring Generation Station electric generation assets and to change their designation from grid network resources to behind-the-meter (BTM) generation, for supplying the Borough customers' power on an as-needed basis rather than the grid and to mitigate growing transmission costs in doing so. The plant was effectively BTM as of June 1, 2023. Operations staff have so far been successful, and engine equipment has cooperated in successfully hitting all of the annual peak hours to reduce our grid reliance and charges.

In 2025, existing technologies, utilizing various fuels, traditional electricity generation, as well as new generation, renewable energy technologies, and the changing wholesale power marketplace, are adding complexity to Chambersburg's business decision-making. All of these competing business forces add demands for management's attention. The Electric Utility is conducting necessary periodic maintenance, developing multi-year and complex capital improvement plans, strategic equipment additions, customer growth, service, and satisfaction benchmarks, while developing staff, succession plans, and supporting systems and teams.



Falling Spring Generation Station – Engines, Controls, and Renovations 2021-2022

Chambersburg's largest generating facility, the Orchard Park Generation Station, undertook a major control system upgrade of two engine/generators in 2021, while also maintaining and running the Wärtsilä (Finland) constructed power plant, including the four, eighteen-(V) cylinder, 8,086 horsepower engines that generate about 5.8 megawatts each. The original \$20 million project, which included the construction of an adjoining substation and other system improvements, became operational in 2003. Because of the new power plant, the Borough joined PJM Interconnection, a regional transmission organization (RTO) that coordinates the movement of wholesale electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. This allowed Chambersburg to purchase and sell electricity directly from and to the grid.

In 2009, Council agreed with staff's proposal to halt work and spending on the original landfill gas project as it was being conceived at that time. Responding to developments in purchase power markets, beginning in 2012, the Borough embarked on a new phase of both wholesale power purchasing and generation additions. The landfill project was originally intended to be a high-BTU gas 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 change directions with the landfill owner (Waste Connections), abandon the refinery development process, and to see if a third-party private power plant developer would contract with the Borough for a simpler concept. The Borough Manager suggested a more economically viable electric "extension cord" power project to bring power from the landfill to the Borough. This was the only remaining project concept that would be considered going forward. As was somewhat expected, in 2010, 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 just over 4-mile long "extension cord" to deliver the power to Chambersburg, which was then completed on time and under budget. The plant went into commercial operation in early 2013.

Since the beginning of operation, the landfill gas power plant has been sold several times. First, Talen Energy acquired it, and then Talen Energy sold the facility to Energy Power Investment Company (EPIC). NextEra Renewable Fuels Investment Company is the current owner.

In 2019, a Second Amendment to the Power Purchase and Sale Agreement was entered into between the Borough and EPIC. This agreement extended the Borough's purchase term and at a significantly reduced rate. The original agreement from back in 2009 was set to expire at the end of 2022. The overall term was extended by ten years to the end of 2032. The original rate of \$63/MWh was reduced to a maximum of \$51/MWh beginning January 2020. The agreement also created a provision to allow for further rate decreases corresponding to any improvement the Borough can provide the owner in their methane purchase price from the landfill. Through the Borough Sludge Hauling and Disposal agreement with Waste Connections, Waste Connections extended a discount to EPIC for the methane purchase, which further lowered our purchase price to \$49/MWh starting on March 1, 2020, translating to an approximate 22% reduction from the value of the original agreement. This deeper discount will extend through at least the end of 2027. Overall, these purchase price decreases from the original agreements will save the Borough almost \$700,000 annually, but still dependent on the actual facility output/capabilities.

As it is with the various developing electric markets themselves, the Borough has found it best to be 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 130 years. There were coal fired-steam power plants in Chambersburg up until the 1970's; now there are many technologies and opportunities for the Electric Utility and the "Power Team" to consider carefully.

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 \$5,000,000.



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

The previous Electric leadership, our team of engineering and management consultants, and Town Council had the foresight to add more engine-generators 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. 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. The last bond payment for this plant was made in 2022, further offering needed budget relief in 2023.



Orchard Park Generation Station - Unit #8 in Foreground, #9, #10, and #11 (2003)
Falling Spring Generating Station Electric Generator, Engine Refurbishments – 2021-2022

The present Borough-owned set of engines at the Falling Spring Generating Station (7 MW), and at the Orchard Park Generating Station (23 MW), total 30 MW and are operated as peaking resources in the best interest of the Borough and overall grid. These investments have made sense to the Borough historically, as they have more than offset the Borough's generation and transmission "load" payments to PJM, and except for two-years in its 20-year history, from energy, capacity, and reactive services, has captured market values well in excess of the former annual debt service on the assets. The Falling Spring Generation Station with no debt service, has been a net winner over its lifetime and will continue to be with its latest set of refurbs and pulling it behind-the-meter (BTM), to capture benefits in a different way. OPGS, as a designated network resource, PJM pays for the capacity values for just being ready to run as it is considered "iron in the ground". PJM also pays the energy and approved maintenance and operating costs when the generator units are called to run. 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. After historic run times over the past several years of their decades of life, the OPGS engines are currently in need of some significant preventative and regular maintenance attention to keep them operating well into the future. Electric staff are planning and budgeting for this work progressively over the next couple of years to complete it strategically while keeping the majority of the plant operational.

These generation assets help 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" (a term for generation being called online 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 (i.e., traffic jam/toll-way) to those receiving the power (i.e., operating costs to your automobile's final destination). It is more complicated than that, but the Borough's self-generation benefits financially as PJM merely passes 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 for many decades, a net overall positive contributor to helping control the cost of electricity for everyone in the Borough. There are other benefits for self-generation – running the generators for our own benefit.

The Town Council approved a change of the business model for the generation at the Falling Spring Generation Station, beginning in June 2023.

Wholesale electricity prices were on the rise throughout 2022, while future transmission rates and many other costs seem to be rising even faster. There are continued and even worsening supply chain issues effecting the Electric Utility, from vehicles to transformers and much in between. It was determined to be wise for Chambersburg to consider future “power purchase” portfolio options in preparation for when the fuels and electricity prices do rise as anticipated. From that perspective, the department floated requests for proposals (RFP’s) for not only new Power Purchase Agreements (PPA’s) but for studies and recommended strategic upgrades, and/or expanding and diversifying the power supply portfolio in 2020-2022, using the approved 2019 Bond funds, while also considering traditional, as well as new offerings of affordable, traditional, renewable, sustainable generation technologies.

Since 2020, the Borough has had a community solar energy project as a part our power purchase portfolio. This exciting project is another example of local generation, behind the meter, serving our community and providing power supply for the future.



Community Solar Initiative

In 2020, the Borough embarked upon adding a community solar energy project to the purchase power portfolio. This exciting project is another example of a generation resource addition through a power purchase agreement (PPA), injected behind the transmission service billing meter, serving our community and providing cost-lowering power supplies for the future. In a partnership with Sun Tribe and Safari Energy, the Borough started receiving in 2022 about 30,000 MWh of renewable power which will power an equivalent of about 2,600 homes.



Chambersburg Solar Center – Photovoltaic Panels

Elected officials held a “flip the switch” event and inaugurated the new 15-megawatt solar array on September 13, 2021 on Elk Ridge in Hamilton Township, just outside the Borough. The new facility, owned and operated by Aspen Power Partners, is providing 100% of its power to the Borough under a long-term power purchase agreement. The system covers 86 acres and is expected to produce enough electricity to power more than 2,600 homes, or 9% of the borough’s annual electricity needs.

Planned by Sun Tribe, the facility was built by Safari Energy, and was purchased by Aspen Power Partners in 2022. Vincent Sorgi, president and chief executive officer of the PPL Corporation, delivered remarks at the event and was joined by leaders from Sun Tribe, PPL, and Safari Energy.

“Working with partners like the Borough of Chambersburg is incredibly rewarding, as their innovative outlook and commitment to renewable energy align very much with our vision for a sustainable energy future,” said Vijay Singh, President, PPL Renewables. “This project is the largest single-site solar system that Safari Energy had built, and we hope to build on this success with other projects and solar portfolios across the country,” he added.

Aspen Power Partners is a distributed generation platform with the dual mission of accelerating and democratizing decarbonization. They develop and finance community, multifamily, and other distributed solar and storage installations enabling consumers of all income levels to access clean renewable energy. According to Executive Director Eric Aubrey, “We have assembled a group of seasoned professionals across development, construction, and project finance and asset management to lead the company. Aspen is headquartered in Dallas, TX with locations throughout the U.S.”

The Chambersburg Solar Center is atop land that is also home to an active shale mining operation. The effort to design, permit, and construct a solar power plant on the site required close coordination with representatives from the Borough, Hamilton Township, Franklin County, and the Pennsylvania Department of Environmental Protection. “This project is a fabulous example of how to site a solar farm on land that has already been disturbed for another purpose, including mining,” explained Danny Van Clief, former CEO of Sun Tribe Development.

The Solar Center is interconnected into the Borough’s Commerce Street substation, which sits a few hundred feet from the site of the new facility. That interconnection was paid for with assistance of Alternative Energy Grant from the Pennsylvania Commonwealth Financing Authority and proceeds from the Borough’s 2019 Electric Utility Capital Bond Issue.

To accommodate the planned and Bond generation additions into the portfolio, customer load growth, and emergency/reliability switching moves in the northwest Borough, the Utility upgraded power transformers and built a solar interconnection substation on the Commerce Street property substation to receive power from the Chambersburg Solar Center.

Originally planned between May and July of 2020, Council executed a Solar Project Power Purchase Agreement with a firm called Sun Tribe for a facility to be known as the Chambersburg Solar Center, a 15 MW behind-the-meter solar facility in Hamilton Township. Per agreements, the generation was scheduled to go into service by June 15, 2021. Due to unforeseen difficulties, the operation date was delayed to October 21, 2022, when the facility was eventually producing power for the Borough as it has been since. This generation project has also changed hands a couple times; first to Safari Energy and now owned by Aspen Power Services. Each time the facility is resold, the Borough must review the transfer and make approval. This is significant because the Borough is the leaseholder for the land and the facility-owner is responsible for the maintenance of the facility.



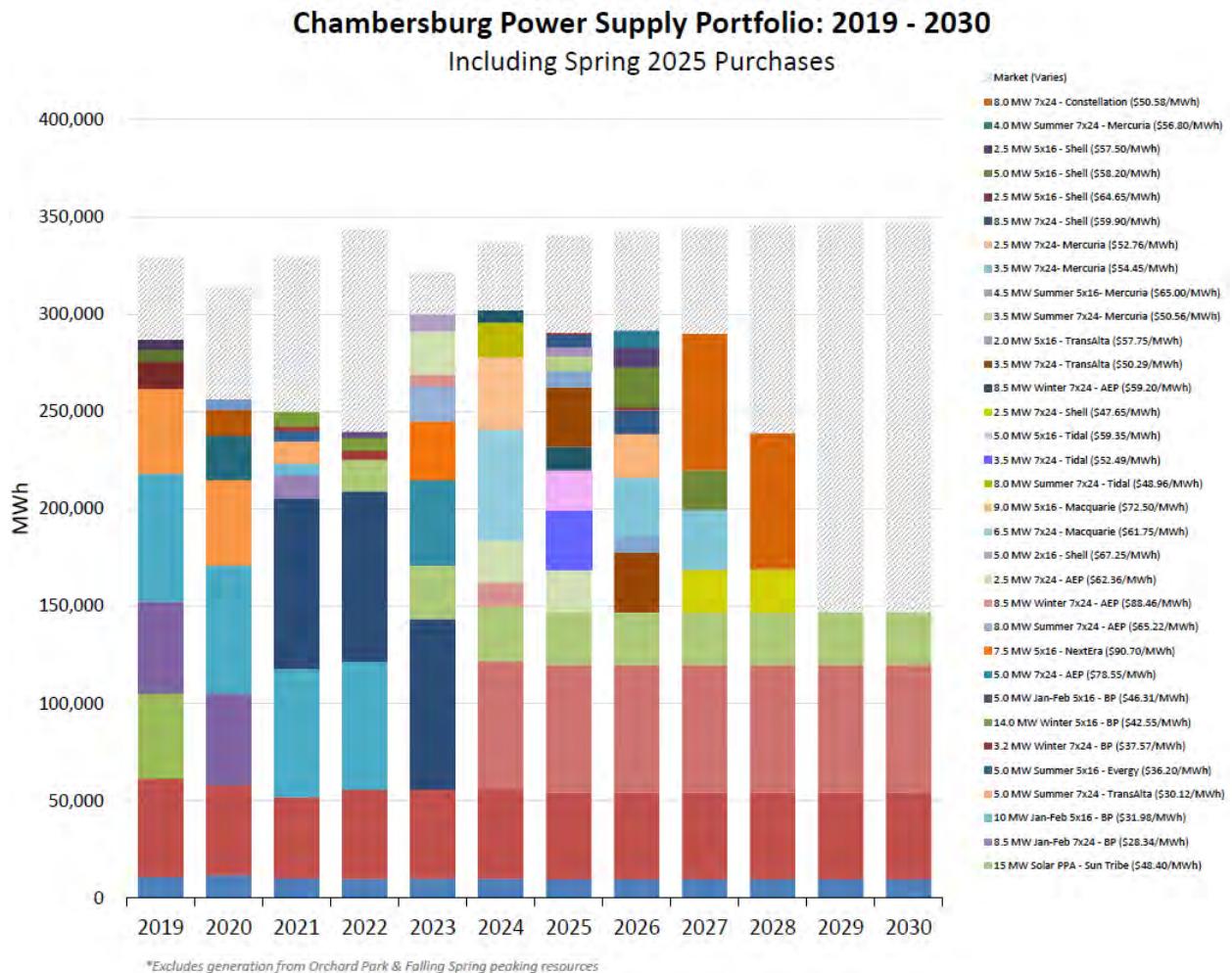
Upgraded Commerce Street Substation Transformers



Portfolio of Energy Products

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 LLC, our regional grid operator.

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 negotiated 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 and upcoming total annual need for energy in megawatts (1 MWh = 1,000 kWh).



Within each stacked bar by year, it also shows how the Borough has filled, or will fill in the future, 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 “red” 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 NextEra Renewable

Fuels Investment Company to Chambersburg on the Borough-owned Express Generator Feeder (EGF), or the “Extension Cord,” as it was named when it was new 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 for short-, medium-, and long-term blocks, 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-in the multiple-year power supply costs, thereby maintaining electric rates as low and stable as possible over the past 13 years.

Borough of Chambersburg, PA

Calendar Year 2025 Block Energy Transactions

Supplier	Contract Execution	Description	Term	Delivery Location	Price (\$/MWh)
BP	Spring 2020	7.5 MW 7x24	2024-2030	APS Zone	\$29.67
AEP	Fall 2022	2.5 MW 7x24	2023-2025	APS Zone	\$62.36
Tidal	Spring 2023	3.5 MW 7x24	2025	APS Zone	\$52.49
Tidal	Spring 2023	5.0 MW 5x16	2025	APS Zone	\$59.35
AEP	Fall 2023	8.5 MW 7x24	Dec 2024-Feb 2025	APS Zone	\$59.20
TransAlta	Fall 2023	3.5 MW 7x24	2025-2026	APS Zone	\$50.29
TransAlta	Fall 2023	2.0 MW 5x16	2025-2026	APS Zone	\$57.75
Mercuria	Spring 2024	3.5 MW 7x24	Jun-Aug 2025	APS Zone	\$50.56
Mercuria	Spring 2024	4.5 MW 5x16	Jun-Aug 2025	APS Zone	\$65.00
Shell	Fall 2024	8.5 MW 7x24	Dec 2025-Feb 2026	APS Zone	\$59.90
Shell	Fall 2024	2.5 MW 5x16	Dec 2025-Feb 2026	APS Zone	\$64.65

View of Trending Electric Rates

Municipal electric utilities are the “original” power producers and are still viewed as leading-edge vertically integrated electric utilities. The public power industry is still managed (or legally have the opportunity to manage) their own generation, transmission, substations, distribution facilities, meters, and delivery services. This vertical integration model, when successful, has age-old cost saving advantages over that of the newer investor-owned utility model, a victim of deregulation and divestiture.

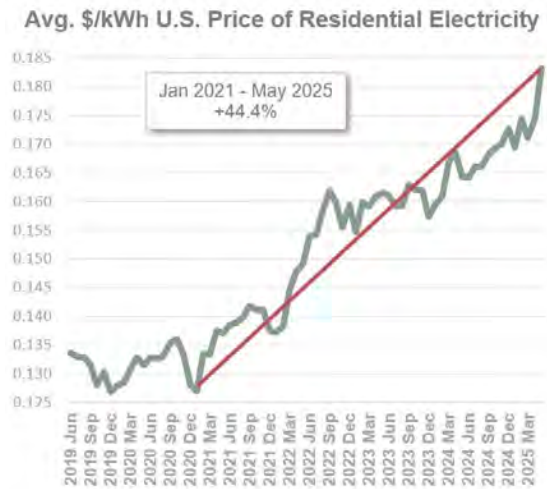
Municipal electric utilities, such as Chambersburg, can operate within the bounds of the best of both wholesale and retail electric utility worlds, gathering the benefits from the wholesale market and passing those directly back to the owners of the system, its ratepayers, the residents and businesses. For over 130 years, this model of bringing the financial benefits directly back to the community proved to be a successful model for providing reliable and stably-priced electricity to Chambersburg customers. In stark contrast to the investor-owned utility rates, where shareowners and numerous business interests take profits from the large interstate flows of electricity, ultimately adding costs and hurting both the serving entities and their customers.

The Borough uses its own dual-fueled generation resources to help stabilize energy costs and ultimately help control the volatile swings of retail rates, in addition to managing wholesale and retail power pricing. Chambersburg Electric is fortunate to collaborate with the Borough natural gas utility. However, recent peaking fuel (gas and oil) prices have raised the cost of our generation as well. Prices generally rise during times of peak gas and electric demand. Market cost offers are accordingly adjusted to compensate for the elevated prices.

During the summer months in particular, when loads are at their highest, energy costs largely follow the price of natural gas because it is the predominant fuel for “peak” electric generation resources. Similar to Orchard Park and Falling Springs, generation that operates on natural gas has the ability to quickly ramp up and ramp down output. This is an essential characteristic of “peak load” generation plants because the energy demands of customers changes on a minute-by-minute basis. In order to “balance” the demand for energy with the output of generation, energy prices are calculated in real-time every five minutes.

Prior to May 2022, the average price of natural gas delivered to the Henry Hub was just under \$5.00/MMBtu, which roughly translated to an average real time price for energy of \$60.00/MWh for the Borough. However, that changed quickly as the cost of natural gas increased by more than 70% throughout the rest of the month of May 2022. While there have been some temporary dips in the cost of natural gas, it averaged over \$8.00 /MMBtu throughout the rest of the summer 2022, which resulted in an average real time price for energy of over \$95.00/MWh.

Fortunately, the Borough does not purchase 100% of its energy needs on a real time basis. In order to stabilize costs to residents, the Borough enters into future contracts to purchase between 70 and 80% of its energy requirements well in advance of when it will be needed. As a result, the Borough had experienced this 70% increase in real time energy prices on only a portion of its energy needs. Due to this effective planning methodology, the Borough has been able to maintain very low/stable rates while seemingly countless utilities across the country have been forced to increase their retail rates by 30%-50% or more over the past few years.



Stable rates do not mean zero retail rate increases. It would be impossible never to adjust retail rates no matter how wildly successful the Borough is on managing costs.

The future natural gas market is bleak, but unknown. In the meantime, as some of the contracts to purchase energy in advance expire, the Borough will replace those with new favorable contracts, even if the best prices are an increase in costs. This means that as the wholesale energy prices have increased, the Borough too has experienced a significant increase in energy costs for 2023 and beyond.

The Electric Utility and the Borough Manager developed a realistic forecast for retail rates in 2023 while kicking off a retail rate study to address rising costs. The utility continues to shop for the best power resources for our community.

#WeShop4U is a marketing “hashtag” developed to make this point, that in Chambersburg, the Electric Utility navigates the complexity of the electricity marketplace, so that residents 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 all read media stories about customers taken advantage of by electricity providers with variable rates that boom, or experience unwanted telephone solicitations. These calls still come in occasionally, but Chambersburg Electric Utility customers can respond by saying “not interested”. This is especially important during these times of spiking and constantly variable prices.

#WeShop4U

We say with confidence, your town shopping for your electric needs guarantees lower electric rates for you. While a 2022 survey indicated that Chambersburg had the lowest retail electric rates in Pennsylvania, before the current agenda of revenue enhancements, Chambersburg's Electric Utility still has some of the lowest retail rates in Pennsylvania.



Borough Electric Utility About 1900

First Energy Relationship

Effective March 2020, the Borough entered into an updated Operating and Interconnection Agreement (OIA) for Wholesale Load with West Penn Power Company, a Subsidiary of FirstEnergy Corp. The modernized agreement had been worked upon for almost two decades and superseded the former 1993 Electric Service Agreement (ESA). This agreement incorporated updated interconnection responsibilities and terms along with doing away with a former artificial incoming Megawatt cap on interconnection points.

This was a major accomplishment. FirstEnergy is the adjacent/surrounding investor-owned utility. They provide the transmission connection between the Borough electric system and the grid, operated by the PJM Interconnection LLC. While the Borough is far from the only public power system in the FirstEnergy territory, they acquired our transmission services contract when they purchased West Penn Power, and therefore the legacy, and pre-competition agreements became out of date. Late 2023 into 2024, through some restructuring of FirstEnergy companies, the transmission entity that services Chambersburg is now named Keystone Appalachian Transmission Company ("KATCo"). Similarly, FirstEnergy's four Pennsylvania electric distribution utilities were combined into a single legal entity called FirstEnergy Pennsylvania Electric Company ("FE PA") while they still do business under the legacy names. As a distribution-only company, FE PA will focus its investments solely on serving its local customers and KATCo will focus solely on transmission investments.

While the Borough has resolved many lingering interconnection issues with West Penn Power through the updated Operations Interconnection Agreement (OIA), one unresolved matter remains. Through the way the Borough boundary as it exists today was established over the years with annexing outlying areas, an electric service territory dispute was created. For most of the Borough, the sole option for electric service is the Borough's own non-profit public power pool. Unfortunately, in some areas that were annexed after West Penn's predecessors had already established services, there exists to this day an argument that West Penn has the right to serve these areas. While there is one small, mainly residential pocket in the north end of town, the majority of these areas reside in the southern end from the last area annexed into the Borough in 1967. Some of these areas are covered by terms in a Memorandum of Understanding (MOU), which was entered into with Potomac Edison in 1974. This covers for West Penn Power to serve [then] existing customers in a small northern area, along with new and existing customers in the areas mainly

along the southern end of Main Street and Mill Road. The Chambers 5 Business Park was not covered by this MOU, but the issue is present in that area south of Orchard Drive off Nitterhouse Drive.

Town Council feels strongly that all areas within our Borough limits shall be solely served by our municipal electric utility similar to the laws that indicate the utility cannot serve areas outside of our boundary. All of our residents should have the same rights to our service excellence, reliability, and low rates. This has been discussed with West Penn Power many times without yet being resolved. Borough staff, with legal support, will continue to bring this issue up on behalf of all the property owners represented by Town Council. It will be a great success when this issue is resolved.

[Chambersburg Electric Utility Infrastructure Bond Update](#)

On Monday, February 25, 2019, the Chambersburg Electric Utility sold a \$9,315,000 capital improvements bond in order to raise resources to invest in the Borough's public power system. The Electric Utility sought to invest in capital improvement projects during 2019-2022 to upgrade and ensure security, resilience, 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 to meet its customer demands for the future. The Electric Utility team completed 100% of the Bond projects by July 2022.

The five (5) main infrastructure Bond projects were:

- 1) Upgrade to larger units, the power transformers at the Commerce Street Substation;
- 2) Interconnection facilities to the Community Solar Project;
- 3) Transmission/Distribution Substation Improvements;
- 4) Distribution Operations Center Site Preparation & Construction;
- 5) Upgrade Controls and Overhaul Select Existing Generation Assets.



New Distribution Operations Facility





Rear Line Truck Bays – New Electric Distribution Operations Center



Line Crews Installing Underground Cable & Overhead Messenger for Fiber Network

In 2020, GDS Associates continued their review of existing generation assets and, as previously mentioned, began to seriously explore the use of the 2019 bond proceeds to change the generation configuration. In 2020, because of the 2019 Bond resources, the Borough studied its existing old Falling Spring Generating Station that was built in the later 1960's, upgraded in 1999 to its present day 7.2 MW capacity. These units have operated very reliably since they were built. We were at a cross roads of how to best position these assets with the existing and proposed new community solar generation, the planned upgrades, or focus on new possible generation assets, to optimize and integrate the multiple resources plan.

There is a three-prong development process (like the three prong “electric plug”). In this concept, there is a need for 1) “Conventional Power Generation” sources and fuels (“fossil fuels” - oil and natural gas, etc.); however, traditional sources will likely be supplemented in nearly equal amount by the developing portfolio of the much more variable, 2) “Renewable Energy” resources (wind, solar, bio mass, etc.). Also, to balance those resources for availability, reliability, and system delivery integrities, likely balanced by the developing sources of, 3) “Energy Storage” (batteries, Super-Capacitors, methane or compressed air caverns, CNG, LNG, flywheels, etc.). The Borough will need to explore portfolio blocks of “storage” or other dispatch-able/variable but new forms of behind the meter generation for load balancing, and peak load reduction. Storage systems, or other similar calculated load following resources, need to be developed using the many known and proven technologies, forms of energy storage, involving electrical, mechanical, and chemical processes to be re-applied in the electric utility and many other industries like large thermal processes, bio-gases digestion, public transportation, electric vehicles (EV), agriculture, and the Internet of Things (IoT), etc.

In 2021, Town Council authorized staff to switch the Falling Spring Generation Station from a PJM network-resource (dispatched to benefit the grid) to a behind-the-meter (BTM) resource (self-dispatched to benefit the Borough's power supply needs).

PJM, as the grid operator, must continually develop market structures to incentivize the proper amount of generation and in the best locations, situated by the load-centers, using existing and uprated transmission systems.

Natural gas, nuclear, and likely some oil, must supplement the growth in renewable energy production, their variable outputs, coupled with traditional forms of electricity generation, and energy storage offsetting/balancing.

Retiring coal plants are inevitable and it is becoming clear that with rising renewables comes the need for a balancing “other form of fuel”. When the wind or solar generation supply sources decline for their known reasons (wind dies down in summer, and of course, solar outputs go to zero at night and diminish quickly with passing clouds), there is a push toward hybrid generating plants. This means coupling more-plentiful and cleaner fuels with renewable energy sources to make up the new mix of electric generation sources in the future. Chambersburg needs to explore these arrangements for our system as well. Our current research has resulted in scenarios where Chambersburg is well positioned to begin movement in this direction.

In 2022, the five major capital investment projects, including the two plant’s generation control systems upgrades/enhancements, were completed on time and as contemplated by the 2019 bond issuance.

The Electric Utility coordinated with Wärtsilä to upgrade the generation controls on the final two units at the Orchard Park Generating Station and with Fairbanks Morse at the Falling Spring Generating Station to upgrade its three units of generation controls, and while also installing new vertical drive vibration monitors and controls on units 5, 6, and 7. The capital investments at each plant extended their useable life by at least two decades.

Full Electrification Policy Sweeps the Nation

According to the American Public Power Association (APPA), “Many changes in the energy system — the generation mix, digitization, active customers and changing customer preferences, and policy and market reform — are happening with or without efficient electrification. Companies — both traditional utilities and new entrants — will step forward to help provide customers with what they want: low cost, comfort, convenience, and clean and reliable power.” Chambersburg is skeptical of quick unplanned electrification.

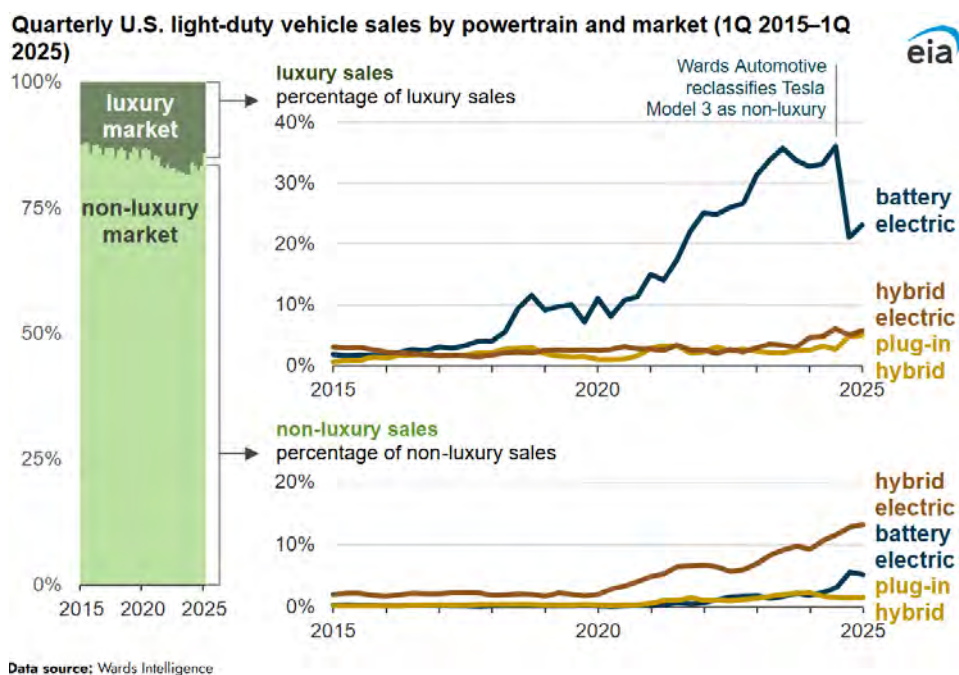
The APPA essay continues, “Opportunities for electrification are highly dependent on local conditions, such as our local weather, energy prices, policies, and regulation. However, building space heat and water heat are other areas where electrification can play a key role, along with new efficient natural gas options. Given our assumption of continued low natural gas prices, we project significant growth in the use of natural gas in electricity generation and industry.”

Chambersburg Borough desires to be a good steward of the environment, evidenced by the way we maintain and operate our utilities. The Borough has long advocated for energy efficiency in our community, believing public natural gas utilities and the existing pipeline infrastructure should continue to play an integral role in reducing greenhouse gas (GHG) emissions. We also recognize natural gas can provide energy affordability and reliability to all Americans, including those in working-class communities.

The use of natural gas for generation is a key reason for both GHG reduction and consumer affordability.

For at least the near future, there needs to remain a significant and dedicated amount of natural gas generation to permit the electric grid to function. Switching to everything-electric is not a practical policy at this point. According to *Govern Magazine*, “Shifting from natural gas or fuel oil not only entails large upfront costs, but it is also likely to require more electricity and a significant expansion of power grids, making both homebuilders and politicians increasingly wary of electrification.”

Electric end use is on the rise: just over 40% of homes in the United States are primarily heated by electricity, and electric/hybrid vehicles comprised 22% of all light-duty vehicle sales in the 1st quarter of 2025. Yet, where electric demand is growing and how electrification affects the grid varies from state to state.



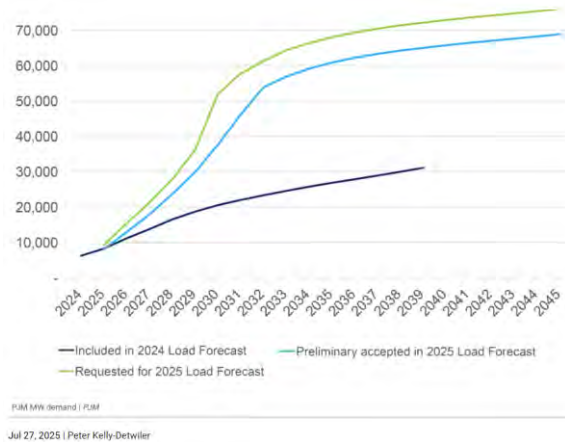
In its 2025 Long-Term Load Forecast, PJM predicts significant growth in electricity demand over a 20-year horizon, primarily driven by data centers, electrification, and manufacturing. For the total PJM RTO, the summer peak load is forecasted to reach approximately 228,544 MW by 2045, with an average annual growth rate of 2.0% over the 20-year period. The winter peak load is forecasted to reach around 218,760 MW by 2044/45, reflecting a 2.4% average annual growth rate over 20 years.

For specific comparisons:

The 2025 long-term forecast for the summer peak projects higher growth (2.0% annualized over 20 years) compared to the 2024 forecast (1.6% over 15 years).

The 2025 winter peak forecast also shows higher growth (2.4% annualized over 20 years) than the 2024 forecast (1.8% over 15 years).

The forecast for 2030, is a critical inflection point for large-load expansion, projects a significant jump in summer and winter peaks compared to the 2024 forecast.



Electric Rates

As noted, Chambersburg proudly boasted one of the lowest retail electric rates in the Commonwealth. The impact of low rates was substandard investment in infrastructure. While neighboring investor-owned utilities were implementing double digit rate increases, Chambersburg held the line on rates. This resulted in neighboring utilities with 46% to 75% higher retail rates than inside the Borough. It also resulted in an unsustainable position for Borough-leadership. Once the study was completed, Council immediately suggested, and staff began work upon, an 11.3% across-the-board rate increase to be followed by rate increases scheduled for 2024, 2025, 2026, and 2027 in the vicinity of 1% to 5%. A 2.3% 2025 increase went into effect with September billing. Furthermore, Council recommitted to maintenance of the electric system.

Furthermore, the initial 11.3% overall rate increase impacted different types of electric customers in a variety of different ways. Some customers saw larger increases (above 11.3%) and others lower as the Borough’s consultants fairly distributed the rate increase by rate class based on economic impact to the Borough Electric Utility finances.

The 2024 and 2025 budgets included estimates of the new revenue generated by the already-approved retail electric rate increases in late 2023. Throughout the years, staff has been monitoring rate performance coupled with various fluctuating operational costs and revenues. The same monitoring will occur throughout 2026. There are numerous impactful factors that can vary greatly on budget figures. Staff tries to be conservative on these numbers when budgeting, but generation dispatch, weather, and customer usage changes can have a significant impact on estimated numbers.

In 2022, the wholesale price of electricity (and natural gas) began to rise significantly. Most utilities saw a 16% to 28% increase in their retail rates. Chambersburg held out as long as possible against that need. In the end, the 2020 temporary Power Supply Adjustment (PSA) decrease was reversed in October 2022, the average residential electric bill increased back to \$100.90 per month from \$98.90 per month, although results varied based on several factors including energy use, weather, and home attributes. An additional 2% step increase was implemented through the billing PSA starting with January 2023 billing.

In 2023, other utilities were hit just as hard as they were in 2022. For example, according to the Pittsburgh Post-Gazette going into that winter, “The price of energy for Pennsylvania utility customers is likely to rise again this winter, riding the general inflation trend and, more specifically, the steep increase in the price of natural gas. This impacts both gas utility customers and electric customers, because the grid that supplies electrons to Pennsylvania draws the most power from natural gas power plants. And natural gas is on a roll. Over the past few years, near-term futures contracts rose from \$2.28 per million British thermal units of gas in September 2020, to \$5.12 in September 2021, and again to \$7.76 last month.”

“Some electric utilities, including neighboring West Penn Power, adjusted their numbers on September 1 and will do so again on December 1. West Penn’s “price to compare” shot up to 8.2 cents per kilowatt-hour in June 2025, up from 5.7 cents during the prior quarter. It’s now 8.3 cents.”

That equates to a 16% increase in West Penn Power on June 1, 2022, and a compounded 11.2% increase on September 1, 2022. Secondly, West Penn Power received permission for a second 16% rate increase in 2023 (for a total increase of 32%). After slight downward rate movement in 2024, they have now gone back up with another 16% increase in 2025. This latest increase in June 2025 was tied primarily to the steep PJM Capacity market increase now in effect. This increase put their residential Price to Compare Energy only rate over 10 cents at 10.32¢ which is just a couple cents under Chambersburg’s all-in rates to customers.

While neighboring utilities have higher retail rates than inside the Borough by some 50% to 100% in aggregate, the Borough merely reversed the temporary 2% rate reduction from 2020. In 2023, Council immediately suggested, and staff began work upon, an 11.3% across the board rate increase to be followed by rate increases scheduled for 2024, 2025, and 2026 in the vicinity of 1% to 5%.

In January 2023, the average residential electric bill increased 2%, by approximately \$2 per month (\$100.90/month to \$102.90/month). In January 2024, a more substantial increase was put into effect (overall 11.3%), although results varied based on several factors including energy use, weather, and home attributes. It is likely some residential customer saw higher increases.

When the Electric Utility embarked upon rate maintenance to determine adequate and fair increased rates in 2023 for 2024, the need to create sustainable rates was the goal. The Electric Utility only wishes to cover operating expenses and remain one of the lowest cost energy providers in Pennsylvania.

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. 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.

Chambersburg rates compare very well to our neighboring utilities. Chambersburg strives to provide excellent electric services that customers can depend on and at a reasonable value.

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	\$100.90	No change, no increase
2020-2022	\$98.90	Drop 1.98% (\$2.00)
2022	\$100.90	Increase 1.98% (\$2.00)
2023	\$102.90	Increase 2% (\$2.00)
----- Base Rate Ordinance Updated (2023) -----		
2024-Jan	\$116.50	Increase of approx. 13.2% (\$13.60)
2024- Sept	\$120.60	Increase 3.5% (\$4.10)
2025- Sept	\$123.10	Increase 2.3% (\$2.50)
Residential Electric Bill for a customer using 1,000 kWh/month		

Following September 2025, the average residential rates have increased only 7.3% since 2012. Meanwhile inflation alone (CPI) has gone up 43% in the same time period.

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, or 20%. The 2024 budget included a relatively significant increase in electric rates at the end of 2023, other justified rate increases at the beginning of 2024, now that the full rate-assessment in the form of a “cost of service” rate maintenance study was approved by Town Council, and further discussion on rates has occurred. Going into 2026, rates remain lower than they were back in 2010.

It is unrealistic to expect electricity to be less expensive when adjusted for inflation than a decade ago.

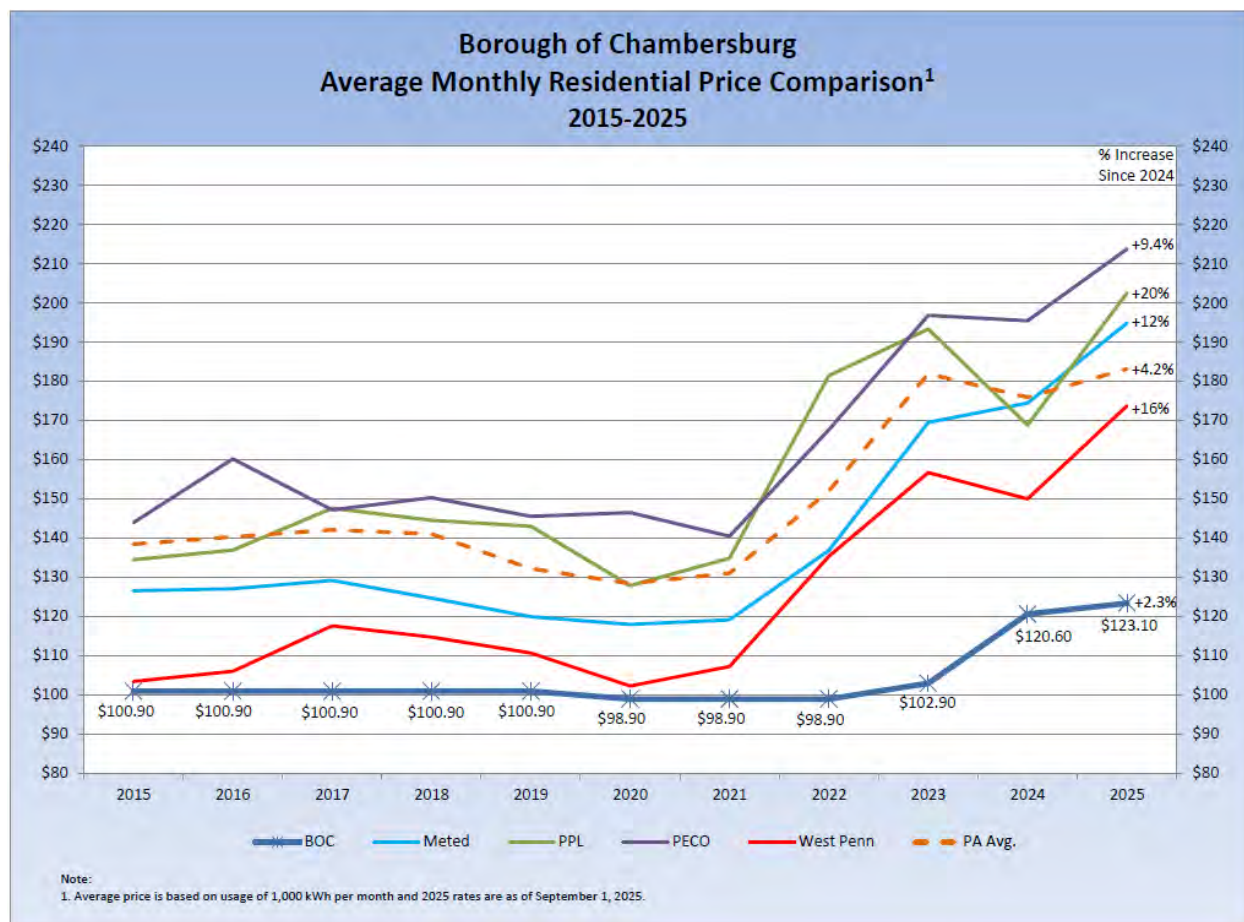
Electric rates have been very stable since 2014 when Town Council approved changes recommended by the Borough Manager to our rate Ordinance. Stability in electric rates can be attributed to multi-year successful management of the portfolio of energy products, integrated resource, and asset management plans.

The Borough Manager has worked to lower electric invoices for residents and businesses and can be thanked for using imaginative policy recommendations to save customers millions of dollars.

The wholesale power portfolio will continue to be reviewed in the coming years to possibly incorporate new concepts including more low-cost landfill gas generation, community solar, batteries, or other renewable, sustainable forms of energy and storage.

For the average Residential customer using 1,000 kWh per month as the basis described above, what follows is a graph of how Chambersburg stacks up against its neighboring and other investor-owned utilities across the State as we embark upon 2026.

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 over 40% below our neighboring investor-owned utility, West Penn Power, and Chambersburg is estimated at about 48% below the State’s “all-in” or “provider of last resort” average cost per month for a residential customer using 1,000 kWh per month. These entities have increased rates by approximately 40% in the past 4 years.



As of today, electric rates inside the Borough system remain approximately 40% less than similar rates paid by residents and businesses that utilize West Penn Power.

This was confirmed by our 2023 rate study. Council approved hiring GDS Associates to complete a Cost-of-Service (COS) Rate Study on January 9, 2023. The financial impacts that affect the Borough are changing all the time so past, ongoing, and future cost and market considerations need taken into account when these studies are performed. Estimations are made dealing with load forecasts, growth, and costs using all of the data sources available. There are a significant number of moving parts to consider and project to include FERC, PJM, Capacity, Transmission, and Energy rules and market changes.

GDS collected data, studied all, and presented findings to Council on August 14, 2023. Council considered options presented and at their following meeting directed staff to work with GDS and the Solicitor's office to implement the recommended option that included a 11.3% overall rate increase. This then needed broken out fairly across the various rate classes with their different usage patterns and service needs. Some rates were also modernized in the process. The ordinance was advertised, adopted by Council, and set to go into effect on bills starting January 1, 2024 for December, 2023 billing. Going forward the Power Supply Adjustment (PSA) will be adjusted annually or as otherwise needed to account for changes in

power supply costs. Further potential increases as identified by GDS in their study will be evaluated in subsequent years as observations are made of how the initial increases work and costs are covered to operate the department while replenishing and maintaining adequate reserves. While keeping rates low, the department continues serving customers and extending facilities to meet the needs of growing existing and the many new customers. The Electric Utility has the forward-looking goals to keep up with the growing demands of the Borough customers.

This 2026 Budget includes the continuation of rate management originally approved by Town Council in 2023.

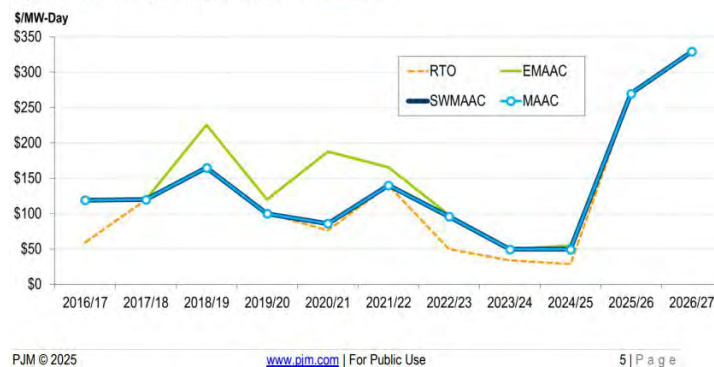
Impact of Much Higher PJM Fees

Our customers may not be aware that every utility in the PJM network experienced a substantial increase in electricity pricing as a result of the PJM's July 2024 capacity auction. All Pennsylvania, Maryland, New Jersey, Ohio, and Virginia utilities are grappling with how best to educate and inform elected officials, customers, and others as we consider what steps to take in our own utilities.

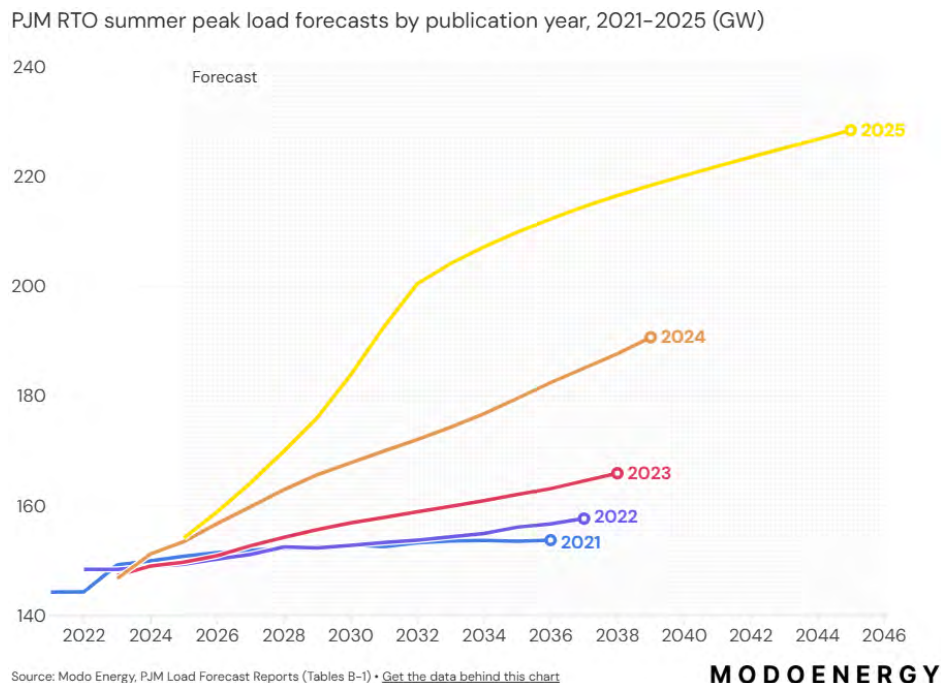
The impacts are different for each utility depending on factors such as behind the meter generation, type of power purchase agreement, etc. but there was an impact for all systems beginning the 2025/2026 delivery year which commenced on June 1, 2025. After several years of near record low PJM market Capacity costs, the auction took an enormous spike up. The rate in effect from May to June 2025 went up by 833%. There were concurrently some changes in the way they calculated factors that apply to the rate so the full increase was not reflected on billing.

As typical, Chambersburg is better protected than most utilities from these increases in PJM capacity fees in 2025 and beyond. Our generation resource investments over the decades become all the more valuable while navigating these times.

Figure 1. BRA Clearing Prices by Delivery Year for Major LDAs



This initial increase of over 800% in PJM's capacity fees it charges all utilities to encourage grid improvements began in mid-2025. In June 2026 the rate is set to increase by another 22% without much relief in sight. Staff is monitoring the impact. As you can imagine, such fee increases are making all utilities, big and small, question the system managed by PJM to run the grid. System load growth due primarily to datacenters and AI is hard to plan for and growing at a pace much faster than generation resources can be built.



PJM Interconnection (originally Pennsylvania-New Jersey-Maryland) is a non-profit Regional Transmission Organization (RTO) that coordinates the movement of wholesale electricity across a 13-state region (including all or parts of DE, IL, IN, KY, MD, MI, NJ, NC, OH, PA, TN, VA, and WV) and the District of Columbia. PJM acts as an independent "air traffic controller" for the high-voltage power grid, ensuring reliable electricity supply and operating competitive wholesale electricity markets.

PJM does not own the power plants or transmission lines but rather manages and operates the system owned by member utilities.

PJM's fees (primarily capacity costs) are important because they are a significant portion of residential and business electricity bills and are essential for maintaining grid reliability and stability.

In essence, PJM's fees fund the availability of power resources that keep the lights on during critical times, and fluctuations in these costs directly translate to changes in consumer electricity rates.

Chambersburg is a small distribution utility in PJM and we maintain a contractual agreement to have our load interconnected with the grid. In summary, the Borough's Electric Utility is one of many entities bound to PJM and paying their fees for transmission and congestion.

Finances – Policy

- Maintain the proposed estimated \$38 million budget with an attempt to stabilize the operating and capital reserves closer toward the targets when approved by Council. They are intended to smooth the short-term volatility for long-term rate stability and financials.
- Propose in the 2026 budget cycle to balance operating cash/fund and capital expenditures/fund that will maintain and keep up with necessary maintenance and infrastructure improvements.
- In addition, use various insurances, operating cash, and capital reserves, as financial stabilizers during times of emergencies and severe price pressures, storms/facilities/equipment damage.
- Reinforcements, specific circuit rebuild/worst performing circuit reliability improvements, and maintenance of electric transmission and distribution facilities.

Operations

- Power Supply Portfolio – continue analysis on the peak clipping values of the Community Solar Generation Operations and seek to maximize outputs and corresponding benefits.
- Functionally move in the outdoor equipment and vehicles, and organize the new Distribution Operation Center.
- Maintain the Falling Spring and Orchard Park Generation Stations at full design capacity into PJM and BTM service so that the plants are reliability able to run when dispatched and needed to clip peaks.
- Upgrade and maintain the Borough’s substation and distribution facilities while also connecting the numerous residential units and commercial buildings throughout town.

General Utility

- Evaluate new generation opportunities along with upgrades to existing.
- Continue evaluations of Borough and customer owned electric service equipment.
- Personnel Succession Planning with strategic and key additions, per gap analysis.
- Operating Budget back to normal operations with 2024 rate increases to more adequately cover costs.
- Capital budget will be back nearly to historical position after the conclusion of the major 2019 Bond project spending coupled now with rates increased to re-build the fund.
- Training and professional development in 2026 per the succession plan.
- Recommend regular vehicle purchases per the Fleet Management Plan. Plan in advance for long lead-time vehicles.
- Watch for movement in State and Federal legislation that would yield an unfavorable ruling against the Borough electric system, 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 back to the Borough and its customers.
- Provide strategic energy/demand management/demand response and sustainable sources/use education for the various applicable customer classes.
- Improve the energy efficiency/sustainability of Borough-owned and select customer facilities through the Borough’s Code Enforcement and Power Team committee.
- Research and development using meter infrastructure, reading devices, and integration with software, starting with the downtown district.
- Focus on furthering sustainable economic development, industrial job retention, and creation.
- Grow to become an excellent model of a thriving, walk-able 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.

2026 Preparations/Goals

The approach that we will apply in 2026:

- Support our employees for personal and corporate success, safety, training, succession plans.
- Update aging and end of life utility infrastructures.
- Enhance usefulness, strength, and reliability of existing facilities.
- Acquire new energy supply products in the portfolio.
- Develop or purchase new PPA renewable energy, energy storage resources.
- Update old or add new traditional generation sources.
- Update old and add faster and more automatic power restoration systems.

We believe that the key to long term success in this municipal electric business model is therefore summarized as managing-well each and every aspect of the electric utility operation, from the very relationships with those who manage and supply the power coming in, to those of the smiling faces of its users.

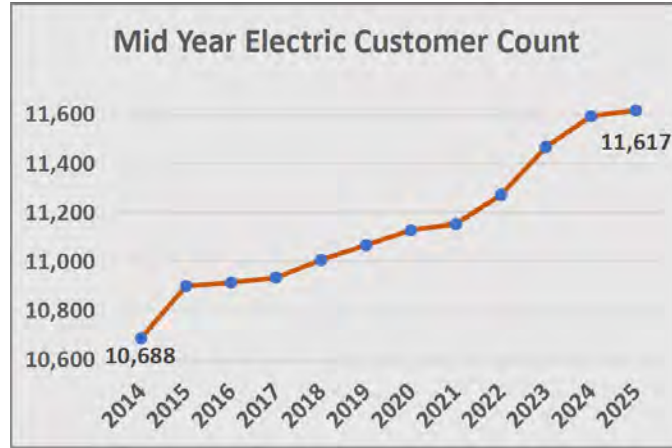
Chambersburg has a three-pronged approach:

- 1) Growing portfolio of purchased traditional and renewable sources of power and energy.
- 2) Traditional bank of dual fuel reciprocating engines diversified as PJM Network and Behind-the-Meter Resources.
- 3) The third prong or energy storage will develop in many new ways and forms in the future. As we wait for the products to be developed and commercially available, the Borough will focus on balancing in almost equal parts it's renewable to traditional resources. A 50% renewable and 50% traditional split may make sense over the long term with energy storage picking up the balancing act when its commercial time comes. The initial Sun Tribe, community solar development had an energy storage option available, but at the time it was considered was not found to make financial sense. Battery Storage options will be further investigated as we enter 2026 until they may someday make sense to invest in.

Major Accomplishments

With all of the challenges of day-to-day operations, Chambersburg Electric Utility logged much success in 2024 into 2025:

	2024	2025 Mid
Meters set or changed	164	60
Services Replaced	201	105
New/Temp Services	79	19
Street Light Re-lamp	226	86
Non-Pay After Hour Turn On	76	179
Transformers Install/Replaced	19	8
Poles Installed	19	10
UG Cable Installed (ft.)	16,209	1,313
OH Cable installed (ft.)	15,350	7,250
Cable/Communication Messenger (ft.)	290	210



Lighting and Hot Water Only Accounts Not Included

In 2020, the Borough Solicitor, in partnership with the Pennsylvania Municipal Electric Association (PMEA) convinced the General Assembly to clarify the State law regarding Gross Receipts Tax (GRT). If this tax had been applied to Borough wholesale purchase of electricity, as was suggested, it would have been a significant cost. That cost would have negatively affected Borough retail rates. A small clarification headed off a major issue for the Borough, our ratepayers, and the thirty-four other municipal power systems in Pennsylvania.

System Average Interruption Duration Index (SAIDI)

Our Chambersburg Borough Electric Utility System Average Interruption Duration Remains Very Good Compared to Other Utilities. Less down time helps households and businesses keep the lights on.

Borough Average 2024 SAIDI	18 Minutes (appeared 83% better than “Small EDC”) (appeared 93% better than WPP)
Small EDC (PUC), 2024 Avg SAIDI (Citizens, Pike UGI, Wellsboro)	107 Minutes (appeared 61% better than “Large”)
Large Investor-Owned Utilities 2024 SAIDI (Duquesne, PECO, PPL, Met Ed, Penelec, Penn Power, WPP)	273 Minutes
West Penn Power	255 Minutes or an average 4.25 hours per customer per year
SAIDI = System Average Interruption Duration Index (On average, how many minutes per year is every customer on the system out of power.)	

The source of this data is the PA PUC 2024 Reliability data/report:
https://www.puc.pa.gov/media/3565/24_electric-reliability-report_final.pdf
 APPA BOC 2024 Annual Benchmarking Report, “eReliability Tracker”

The good news is that the rates are maintained low in Chambersburg while also improving and maintaining one of the most reliable electric delivery systems in the U.S. Above 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 18 minutes in 2024. Comparing that to the surrounding investor-owned utility, West Penn Power, every customer in the West Penn Power service territory was out of power for an average of 255 minutes or 4 hours and 15 minutes per year (PAPUC-Annual Electric Service Reliability Report, 2024). Utility staff continue to strive for better with reviews of least performing circuits and ability to add animal mitigation to further reduce outage rates and frequencies.

2026 Budget – Future View

The Chambersburg philosophy is all utilities must continually evolve and change; therefore, staff recommends that the Borough budget for installation of 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 worked toward and supported progress annually since 2009; receiving the Diamond level award renewal in 2023.

In 2020, we used a “Request for Proposal” (RFP) to select a consulting firm (GDS Associates, Marietta GA), and with staff guidance, to 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 was made in conjunction with possible limited refurbishments to the facility of about \$4 million to \$12 million. The Falling Spring Facility had a catastrophic vertical drive failure in March 2021 causing complications for the Generation Station and the related 2019 Bond Project, including generation controls upgrade. Associated plans were completed to bring the Falling Spring Generating Station back behind the meter as of June 1, 2023, as it was prior to Orchard Park Generating Station interconnecting with PJM.

This operational change is intended to reduce Borough “load” purchases, considering natural gas fuel purchases at a lower, more fixed, non-interruptible natural gas rate. Fortunately, gas prices stabilized some in 2023 after having risen in 2022 about 35% for electric generation. However, either way, some aspects of the project may reduce peak energy purchases, PJM peak generation capacity charges, and reduce the expected increasing First Energy and PJM transmission system charges in the future.

The Borough previously enjoyed approximately 16% renewable energy supply in the “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%. The Aspen Power Partners Community Solar project, since being placed in commercial service in late 2022, has raised the annual renewable energy purchases in Chambersburg’s portfolio to an estimated 25%, or about ¼ of the annual energy coming from renewable sources.

Energy Efficiency



In addition to our efforts to undertake integrated resource planning and infrastructure improvements, Chambersburg has also proposed and implemented many energy efficiency projects report to date, 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.

Our large Community Solar Project, the Chambersburg Solar Center, now operational, is intended to offset need for costly individual, and cost-duplicating rooftop solar installs.

These energy efficiency projects help reduce Borough facility and infrastructure energy consumption and costs that show up as losses in some cases. They further contribute to the stable and competitive electric rate structures.

Sometimes in public power, as in all municipal decision-making, one seeks a “silver bullet” of low cost and plentiful energy supplies to meet all needs. The Borough Manager directs the utility systems with the policy position to consider “the silver bullets 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”. The Borough can maintain the status quo low rates and even “hedge” against most future uncertainties by remaining open to many projects and technologies, by not removing anything from the mix until it is determined to be un-economic in both a short- and long-term view. The Borough does not pursue poor economic projects or will at least remain vigilant to watch for the right time should boundary conditions change and sensitivities be more flexible.

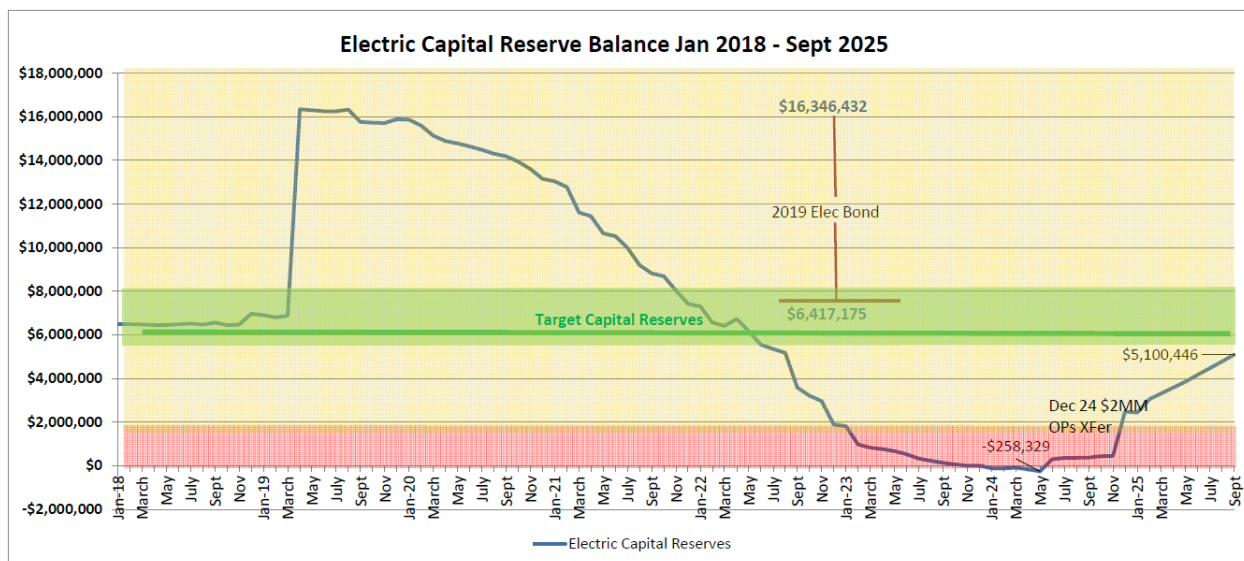
Capital Investment into System and Estimated Operating Cash Balance

“Tools” often referenced in the Electric Utility 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 trends in cash flow going into 2023, a zero (\$0) recurring monthly operating cash transfer to the capital reserve fund was again temporarily recommended. The 2022 budget year included no transfer, in light of the growing market and fuel-cost volatilities. In order to help preserve operating cash for 2023, it was a more conservative approach recommended than even in 2022. Identifying and the deferral of non-essential operating expenses in 2023 was recommended due to the significant price increases that were experienced in the expected portfolio of energy product purchases for 2023. With the rate increases going into effect early 2024, these cost deferrals have been pulled back some. Transfers to replenish the depleted capital reserve were re-instituted in 2024 and are increased in the 2025 budget. As we enter 2026, thanks to many pieces including generation performance, fund balances have mostly recovered to desired levels prior to the 2022 energy price spikes.

The Borough Manager proposed, and Council approved in 2019, the Electric Utility’s \$10 million bond request to install, over about 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 unplanned failures, maintenance costs per year. The external debt funding was procured for the identified projects and were mostly spent over the 2021-2022 period. This significant capital investment over a relatively short period reduced the operating expenditures needed over those several years. This was good news for an already struggling budget proposal attempting to minimize rate increases in 2023.

Prior to the bond issuance, Electric capital reserves had recovered well and stabilized to around the desired \$6 million mark. The large increase in capital reserves shown is representing the bond proceeds dedicated to the approved Project List which was drawn down over the 3-year period as planned. Approximately \$3 million in capital reserve spending was spent in 2022-2023 for the unexpected overhaul/renewals of Engines 5 and 6 at the Falling Spring Generating Station. This reduced the balance through 2023 and entering 2024 fully depleted as it had not been replenished in many years. Transfers began again in 2024 at a level at least equal to spending, so the fund did not go further negative as the operating account settled out. Entering 2025, reserve rebuilding increased significantly to get the fund back to desired levels as was the plan by the recent rate increases. The fund has recovered very well over the past year as we enter 2026.



Clearly indicates the impact of no rate increases while investing in capital needs

Council's goal, as set after the prior economic downturn (Financial "Hurricane Years" of 2009-2013 as it was coined), was to restore operating and capital reserves to adequate values which were to help the Borough maintain stability through the relatively good times. Further, to prepare again for possible future financial emergencies and/or economic turbulence. The reserve levels are set to balance cash reserves. Electric market revenues derived from the new energy portfolio and Borough-owned generation assets, or hedging "tools", that are used to rebuild the reserve balances starting from the balance low of January 2013. These funds were against utilized as planned over the past few years of elevated market and industry costs to buffer customers from drastic rate increases as we rode through.

The following table is proposed for the overall 2026 Electric Capital Improvements Plan:

2026 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Grant/ Capital Reserve	92794	Transmission System Switching and Protection Upgrades (Resilience Grant)	\$1,075,000	\$806,250	\$0	\$268,750
Capital Reserve	92794	Cree Substation Relay Replacements	\$390,000	\$0	\$0	\$390,000
Capital Reserve	92794	Rework and Harden Grant/Second St. Transmission Poles	\$220,000	\$0	\$0	\$220,000
Capital Reserve	92792	Operations Center Smokestack Refurb and Roof Replacement (Initial)	\$205,000	\$0	\$0	\$205,000
Capital Reserve	92794	Convert Park Sub Distribution From 4 To 12 kV	\$190,000	\$0	\$0	\$190,000
Capital Reserve	92794	Major Maintenance Overhaul TB Woods Substation Complete 69 kV Breaker Install	\$140,000	\$0	\$140,000	\$0
Capital Reserve	92794	Convert Water Street Rail Trail Distribution from Overhead to Underground	\$100,000	\$0	\$0	\$100,000
Capital Reserve	92794	Distribution System Upgrades, Extensions, New OH/UG Customers, Capacitors	\$75,000	\$0	\$0	\$75,000
Capital Reserve	92794	Engine/Generator Major Maintenance Items/Parts	\$55,000	\$0	\$0	\$55,000
Capital Reserve	92794	Transmission/Distribution Substation Equipment/Engineering	\$35,000	\$0	\$0	\$35,000
Capital Reserve	92793	Equipment Hauling Trailer	\$25,000	\$0	\$0	\$25,000
Capital Reserve	92794	Build-Out Feeder 273 Toward Downtown	\$25,000	\$0	\$0	\$25,000
			\$2,535,000	\$806,250	\$140,000	\$1,588,750

* - It is the intention of the Borough to undertake this capital improvement on behalf of the customer and increase/surcharge the customer's electric rate to recover the cost of their improvements.

The seasonal and operational impacts on the operating incomes and expenses, past and proposed operating and capital cash balances, result in a balancing act between system needs and outcomes between the two funds. The higher the generation and market costs/revenues for the year (greatest single line items), or "increased tools", the higher the cash operating balance is to be expected at the end of the year. Likewise, if generation and market values are depressed to a minimum, or "no tools", the operating cash balance can actually go negative. Staff manages almost in real time to consider trends, future views, and cost-fluctuations attempting to ensure expected balance targets are achieved by dates-certain.

Reliable Public Power Provider Program from the APPA (RP3)

Chambersburg was proud to earn, over 15 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 first 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 reliability data into the program. The sixth RP3 award was renewed at the highest level of Diamond in 2023 with a score of 99.5/100. The department has made notable progress each year toward the continuous improvement goals. Utility staff has again submitted late 2025 for the next 2026 renewal awaiting scoring results.

RP3 Designation: In 2023 and beyond, the RP3 Goals will be specifically tailored toward developing a comprehensive succession plan for a safer, more seamless, transfer of organizational and technical knowledge and transition from retiring employees to those who are incoming and getting on board with the steep learning curves ahead.

In the reliability area, end of life facility, and aging infrastructure projects, the line crew will be covering up more of those overhead-energized parts reducing customer exposures to those nuisance momentary outages. System development: The Borough will be upgrading various transmission and substation equipment/technologies to accommodate the new community solar energy purchases and to better coordinate operations of fault protection systems.

Chambersburg is one of 251 of the nation’s approximately 2,000 public power utilities to hold 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.

These electric utility industry standard measures are integral to the success of the community it serves. Chambersburg is the proud home of over 11,700 residential, commercial, and industrial customers. A nearly equal split among those customer types, and for decades, is a measure of the community’s diversity, strength, and abilities to weather the financial storms.

The Borough Achieves APPA’s SEP Designation

In 2021, the Electric Utility achieved “Smart Energy Provider” Certification. Chambersburg Electric became the first in Pennsylvania and one of about 97 public power utilities in the Nation of just over 2,000 to meet the new even higher operational efficiency standards. Chambersburg renewed its designation in 2023. Wisconsin has the highest number of utilities achieving the standard at 25 out of 97, or about 26% of the SEP certifications. What follows is an excerpt from the American Public Power Association website on the program.

Smart Energy Provider Program

The Smart Energy Provider (SEP) program is a best practices designation for utilities that show commitment to and proficiency in energy efficiency, distributed generation, renewable energy, and environmental initiatives.



The purpose of the Smart Energy program is to provide national recognition of utility efforts to incorporate energy efficiencies and sustainability while providing affordable electric service. Additionally, achieving SEP designation will help public power utilities benchmark and evaluate their work on these topics against a set of industry best practices.

The Department has therefore set the following Goals for 2026:

- Establish Utility/Community/Customer Relational Enhancements
- Participate in Satisfaction Surveys/Focus Groups
- New Utilities Outreach/Energy Education Programs
- Loan Program: Load Profile Shaping and New Electro-Technologies
- Environmental Impact Baselines, Objective Calculators, Reporting

Chambersburg is the first and only entity out of the 35 municipal electric utilities in Pennsylvania to have acquired the SEP Certification in October 2021 with renewal in 2023.

Succession Planning

Former Superintendent Richard Hamsher retired in early 2009 after 40+ years of service. Ron Pezon and Jeff Heverley managed the Department together since 2008. On May 30, 2023, Ron retired from his service to the Borough. Jeff took the full reigns of the Department as the Director of Electric Utility after a transitional period of the two acting as Co-Directors with Ron's upcoming retirement. The department has a strong supervisory and management team. Jeff's former Assistant Director level position was finally filled in mid-2025 with the hire of Tyler Kimble. We are excited to have him on board to immediately begin providing valuable contributions to the long line of utility leadership success.



Jamie Reed, Jerry Howe, Chuck Piper, Jeff Heverley, Clyde Castle, Tyler Kimble, Jen Sprengle
Electric Utility Management

The Borough of Chambersburg has typically planned well during the times of replacing an average number of retirees year to year. However, we are now entering an unprecedented time of need to develop people for forthcoming demand for specific skills sets, including leadership positions, substations, system operators, mechanics, and line workers of every trade level.

For planning purposes, we have begun with a snapshot in time looking out at 5-, 10-, and 30-year time periods. The table below paints a clear picture of the front-end loaded or near-term retirement eligibility of the workforce and the need for transitioning and/or replacing a significant number of electric utility workers.

In 2021, working together with Human Resources and the Borough Manager, the Electric Utility began proposing some specific temporary and/or perhaps permanent positions to ensure coverage of full-time equivalents as folks retire or leave employment with the Borough. While still managing within the existing, proposed financial guidelines, and ever mindful of Council budgetary authority, the Electric Utility has been working on the succession replacement process. Secondly, some additional vehicle and operating equipment may be necessary as the Electric Utility plans to meet the need during the transition period and beyond.

Major Employee Retirement Milestones (Eligibilities @ age 63-65)

Employees Eligible for Retirement

7 of 30	= 23.3%	Eligible for Medicare age 65 in next 5 years, 63 in 3 years
+2 of 30	= 30%	Eligible for full Borough retirement age 63 in next 5 years
+3 of 30	= 40%	Eligible for early retirement age 60 in next 5 years
+3 of 30	= 50%	Eligible for full Borough retirement age 63 in next 10 years
15 of 30	= 50%	Beyond 10 years until Normal Borough Age 63 Retirement

2 Open Positions- 2 Line workers

In conclusion, 50% of the department personnel may leave for retirement by 2035. The decrease of normal Borough retirement age from 65 to 63 has further increased this effort.

Personnel changes in 2025

Two key management level employees retired in 2023. All are now refilled including the Assistant Director position, which was a major management hire in 2024. In 2023, a second Lead Line Worker position was created to further support the distribution supervisor, pass on important skills to the more junior line workers, while increasing depth of knowledge through training. Three more entry level line workers were hired to continue the plan of bolstering the crew as multiple entry employees have now not been retained through the process. In 2024 efforts have been made to hire some mid-level line workers. There has been some success, but 2 positions are still working to be filled by the end of 2024. A strong future looking crew is being formed with support and guidance from members on the upper end of the retirement level scale.

The Electric Utility created and filled an additional Electric System and Generation Operator position in 2022 to bolster staff in that 24/7 position and prepare for coming retirements. This bargaining unit position, along with advanced filling of other critical operational “learning” positions, department needs, is consistent with the succession plan, and beginning preparations for the upcoming retirements of various employees. In mid to late 2025, it is suspected that steps will be taken to continue these efforts by hiring 1 or 2 additional interim level positions in preparation for future replacements. These are not jobs that can be picked up in minimal timeframes.

The Future of the Pennsylvania Municipal Electric Association & Chambersburg Leadership

In September 2025, officials from approximately 26 of our 35 municipalities that make up Pennsylvania Municipal Electric Association (PMEA) (including Jeffrey Stonehill, Jeff Heverley, Tyler Kimble, and Ben Hayhurst) gathered at the 2025 PMEA Annual Conference in Bedford, Pennsylvania. PMEA is a much more active organization with training, advocacy, and assistance to the 35 boroughs that have municipal public power systems in Pennsylvania.

Chambersburg continues as a member of the Board of Directors.

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. Furthermore, Salzmann Hughes was appointed as General Counsel to the organization and Smith, Elliot, and Kerns of Chambersburg, as independent auditors.

Chambersburg Borough Manager, Jeffrey Stonehill, continues as President of PMEA. He has served in that capacity since 2018.



On Friday, September 11, 2023, the Board of Directors of the Pennsylvania Municipal Electric Association renewed the appointment of Diane Bosak as the Association's Executive Director. Diane was the unanimous choice of the Board of Directors. She has brought 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 is representing well the mission of public power and our organization.

The 2026 PMEA conference will once again be held in Bedford, Pennsylvania.

Strategic Electric Plan – Looking Forward

- Bolster all staff positions and back-ups to become a stronger unified team.
- Multiple sources of power (reduced vulnerabilities, reduce long-term cost fluctuations, reduce sharp price increases due to rapidly changing market conditions).
- Low-cost power hedges in place – Market.
- High-cost power hedges in place – BOC “Tools”.
- Local traditional and renewable behind the meter sources of power.
- Write/Negotiate Agreements Adding Value to Borough.
- Optimize mix of local and traditional sources of power using in new ways the other Borough Energy utilities.
- Large number of slices and variety of power sources.
- Use all that are technically proven/financially viable technologies.



Orchard Park Generating Station

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 26 electric customers who are still thriving in Chambersburg. There was a new leader as of 2024 continuing into 2025.

1	Curaleaf	14	Keystone Health Facilities
2	TB Woods HV Melting, Foundry/Fabrication	15	Catch-up Logistics
3	WellSpan Chambersburg Hospital	16	BWise Manufacturing
4	Ventura Foods	17	Franklin County Facilities
5	WellSpan Health Other Facilities/Offices	18	Giant Food Stores – Norland
6	CASD Facilities	19	Giant Food Stores - Wayne
7	Americold (Chambersburg Cold Storage)	20	BJ's Wholesale Club
8	Borough of Chambersburg Regional WWTP	21	Weis Markets
9	Knouse Foods	22	Target
10	Wilson College	23	Brightspeed Facilities
11	Ecore International (Edge Rubber)	24	YMCA
12	Borough of Chambersburg Electric Facilities	25	Butcher Shoppe
13	Menno Haven Facilities	26	Rural King

SkySub Pole-Mounted Smart Grid Systems

The Borough of Chambersburg Electric Utility received a grant award of \$806,250 to install an innovative pole-mounted smart grid transmission switching system to promote rapid isolation and restoration of power in the Borough.

The Borough's utility identified a vulnerability in its grid at the intersection of Grant Street and the Norfolk Southern rail line. The intersecting 69 kV electrical lines stem from the Borough's power generation facilities and a disturbance to this area could render the grid unable to transfer available power to areas in demand. The Borough desired to address this vulnerability by acquiring and installing a SkySub substation at this location, which would allow the automatic switching and redirecting of available electricity to the electrical lines with the capacity to power the grid. The project involves making the Borough's grid more resilient to disturbances, which can occur from time-to-time. The total cost of the project is estimated to be \$1,075,000. The Pennsylvania Department of Environmental Protection's Grid Resiliency Program (GRG) had approximately \$16 million in competitive funding available to entities that own or operate electric power system infrastructure throughout the Commonwealth, that want to implement resilience measures intended to mitigate the impact of electric grid disruptive events. The Borough Electric Utility pledged \$268,750.00 in matching funds for the project through the Capital Improvements Plan. The new grant award from the GRG program was a welcome investment. The Utility plans for substantial construction efforts on this project in 2026 once the Agreement is fully in place with the State.



As a Member of the American Municipal Power (AMP) Joint Action Agency

In 1971, American Municipal Power, Inc. (AMP) was formed when a group of municipally owned electric systems joined forces to gain economies of scale in power supply, amplify their bargaining position, and fight for access to areas previously blocked by investor-owned utilities. AMP provides many different things today to its over 130 member municipalities. AMP is owned and governed by more than 130 Members in nine states including over 30 of the 35 public power systems in Pennsylvania.

AMP provides many services including power supply, transmission, Advanced Metering Infrastructure (AMI), a Smart Thermostat Program, an economic development program, environmental compliance, safety programs, complementary membership for the American Public Power Association, PJM Network compliance and monitoring, and a membership in Hometown Connections. AMP offers its members a variety of technical services to help them improve the quality of service they offer their customers:

- eReliability Tracker. ...
- Circuit Rider. ...
- Engineering. ...
- Environmental Compliance. ...
- Line worker Apprentice Training. ...
- Mutual Aid. ...
- System Mapping. ...
- Technical Training Programs.

AMP is also a joint action agency. A municipal joint action agency (JAA) is a not-for-profit, intergovernmental body that provides energy and related services to municipal utilities. JAAs are formed by groups of utilities to share costs and resources, and to benefit from economies of scale. Joint Action Agencies are a tool that municipal distribution utilities can use to accomplish their goals of reliable, safe, and low-cost electric supply and services to their communities in an efficient and effective manner.

Chambersburg does not need to use AMP for power supply purchases, contracting, or delivery. As you know, we have extensive infrastructure in place for these services. However, other ancillary services provided by AMP, including technical assistance, training, and their AMI program, are very exciting.



In November 2024 Council voted to join American Municipal Power and become a non-power supply member as of January 1, 2025. Staff has been steadily working to evaluate and begin utilizing the many service offerings available through membership. Furthering our training relationship with AMP, Line worker Apprenticeship was one of the first services utilized. AMP Peak notifications were helpful in again allowing operations staff to successfully hit all of the annual peak hours with FSGS operation. The next major consideration will be in AMP's AMI program.

AMP Advanced Metering Infrastructure (AMI) program

Throughout 2025 staff has been working with the team at AMP to check out their AMI program. Over 15 years ago AMP began investigating AMI for common member interest. AMP can leverage “Joint Action” to deliver and operate the system to reduce risk and cost. They have already put in the effort to research and RFP for suitable partners. AMP has built a solution as a service that enables utilities to respond to and prepare for industry changes. They are owned by Public Power – for community owned utilities, all non-profit member-owned, and governed with 12+ municipal participants, and they have over 100,000 electric meter devices managed.

They offer a “Complete Solution” – a single hosted, integrated, operated, and supported platform that eliminates the need for several individual solutions that lack integration and create complexity. The AMP program is Turn-Key Delivered and Supported – AMP is accountable for solution design, deployment, integrations, operations and support, and ensures the solution works and that costs are in-line with expectations. Meanwhile, as a member of AMP, this is a hugely beneficial program.

AMP delivers more than just another system



Council has supported staff to work with AMP to pilot some initial Electric meters and Gas modules talking through an Access Point to their head end. This pilot will allow us to more fully check out their system as we consider moving forward with this major modernization project into 2026 and beyond. A July 2025 research report from the IoT analyst firm Berg Insight reveals that the penetration of smart electricity meters in North America reached over 82% in 2024. This is up from the 2022 report from the U.S. Energy Information Administration (EIA) that 72% of total US electric meters installations were advanced (smart) meter. This technology is now fully vetted throughout the industry and it is time for Chambersburg to take this step into the future.

Smart Meters are Smarter than Regular Meters but not that Smart

The public should not fear electric smart meters because they are safe, regulated, and offer benefits like energy savings and convenience. Health concerns are often overblown, as smart meter radio frequency (RF) emissions are minimal and fall within safety standards set by regulatory bodies like the FCC. Privacy concerns can also be addressed through utility policies and technology designed to secure data.

Health and safety

- **Low RF emissions:** Smart meters emit a low level of radio frequency (RF) energy, similar to or less than what is emitted by a cell phone or wireless router.
- **Regulated and tested:** These devices must meet stringent government standards (like those from the FCC (<https://www.firstenergycorp.com/help/smart-meters/oh-smartmeter/rf.html>)) to ensure they do not exceed safe levels of radio frequency exposure.
- **No proven health risk:** The American Cancer Society states it is highly unlikely that smart meters increase cancer risk due to the low level of radiation and the multiple sources of RF exposure people have daily.

Privacy and security

- Data protection: Utility companies have policies and technical measures in place to protect the data collected, and the data is used for billing and energy management purposes.
- Secured network: The data transmitted by smart meters is sent over a secure, often government-run network, which is separate from the internet and not vulnerable to public Wi-Fi threats.
- Limited information: The information recorded is primarily focused on energy usage and is not a detailed log of personal activities.

Benefits

- Convenience: Smart meters eliminate the need for manual meter readings, meaning you don't have to have a utility worker access your meter.
- Energy savings: By providing detailed energy usage information, smart meters allow you to better understand and control your consumption, helping you save money on your bills.
- Modernized grid: Smart meters are a key part of modernizing the electrical grid, leading to greater reliability, faster power restoration, and improved efficiency.

Payment In Lieu Of Gross Receipts Taxes (PILOT)

The Borough Electric Utility makes a tax-like contribution to the General Government operations of the Borough. If the Electric Utility were an investor-owned electric utility, licensed for operation in Pennsylvania, the Electric Utility would pay “taxes” to the Commonwealth of Pennsylvania. In its current legal format, the Chambersburg Electric Utility 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 2025 Chambersburg PILOT Tax Return form for FY2026.

<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Actual</u>	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
PILOT: \$1,350,000	\$1,350,000	\$1,470,000	\$1,870,000	\$2,033,000	\$2,500,000

**Borough of Chambersburg Finance Department
Electric Gross Receipts Tax
For Tax Year: 2025**

Borough of Chambersburg 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	930,000	930,000
20015	Revenues - Merchandise & Jobbing	100,000	
	Revenues - Nonutility Operations		
	Nonoperating Rental Income		
20019/20024/20028	Interest & Dividend Income	283,185	
20016/20017	Miscellaneous Nonoperating Income	600,000	
	Gain/Loss on Disposition of Property		
20011	Residential/Commercial/Industrial Sales	35,751,614	35,751,614
	Public Street & Highway Lighting		0
	Other Sales to Public Authorities		0
	Sales to Railroads & Railways		0
20012	Sales for Resale	900,000	900,000
	Interdepartmental Sales		
	Other Sales, Nonmajor Only		0
	Provision for Rate Refunds		0
	Forfeited Discounts		0
20022	Miscellaneous Service Revenues		0
	Sales of Water and Water Power		0
20023	Rent from Electric Property	60,000	60,000
	Interdepartmental Rents		
20013	Other Electric Revenues	94,829	
	Revenues from Transmission of Electricity of Others		0
	Regional Transmission Service Revenues		0
20014/20025/20026	Miscellaneous Revenues	146,372	146,372
20027	All Other Sources	1,000	1,000
	Totals of each column	\$38,867,000	\$37,788,986
	Tax at the rate of 59 mills Gross Receipts Tax		\$2,229,550
	Town Council Adopted Multiplier		112.13024%
	Payment in Lieu of Gross Receipts Tax		\$2,500,000

This Page Intentionally Left Blank

Natural Gas Utility



The Chambersburg Natural Gas Utility 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.

Utility Director: John Leary

	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Revenue	\$9,003,679	\$10,881,095	\$13,030,000
Expenses	\$9,490,136	\$10,881,095	\$13,030,000
Excess (Deficit)	-\$486,457 Deficit*	- Balanced -	- Balanced –

* - Includes a \$751,845 transfer for future capital projects which was balanced by a surplus in the previous fiscal year.

The finances of the Natural Gas Utility are being significantly impacted by a very beneficial set of two Federal grants. The grants are eliminating much of the need for local investment in capital upgrade of older gas lines, paying for expenses that would normally be the responsibility of the rate payers, and increasing the cash flow through the fund. In the net, the budget in 2025 and 2026 saw positive impact of these very large grant programs.

Finally, 2025 saw the first and only natural gas retail rate increase in sixteen years. No increase is contemplated for 2026 and the fiscal operations of the utility, with the lowest gas rates in Pennsylvania, remain outstanding.

No changes to the Natural Gas Utility rates in 2026. The charge for delivery of gas remains unchanged and the charge for the gas itself fluctuates with the wholesale cost of buying the gas.



Be Careful Where You Dig

Background and History

The Chambersburg Gas Company began operation as a private company in 1856, manufacturing gas from coal. They delivered the gas primarily for street lighting, although later it became a common heating and cooking fuel in the home. The private company continued operation until 1946, when 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). In 1953, the Borough converted the system to clean burning natural gas. Because of Pennsylvania Legislative action, Philadelphia Gas Works has come under Public Utilities Commission (PUC) jurisdiction. This now leaves Chambersburg as the only true municipal gas system in the State of Pennsylvania.



The Borough is proud to operate the safest gas system in Pennsylvania. There have been zero reportable gas safety incidents in the Borough in over 35 years.



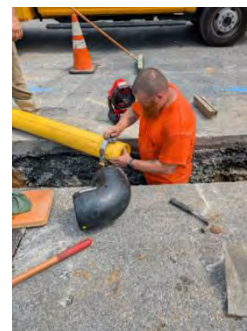
J. Leary, K. Miller, P. Adams, D. Todd, B. Helman, R. Sheaffer, J. Barragan, C. Lynch, R. Schweizer, J. Mason, and W. Wertz.
Mason, W. Wertz, 2025 Chambersburg Gas Crew after the 2024 Safety Recognition lunch.

Additionally, Chambersburg delivers the lowest cost gas in Pennsylvania. In 2024, the Borough delivered 1,418,052 Dekatherms (DTH) of natural gas to our customers, with gas sales totaling \$8.5 million. These volumes were a 12% increase from 2023, primarily due to an increased customer base, and increased power plant usage.

2025 gas sales volumes are expected to exceed 1,600,000 DTH, which would be the largest sales volume year on record. When normalized for temperature, 2025 sales constitute an even greater record than the numbers themselves would suggest. This is due to increasing our customer base through our loan program, and working with large users to increase their gas utilization. In this way, new, and existing, customers benefit, by keeping rates low, and by using clean and efficient gas for their energy source.

In 2025, the Natural Gas Utility has continued to work aggressively to replace old pipe, including completing the replacement of over one mile of cast iron gas mains and steel services on Philadelphia Avenue, S. Coldbrook Avenue, Martin Avenue, Rife Street, and S. Fourth Street. Additionally, the utility extended service to about 100 new customers in the Borough.

Expanding gas use throughout the Borough helps more and more residents benefit from lower utility bills. Residents converting to gas heat can save up to \$2,000 per year on their utilities. These savings help decrease poverty in our community. The Gas Department did have a small rate increase begin in 2025, which was the only rate increase in 16 years. Despite this increase, our customers continue to pay about half the price for natural gas as local private utility customers do for the same usage.



The Borough recognizes that this aggressive upgrade of old gas pipes has resulted in an inconvenience for our citizens and businesses. That being said, this upgrade is so important for safety and the future. Furthermore, about one more year of inconvenience and the system will be overall much newer and much safer.

Advanced Metering Infrastructure (AMI)

The Borough is currently investigating options for the implementation of an AMI system for our Electric and Gas Utilities. AMI would provide automated meter reading, two-way communication between the Borough and customer smart meters, with real time data collection to improve Borough energy efficiency, as well as to potentially allow customers access to real time energy usage information.

Many Natural Gas and Electric meters are currently located in hard to reach, and sometimes dangerous, locations. Providing automated meter reading will improve worker safety, by removing the need for manual reading of meters every month.

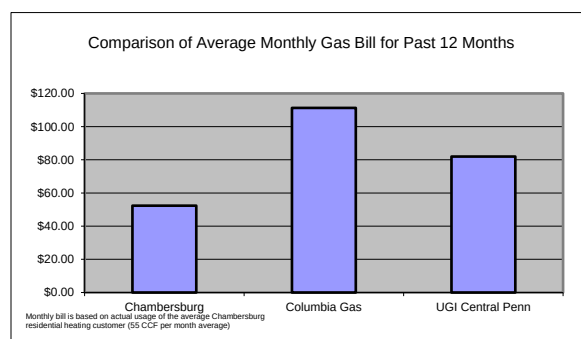
The Borough is a member of American Municipal Power (AMP). AMP has a proven AMI system they use and administer, which we are currently evaluating. Should the AMP system prove to be a good match, we will be able to implement a proven system, with potentially less risk of failure, and potentially lower total costs.

Natural Gas Rates

The 2026 Natural Gas Utility budget contains no increase in the retail rate for natural gas delivery. Chambersburg residents continue to pay the lowest retail natural gas rates available in Pennsylvania. This contributes to the economic development in the community, is a contributing factor to lower unemployment, higher salaries, economic vitality of businesses, and a lower cost of living for everyone.

Chambersburg residents' gas prices are currently 46% lower than prices charged by local private gas companies. An average Chambersburg residential bill was \$628 for the past twelve months vs. \$1,159 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).

Chambersburg consumer natural gas rates are broken down into three parts, Gas Supply, Purchased Gas Adjustment, and Gas Distribution, plus a Monthly Customer Charge. The Gas Supply cost is a direct pass through to customers of the wholesale cost for gas delivered to Chambersburg. The Gas Supply rate is \$0.61 per hundred cubic feet (CCF). To account for fluctuations in monthly wholesale gas prices, the Purchased Gas Adjustment (PGA) factor is added. The PGA is the same for all customer classes (currently a credit of -\$0.03). The Gas Distribution Rate varies by customer class. Our largest class of customers, Residential Heat, pays a distribution rate of \$0.250 per CCF. The Monthly Customer Charge also varies by customer class. Combining the Gas Supply and Distribution Rates for Residential Heat customers gives a total rate of \$0.86, prior to the inclusion of the PGA. Residential Heat customers pay \$10.00 per month for the Monthly Customer Charge ("MCC").



Comparison of Average Monthly Gas Bill for Nov. 2024 through Oct. 2025

Staff is recommending an no rate increase for 2026. Our neighboring systems are seeking a rate increase.

- The proposed budget includes \$3,840,000 in capital improvements to the Natural Gas Utility infrastructure; including the replacement of old gas mains and services, the relocation of some of our high-pressure mains to facilitate the I-81 Exit 12 project, and the extension of gas service to new areas of the Borough. The bulk of the replacement work, and the Exit 12 project, is expected to be paid for under grant programs and by PennDOT.
- The proposed budget looks to begin reserving approximately \$2,500,000 for future capital improvements to the distribution system; to build a capital reserve for the future.
- The proposed budget includes the conversion of three Gas Technicians to Lead Gas Technicians, to provide better direction for each of our three gas crews. The difference in these employees' salaries will be paid for by our Federal grants who reimburse us for staff time on the projects. We are also proposing the 2026 budget includes the addition of an Assistant Director position to help with succession planning ahead of future retirements.
- Relocation of ½ mile of High-Pressure gas main is included to allow for the I-81 Exit 12 construction. This work is to be paid for by PennDOT through a recently approved agreement.

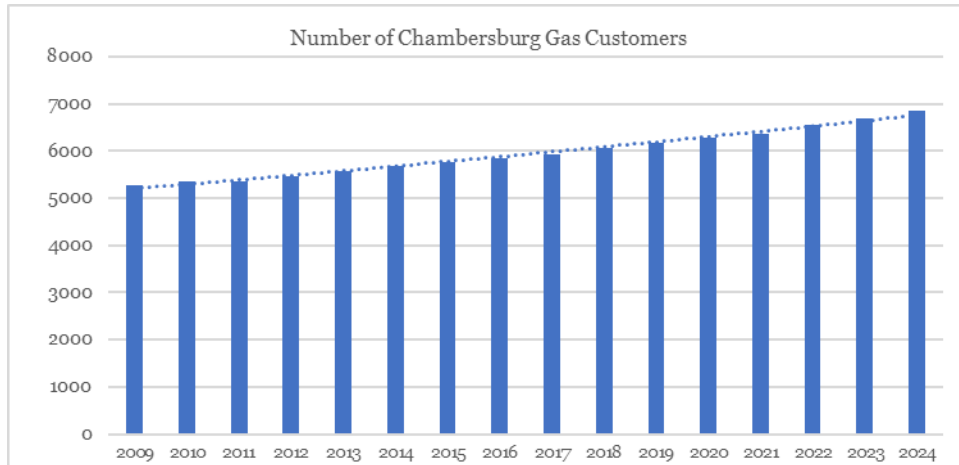


Chambersburg Gas provides the lowest residential natural gas rates in Pennsylvania and that will not change in 2026. Borough customers are better protected than most others in the US as Natural Gas goes through a major push and tug in pricing based upon Federal energy policies, State energy policies, the War in Ukraine, and the desire of Natural Gas producers to export US Natural Gas overseas.

Gas rates are made up of a Distribution rate and a Gas Supply rate. The Distribution rate, which covers the cost of operation of the Borough gas system, will not change in 2026. The Gas Supply rate is a direct pass through of actual wholesale supply costs. It varies every month based on the actual cost of gas. The Borough Gas Utility utilizes a portfolio approach to gas purchases to decrease cost volatility, which has helped with residents' costs. Nevertheless, we are still not immune to the wholesale gas market.

In addition, the Natural Gas Utility has seen another year of significant customer growth as they drive new gas lines into previously underserved neighborhoods. It seems everyone is learning that natural gas is a safe, efficient, and low-cost energy source for homes and businesses. Also, you may have noticed the extensive digging up of old metal gas lines all over town (especially on Coldbrook Avenue and Philadelphia Avenue). These improvements are being mostly paid for by the Federal government.

The Natural Gas Utility will hold the Distribution rate at \$0.24 per unit (ccf) and no change to the \$10.00 monthly customer charge. The average monthly billing for an average single-family home remains approximately \$517 per year. A borough Natural Gas and Electric customer saves approximately \$2,000 per year when compared to similar customers in nearby townships even after these two increases.



Increasing our customer base not only helps additional residents benefit from gas service, it also helps keep gas rates down for existing customers. The broader the Borough’s customer base is, the more we can spread out fixed costs, benefiting everyone. Increased gas sales revenue also results in additional revenue for the General Fund through our Payment in Lieu of Taxes (PILOT), helping to keep taxes lower in the Borough.

We are very excited to have significantly added to our customer base. Twenty-five years ago, the Borough had less than 5,000 gas customers. This number remained relatively stagnant for a number of years, until about 15 years ago. From that time on, we have added an average of over 100 customers per year, bringing our current total to 6,950.

A big reason for the addition of so many customers is the Main Street Energy Efficiency Financing Program. Under the program, residents and developers of multi-family homes can finance up to \$10,000 to replace a non-gas furnace or water heater with a gas unit. Small businesses can also finance up to \$10,000. The loans are at 0% interest, with a \$3.00 per month administrative charge (\$5.00 for commercial and multi-family loans), with repayments of up to five years. The program to date has over 1,000 participants, with a total value of \$6 million in 0% interest loans. The financing of these loans is assisted by the Municipal Gas Authority of Georgia, with a local budget contribution as well.



Loan Program Success Involves Partnership with Local Plumbers

Selling more natural gas helps a our hometown public utility's finances by increasing revenue, which can cover costs and support local services. More sales also generate more money for the community through increased local prosperity and by keeping dollars circulating locally via utility purchases and employees' spending. Finally, these Main Street Loans help fund small businesses and households and control their budget impacts as well. This is the meaning of a “win-win” financial policy.



Gas Lighting

As many people are aware, the ambience created by gas lamps is a thing of beauty. To increase the aesthetics of the new County Courthouse plaza on Memorial Square, the Borough collaborated with Franklin County to install several gas lanterns on the plaza. These lights are enhancing the beauty of the site, and we expect will help others to see the benefits of gas lighting for their homes and businesses.

If you are interested in installing gas lights at your home or business, contact the Chambersburg Natural Gas Utility.

APGA System Operational Achievement Recognition (SOAR) Award



Developed by the American Public Gas Association (APGA) to recognize outstanding public gas systems in the US, the System Operational Achievement Recognition (SOAR) award was established. Excellence is measured in four areas: System Integrity, System Improvement, Employee Safety and Workforce Development.

In 2017, 2020, and 2023, Chambersburg was awarded SOAR at the Gold level – the highest possible level. The award is for a three-year period, so the Borough will reapply in 2026 for SOAR consideration. The scoring criteria has become even more difficult since 2020, yet the Borough received 99 out of 100 possible points in the 2023 scoring! The SOAR award is analogous to the American Public Power Association (APPA) RP3 award (RP3's three levels are Diamond, Platinum and Gold), which has also been awarded to Chambersburg.



Receiving the SOAR Award are John Leary, Jon Mason, and Allen Coffman

The safety of Chambersburg gas utility customers and Chambersburg employees is our top priority. To that end, the Natural Gas Utility has strong programs in leak detection, corrosion prevention, public education, and employee training.

Seeing as there have been zero reportable gas safety incidents in Chambersburg for over 35 years, 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 Natural Gas Utility is proud to be a winner of the 2025 APGA Safety Award. This is the 12th straight year Chambersburg has been presented this award, a sign of consistent commitment to safe operation.

The Chambersburg Natural Gas Utility 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 six years, and have purchased several thousand CO detectors for Borough homes. Since 2019, we have been 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.

Additionally, greater gas use improves household safety, according to the National Fire Protection Association (NFPA). Per NFPA studies ([Home Cooking Fires \(nfpa.org\)](https://www.nfpa.org)), homes with gas stoves are 2.6 times less likely to have house fires than those with electric stoves. Likewise, the NFPA has found that homes with gas heat are 2.7 times less likely to have house fires than those heating with electric.

Gas explosions are big news items when they happen, but data shows that Americans are not in very much danger.



Gas Pipe Replacement Program

The Federal government regulates 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 35 years.

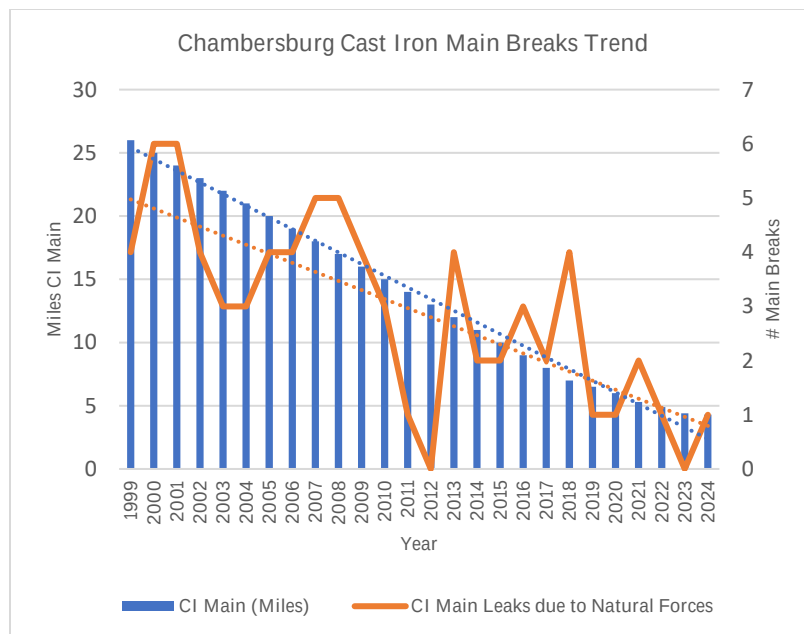
The Natural Gas Utility received approximately \$5.2 million in 2022 from the USDOT's Pipeline and Hazardous Materials Safety Administration's Natural Gas Distribution Infrastructure Safety and Modernization Grant Program to replace three miles of old gas mains and services. In 2023, we received a second award of \$5.56 million to replace our remaining two miles of high-risk gas mains and services.

The continued supply of reliable natural gas is critical to maintain economic growth and promote development in the borough, which is one of the fastest growing areas in the State. The project is also intended to upgrade the natural gas service lines to several areas of the borough that are classified as historically disadvantaged communities, ensuring that these communities are supplied affordable energy.

The Borough's project will reduce the risk of methane leaks from existing pipelines, create well-paying jobs, promote economic growth, and benefit disadvantaged rural and urban communities with the safe provision of natural gas. The continued supply of reliable natural gas is critical to maintain economic growth and promote development in the Borough, which is one of the fastest growing areas in Franklin County. Citizens may be seeing quite a few projects around town where infrastructure is being upgraded.

In light of our commitment to safety, the Borough continues to replace old gas mains and services:

- We replaced 22 miles out of 26 miles of Cast Iron (CI) main since 2000 when the program began, a much faster pace than most gas utilities.
- We prioritizing replacements ahead of re-paving and based on risk assessments.
- We are spending on average \$1,600,000 per year on old pipe replacement – paid for by two Federal Grants.
- Gas leaks continue to trend lower and less serious compared to previous years (as shown in the chart below of "Cast Iron Main Breaks Trend", which tracks the decrease in main breaks as we've replaced Cast Iron pipe).



Cast Iron Gas Leak Trend due to Replacement with Plastic Pipe (through 2024)

American Public Gas Association & Industry Leadership

The American Public Gas Association (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.

Council President Allen Coffman actively serves on the APGA Public Gas Policy Council providing an invaluable voice to gas issues at the national level.

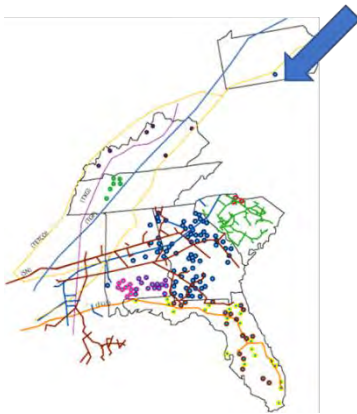
Assistant Director of Natural Gas Utility, Jon Mason, is a member of the APGA Security and Integrity Foundation Board of Directors and a leader on the APGA Operations and Safety Committee.

Director of Natural Gas Utility, John Leary is a member of the APGA Board of Directors, and the Board of Directors for the APGA Research Foundation. He is also active on numerous other committees.



Roy Schweizer, John Leary, Tyler Mortier, Allen Coffman, and Jon Mason at Rep. Joyce's Office

Membership with the Municipal Gas Authority of Georgia



The Municipal Gas Authority of Georgia (The Gas Authority) is the largest non-profit natural gas joint action agency in the United States, serving 79 Members in Georgia, Alabama, Florida, Pennsylvania, and Tennessee, who meet the gas needs of approximately 245,000 customers.

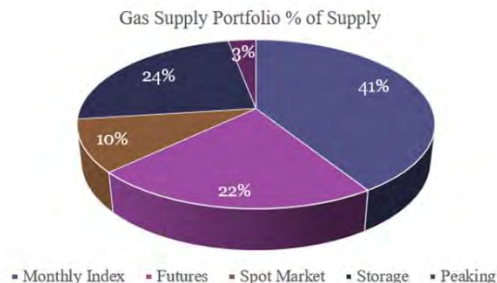
The Gas Authority meets the Borough's full natural gas supply requirements, and provides scheduling services for gas delivery. They provide assistance in system rate design, marketing assistance, and regulatory assistance.

We are officially the northernmost outpost of the great State of Georgia. In 2017, Jon Mason was appointed to the Gas Authority Board of Directors. He continues to serve as a non-Georgia representative on the Board of Directors.

Through our membership in the Gas Authority, all Chambersburg gas is purchased. By means of the Texas Eastern pipeline, all Chambersburg gas is delivered. The "take-point" is on Guilford Springs Road, south of the Borough. The Authority's pool of member purchases provides significant savings and there are values to the Borough in excess of what we pay for their service. Our supply is via a diversified portfolio in order to decrease price volatility. The Borough purchases gas through a diverse portfolio:

- First of Month Index;
- Futures Market;
- Spot Market;
- Storage;
- Peaking.

The Borough uses the Gas Authority for many members services including training, advocacy, and natural gas wholesale supply.



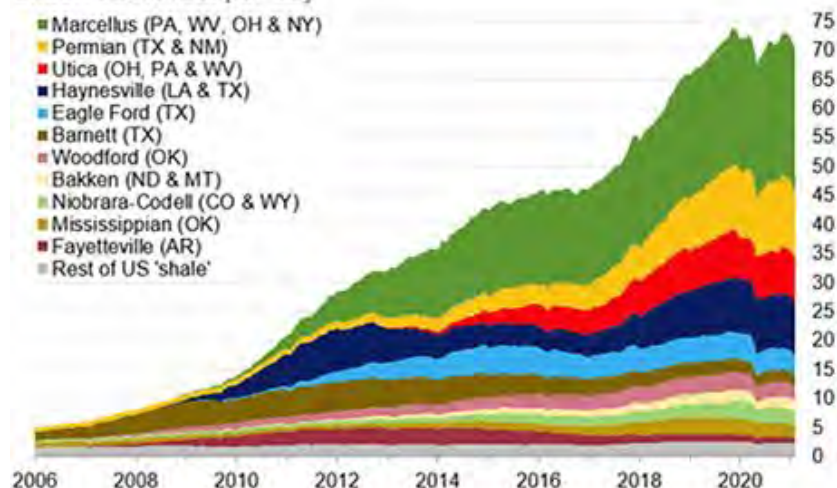
Chambersburg maintains a portfolio of natural gas supply arranged to control costs

The Gas Authority allows the Borough the freedom to choose what mix we would like for our gas supply. Every month, the Borough works with the Gas Authority to evaluate purchasing needs and the makeup of the gas-purchasing portfolio, adjusting what best suits the Borough's customers' needs.



Shale gas is not the only gas consumed but it does set the benchmark on cost

U.S. dry shale gas production billion cubic feet per day



EIA derived from state administrative data collected by Enverus Drillinginfo Inc. Data are through February 2021 and represent EIA's official tight gas estimates, but are not survey data. State abbreviations indicate primary state(s).

Gas Transportation Arrangement with UGI Gas Utilities

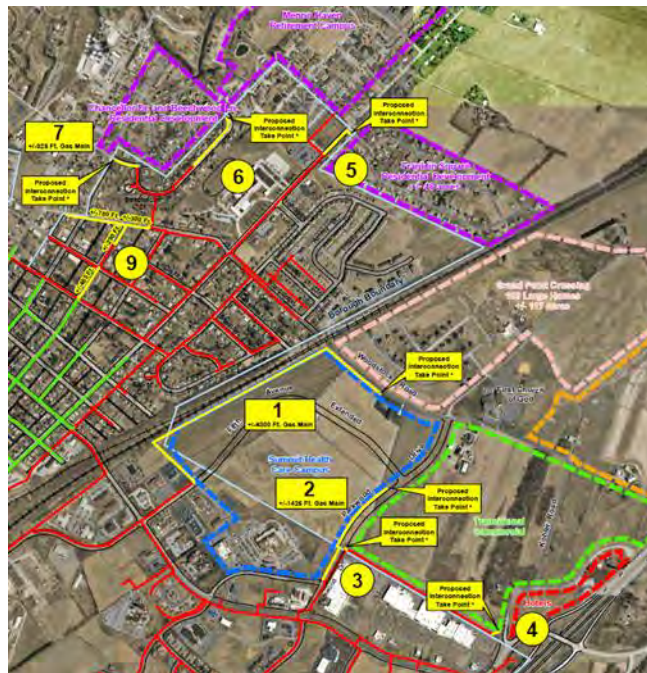
The Borough has been transporting natural gas to UGI Gas for the past six years. The Borough is generally prohibited from serving customers outside of the Borough. Significant development is pending in Greene Township, just outside the Borough limits, which requires low-cost natural gas. This development 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.

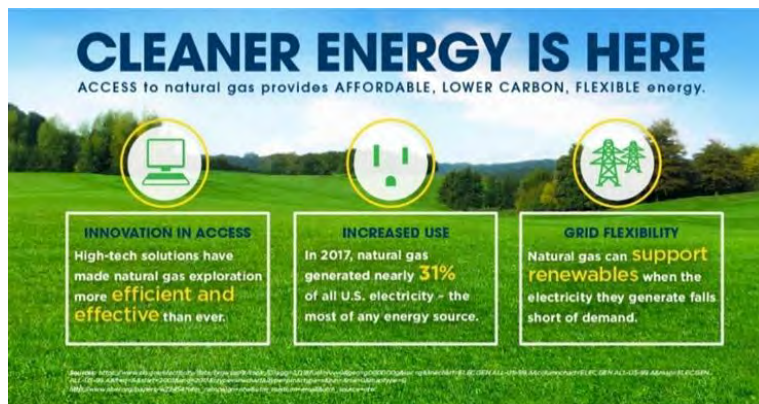
In discussions between Menno Haven and UGI Gas, the two decided to approach the Borough and request a transportation arrangement. The concept was, UGI Gas would buy its own gas supply and have it transported to the Borough's natural gas interconnection on the Texas Eastern pipeline. Chambersburg would 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 and UGI, the Borough of Chambersburg decided a similar arrangement would work for hundreds of other homes and businesses in Greene Township. The Borough suggested, and UGI 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 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 included 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. These new pipelines were installed in 2020.

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.





2026 Department Goals

- Begin implementation of AMI system.
- Continue to have zero reportable gas safety incidents.
- Zero lost time injuries to employees.
- Replace over one mile of CI gas mains.
- Add over 100 new gas customers.
- Extend gas mains to new customers in new areas of the Borough.
- Increase gas transportation flows to UGI.
- Continue to make large financial contributions to Borough operations to help keep taxes and all utility rates low.



Largest Customers (in \$ order)

We pride ourselves on customer success stories and we believe that low-cost energy makes success. What follows is a list of the Borough's top natural gas customers who are helping bring vitality to Chambersburg. There was a new leader as of 2024 continuing into 2025.

		Units	Sales
1	Orchard Park Generating Station	2,234,580	909,486.00
2	Knouse Foods Co-Op	1,016,044	497,880.93
3	Chambersburg Hospital Complex	990,176	650,392.00
4	Keystone Sheets Carboard Processor	919,693	604,404.00
5	T B Woods Incorporated	604,032	283,205.00
6	Ventura Foods	602,010	337,634.00
7	American Trailer World (B-Wise)	351,547	256,531.00
8	Wilson College	266,684	151,361.00
9	Chambersburg Area Senior High	264,578	157,483.00
10	AES Compassion Care	170,325	113,211.63



Gas fireplaces are a beautiful addition to any home

Environmental Benefits of Natural Gas

- Natural gas is safe, clean, reliable and affordable. It is also a domestic energy source, helping to power our economy and increase America's energy security.
- Natural gas 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 and CO₂ than oil or electric.

Important for the Borough to continue to support responsible production of natural gas.





Natural Gas Electric Generation

Chambersburg Electric Generation Project

The Borough would like to better maximize the financial benefits of generation. Because of the Borough's unique ability to acquire low cost gas, we are able to benefit the community with clean, low carbon electricity to our residents at a cost better than private utilities.

A high priority is also increasing our ability to be more self-sufficient with electrical generation needs. Many possible future grid problems are becoming apparent, increasing the importance of the Borough having the ability to control our own generation to minimize problems outside of the Borough. The more the Borough can satisfy our own electric needs, the more we won't be susceptible to blackouts or price spikes.

The unique position of the Borough owning and operating electric and natural gas utilities gives us the ability to partner throughout the development of this project, providing greater benefits to Borough residents. As is seen throughout the Borough, owning and operating all of our utilities continues to benefit Borough residents.

At this point, installing additional natural gas generation seems unlikely, but the future policy of the Borough may change.



Cooking with natural gas is impossible to replace, especially for commercial kitchens

Payment In Lieu Of Gross Receipts Taxes (PILOT)

As you know, the Borough Natural Gas Utility makes a tax-like contribution to the General Government operations of the Borough. If the Natural Gas Utility were an investor-owned utility, licensed for operation in Pennsylvania, the Natural Gas Utility would pay “taxes” to the Commonwealth of Pennsylvania. In its current legal format, the Chambersburg Natural Gas Utility is not licensed by Pennsylvania, it is exempt from most Public Utility Commission rules, regulations, tariffs, and is exempt from paying taxes.

Please find enclosed the proposed 2025 Chambersburg PILOT Tax Return form for FY2026.

<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Actual</u>	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
PILOT: \$650,000	\$650,000	\$750,000	\$900,000	\$910,000	\$975,000

**Borough of Chambersburg Finance Department
Gas Gross Receipts Tax
For Tax Year: 2025**

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	750,000	750,000
30015	Revenues - Merchandise & Jobbing	3,000	
	Revenues - Nonutility Operations		
	Nonoperating Rental Income		
30019/30024	Interest & Dividend Income	179,940	
30014/30016/30017/30027	Miscellaneous Nonoperating Income	1,423,480	
	Gain/Loss on Disposition of Property		
30011/30026	Residential/Commercial/Industrial Sales	10,596,693	10,596,693
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	35,000	35,000
	Sales of Water and Water Power		0
	Rent from Gas Property		0
	Interdepartmental Rents		
30013	Other Gas Revenues	40,387	
	Revenues from Transmission of Electricity of Others		0
	Regional Distribution Service Revenues		0
30025	Miscellaneous Revenues	1,500	1,500
	All Other Sources		0
	Totals of each column	\$13,030,000	\$11,383,193
	Tax at the rate of 59 mills Gross Receipts Tax		\$671,608
	Town Council Adopted Multiplier		145.1739%
	Payment in Lieu of Gross Receipts Tax		\$975,000

This Page Intentionally Left Blank

Water Utility



The Chambersburg Water Utility 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.

Utility Director: Lance Anderson, PE

	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Revenue	\$5,694,280	\$5,738,804	\$6,469,000
Expenses	\$5,210,878	\$5,738,804	\$6,469,000
Excess (Deficit)	\$ 483,402 Surplus*	- Balanced -	- Balanced -

* - Represents a surplus approximately equal to the deficit for the preceding fiscal year.

The Chambersburg Water Utility is in a strong operating position. Prior to the 2020 bond sale, the Department was 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, 2019, 2020, 2022, 2023, 2024, and 2025.

Following a plan first introduced in 2018, the Water Utility raised retail water rates slowly beginning from 2018-2020. In 2021, there was no rate change. Then in 2022, 2023, 2024, and 2025 other small increases. The small rate increases are necessary to generate additional revenue to cover increased operational and maintenance costs, administrative costs, and debt service. More recently, additional costs attributed to supply chain issues, such as chemicals, gas, and supplies, and other operational expenses, such as paving, have contributed to the necessity. It is likely that future increases in costs may require future rate increases. These small increases are better than waiting and doing large increases.



Water leaking from a flange seal

Chambersburg has one of the lowest water rates in Franklin County.

This 2026 budget recommends another small water rate increase (3¢ per unit) to keep pace with rising expenses. Chambersburg has the lowest water rates in our area, and that is not going to change in 2026.

Water Rates

Throughout 2025, due to increases in operational expenses, the Chambersburg Water Utility saw all our local, regional, and state-wide neighboring utilities have significant percentage increases. Meanwhile, Chambersburg did our best to hold on to our incredibly low-cost utility rates.

In 2026, the Water Utility needs a small rate increase to keep pace with expenses. This will be the eighth increase in nine years, and the series of small increases will likely continue for several years as water infrastructure improvements are made throughout the system, including installing new water meters in the distribution network, which will also help finances by providing more accurate water sales data.

Water rates are made up of a use rate and a ready-to-serve charge. The Water Utility envisions a small increase in the water rate of 3¢ per unit proposed; and no change to the ready-to-serve (r-t-s) charge. This increase will cover infrastructure improvement costs, operational cost increases, and water meter costs.

The average single-family home customer uses 170 gallons of water per day. This usage equates to 70 “units” per month (1 “unit” = 74.8 gallons). The 2025 rate was \$0.27/unit; and a \$7.14 r-t-s charge. As a result, in 2025, the average single-family home saw monthly billing of \$26.04. The 2026 rate will be \$0.30/unit; and a \$7.14 r-t-s charge. We anticipate that the average monthly billing for a single-family home will rise from \$26.04 to \$28.14 per month in January 2026 (an increase of approximately \$2.10 per month).

2025 usage charge: \$.27/unit; \$7.14 r-t-s

2025 average monthly billing: \$26.04

2026 usage charge: \$.30/unit; \$7.14 r-t-s

2026 average monthly billing: \$28.14



Municipality	Rate	Monthly Billing
Borough of Chambersburg (Current)	27¢	\$26.04
Borough of Chambersburg (Future)	30¢	\$28.14
Borough of Chambersburg (Outside)*	10¢	*\$11.96
Bear Valley Water Authority		\$85.99
Capital Region Water		\$63.93
Greencastle		\$63.49
Washington Township		\$43.35
Carlisle		\$41.65
Gettysburg		\$39.82
Waynesboro		\$38.81
Shippensburg		\$34.83
Guilford Water Authority		\$31.20

One-month billing based upon the usage of the average-single-family-household use.

* - Borough officials working on plan to bring outside water customers to eventually be equal to inside

In 2025, the Water Utility has reserves of \$4,880,000 in capital funds for future capital projects. In addition, the Water Utility also has reserves of \$2,800,000 in operational funds.

The system is mostly exempt from Pennsylvania Public Utilities Commission regulations (except our customers in Greene, Guilford, and Hamilton Townships). Currently, staff is working on a cooperative initiative with Greene Township to serve the area north of Norland Avenue in Greene Township. On June

30, 2022, an Intermunicipal Agreement between the Borough, Greene Township, and Chambersburg Area Municipal Authority was executed defining this cooperative effort. This area would ultimately be served through the Borough's Authority. The 2026 budget includes \$1,100,000 in support of this initiative.



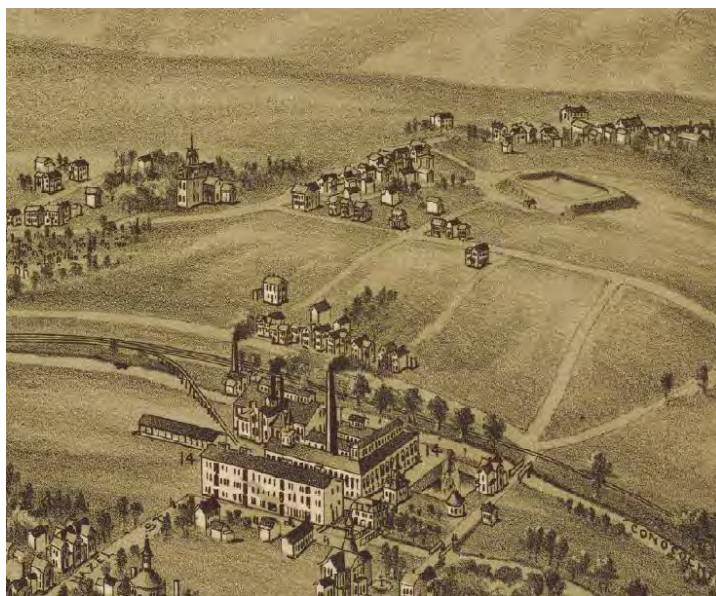
The Interconnection Pump Station at Sollenberger Road between
the Chambersburg Water System and the Bear Valley Joint Intermunicipal Authority

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

Background and History

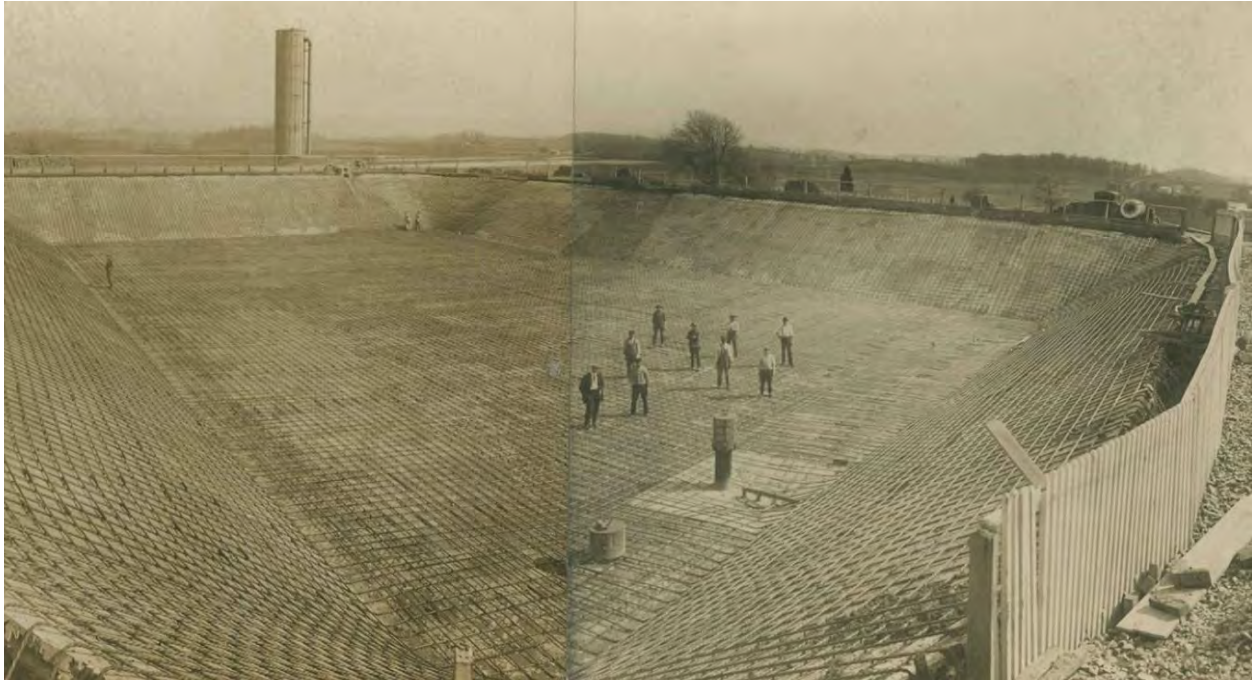
A good source of water has always been essential to the well-being and survival of communities throughout civilization. Chambersburg exists because of water. It is no wonder that the original Colonel Benjamin Chambers Fort was atop the Falling Spring, at King Street, to provide a good source of water for the use of the inhabitants, for commerce, as well for fire protection. Around 1818, shareholders organized the Chambersburg Water Company. To pump water from the Falling Spring to a reservoir sited on the current Chambersburg Hospital land, engineers used a waterwheel. Water then flowed to customers through hollowed pine logs, joined “end to end”. The estimate is that this system cost 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 drawing of Chambersburg from 1894 includes the open-air reservoir on top of the hill overlooking the Wolf Manufacturing Plant along the Conococheague Creek

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 individual properties. 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 1891, the Borough purchased the C. B. Gish flourmill, a location called “Siloam” and it consisted of a mill dam and the impounding area above it. 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 Borough breached the Siloam Dam and the stream’s banks restored.

The Borough still owns land along Siloam Dam Road in Greene Township.



The Second Siloam Dam

In 1909, Mr. A.W. Zacharias, the Burgess, 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 Birkinbine 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 Utility. 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 Utility has consistently kept its rates (cost per unit) at one of the lowest levels in the region.



Long Pine Run Reservoir

Beginning in 2020, during the COVID-19 health crisis, but also continuing into the present, outdoor recreational activities in State Parks and forest recreational areas increased significantly. While a surprising result of a global health pandemic, it seems that most citizens believed that recreational day trips to nature were a good use of their time. Unfortunately, this resulted in a significant increase in public recreational use of Long Pine Run Reservoir. Issues such as traffic, parking, human waste, and trash reached a dangerous condition. In 2023, the Pennsylvania Department of Conservation and Natural Resources began constructing a new eco-friendly restroom-pavilion and continued to make improvements to the parking lot and non-motorized boat launch area. The Borough wants to cooperate with these state agencies. However, with one of the only water sources in the region that permits recreational activities, it is only through cooperation and enforcement that the reservoir can continue to be a raw water source for the Borough’s treatment plant.



Long Pine Parking Area – Summer 2020



Newly Constructed Long Pine Parking Area and New Signage – Summer 2024



Long Pine CXT Restroom – Summer 2024



Long Pine Run Dam Control Tower and Access Road



Long Pine Spillway – July 2018

2024-2025 Drought

Beginning on March 24, 2025, the Borough of Chambersburg Water Utility issued a Drought Warning to all water customers within its water service area as required by our Drought Contingency Plan. Below average fall and winter precipitation (2024-2025) resulted in low water levels at the Borough's drinking water source of supply, Long Pine Run Reservoir. This trend continued into early spring as well. On May 23, 2025, that Drought warning was officially lifted for all users within the water service area.



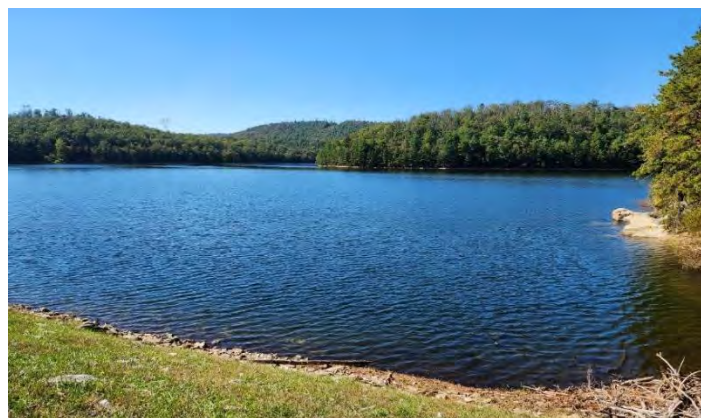
Long Pine Run Reservoir, April 28, 2025



Long Pine Run Reservoir, May 22, 2025

What is the current status of Chambersburg's reservoir?

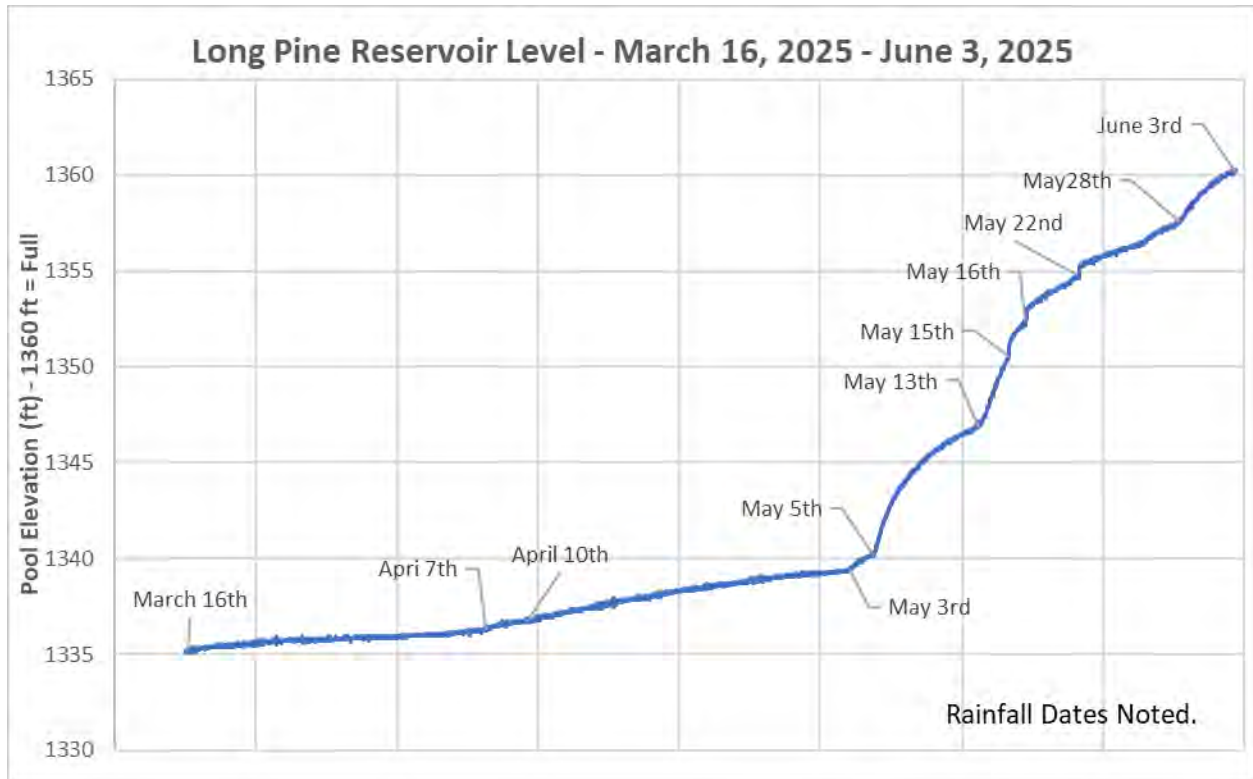
Currently, the Long Pine Run Reservoir is at 91.5% of the spillway capacity which is a normal seasonable level. The reservoir level is sufficient for all customer needs. Borough personnel continue to monitor our water supply carefully to ensure that we are aware of any changes in capacity levels as we enter the fall and winter months.



Long Pine Run Reservoir, October 6, 2025

The cause of the drought was a significant deficit in recent precipitation, which was reversed by this spring rainfall.

Through March 2025, the rain gauge at Michaux State Forest indicated that the water recharge in the watershed was approximately 10-inches of rain behind the average six-month winter precipitation measure. In other words, for Spring 2025 to be at “average”, an extra (above average) 10-inches of precipitation would be required after March 2025 (average Spring precipitation plus 10-inches). This is exactly what happened after March 2025. May rainfall alone exceeded 11-inches and was enough to fill the reservoir. A deficit of rainfall was followed by a very rainy year in much of 2025.



There was significant misinformation online stating that there was no precipitation deficit, no drought. This misinformation was not only incorrect, but it worked to discourage customers from taking much needed water conservation measures. Those who spread misinformation endangered the drinking water supply for the entire community.

The drought was not caused by over-development. This lie was spread by people as well.

In fact, water usage within the Borough of Chambersburg, even with all the new development, has not increased in the last 20 to 30 years. In fact, it has decreased as a result of the proliferation of water efficient appliances and plumbing.

Water Withdrawal By Year:

1995: 4,152,000 gpd
 2000: 4,133,000 gpd
 2024: 4,040,000 gpd

The drought was not caused by the removal of the Birch Run Dam in 2005. This misinformation was also shared by people on social media.

In 1968, the Long Pine Run Dam was constructed upstream on the Birch Run in Michaux State Forest creating a lake with a surface of 150 acres and storing 1.8 billion gallons of water. At 1.8 billion gallons, Long Pine Run Reservoir has approximately 300 days of storage capacity (not including storage capacity within the Chambersburg distribution system) all of which is in storage only for the Chambersburg System (although some is bulk sold to Bear Valley to supplement their system). That would be approximately 300 days with zero additional water entering the reservoir. The now removed Birch Run Reservoir only held 382 million gallons (a fraction compared to Long Pine Run Reservoir), and further 100% of those 382 million gallons originated from the Long Pine Run Reservoir and the Conococheague Creek watershed. The removed Birch Run Reservoir was an impoundment lake on the Conococheague Creek halfway between the spillway of the Long Pine Run Dam and the Borough's Water Intake Facility in Caledonia. Every drop of water that entered and exited the old Birch Run Reservoir started at the Long Pine Run Dam or the watershed and therefore the 382 million gallons in storage was redundant and unneeded. Furthermore, the State of Pennsylvania issued an order requiring the Birch Run Dam to be removed from the Conococheague Creek. It will never be permitted to be rebuilt and is unneeded.

The drought was caused by a deficit in precipitation.

The Borough of Chambersburg would like to thank all the citizens and businesses who worked to implement water conservation measures earlier this year when requested. In the future, the Water Utility will work to continually monitor and protect the Borough's water source and its watershed. Chambersburg is proud of our utilities and the value and benefit they bring to our community.

[Source Water Protection Plan](#)

Clean, safe drinking water is often taken for granted. Many people have no idea where their water comes from, how it is treated, or how it arrives at their faucet. Protecting the raw water supply is an important element in the overall mission of delivering a safe and reliable supply of drinking water to consumers. Comprehensive source water protection not only benefits the water supply, but ultimately the economic, social, and environmental well-being of a community. In 2022, the Water Utility developed a Safe Water Protection Plan which was approved in accordance with Pennsylvania Safe Drinking Water Regulations. The project cost, \$27,345, was 100% funded by Pennsylvania Department of Environmental Protection. The resulting Source Water Protection Steering Committee continues to meet on an annual basis to further evaluate the plan objectives and to support protection initiatives.



New Source Water Protection Sign – 2024

Water Utility Statistics (2024, last full year)

- Water supply, treatment, transmission, and distribution;
- Treated 1.450 billion gallons of water in 2024;
- Operation and maintenance of the water production and distribution facilities;
- 8 water main breaks repaired in 2024 (National average – 33 breaks);
- 27 total water distribution repairs in 2024;
- 23% unaccounted water lost in the system in 2024;
- 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;
- Replaced 4 fire hydrants in 2024;
- Plumbing inspection and meter replacements;
- In-house plumbing inspection is performed by Pennsylvania Municipal Code Alliance;
 - o However, exterior inspections as well as other types of in-house inspection services, such as sewer system inspections, are performed by Borough personnel;
- Inspected 1 water/sewer main extension projects in 2024;
- Replaced 1060 water meters in 2024.



Julio D. Lecuona Water Treatment Plant
Greene Township
Million Gallons per Day Capacity



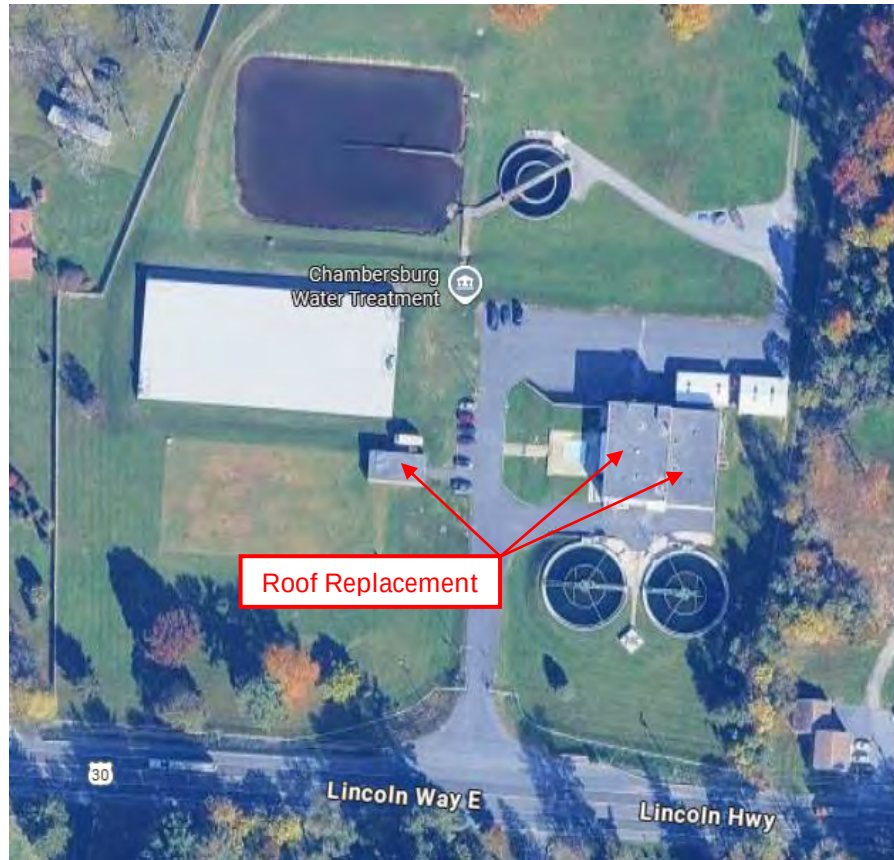
Water Transmission System from Caledonia

Capital Projects



New Chemical Feed Equipment Installed in 2023

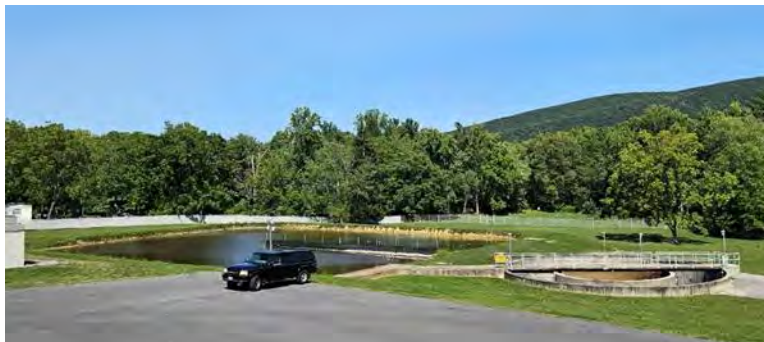
- A. 2025 Street Repair Projects: \$190,000 per year dedicated to infrastructure and paving projects.
- B. Water Treatment Plant Roof Replacement: \$180,000
 - The project includes the replacement of 10,000 square feet of flat roof at the Water Treatment plant;
 - The current roof was installed in the 1990's;
 - Replacement will include upgrading insulation where possible and installing EPDM rubber roofing;
 - Timeline: The project is currently under design with bidding expected late 2025.



Water Treatment Plant Roof Replacement

C. Water Treatment Plant Sludge Upgrades: \$450,000

- Clarifier and filter operations create a “sludge” waste that has a high aluminum concentration.
- Project objectives:
 - o Separation of concentrated sludge from stormwater;
 - o Discharge concentrated sludge directly to sanitary sewer;
- Timeline: 2025 bidding with 2026 project completion.



Water Treatment Plant Waste Processing Facilities

D. Alternative Sources of Raw Water: \$400,000

- Currently, the Borough has one source for drinking water – Long Pine Run Watershed in the Michaux State Forest;
- Shippensburg University professors Dr. Christopher Woltemade and Dr. Thomas Feene performed the initial evaluation of locations;
- In 2021, an evaluation of the hydrogeology in the Chambersburg area in relation to the existing treatment and transmission infrastructure was completed;
- In 2022, a detailed investigation of site characteristics to identify the highest priority of water source locations was completed;
- In 2024-2026, property considerations including alternatives and PADEP requirements are being evaluated.



Potential Well Sites Near the Water Treatment Plant

Water Meter Remote Reading Project

Currently, there are roughly 300 total water meters installed that use some form of a smart or remote reading technology. Most of the units are located east of I-81 and are read with the Metron Waterscope AMI (Advanced Metering Infrastructure) platform using a cellular signal.



Waterscope AMI Platform

In 2025 Council authorized the Water Utility to proceed forward with Metron Waterscope as its AMI metering platform. This authorization enables the Water Department to transition away from the current touch-read (manual-read) system that has existed for approximately 20 years. With an AMI system, meters are read automatically with usage data stored for billing purposes and analysis (leak detection, etc.).

In 2026, the Water Utility will begin the full transition to the Waterscope AMI platform. The 2026 budget includes \$450,000 for new AMI meters. The implementation plan includes the replacement of 1000-1200 meters per year for eight (8) years. Customers will receive (door) notices to schedule a meter replacement appointment through the Service Center. A typical meter replacement only takes approximately 15 minutes.



Typical Cellular-Enabled Water Meter



Typical Commercial Water Meter to be Retrofitted for Cellular Reading

Water Distribution System

96 miles of pipe length
758 fire hydrants
2263 water valves

Storage Facilities

Water Plant Clearwell 1 – 2 MG
Water Plant Clearwell 2 – 2.5 MG
Dull Hill Reservoir – 2 MG
Nitterhouse Elevated Tank – 2 MG
Birkinbine Tank – 3 MG

11.5 MG total storage
2.9 days storage capacity

Water Transmission Lines

32 miles of pipe length from
the raw water intake to town
Includes raw and treated water

Water Meter Customers

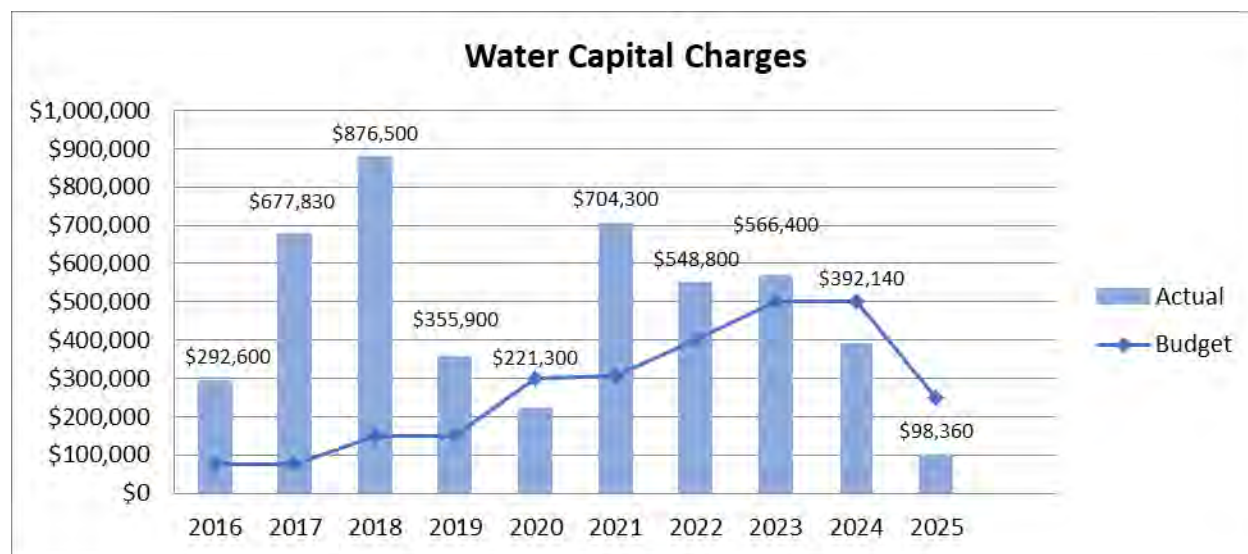
Domestic – 8,527
Commercial – 1,026
Industrial – 17
Municipal – 1

Total – 9,570



Birkinbine Tank Last Re-Painted in October 2015 – New WTP Clearwell 2 at 2.5 MG

New Water Connections



Act 57 Tapping Fee Study

In 2021, the Water Utility and the Wastewater Utility completed 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 sanitary 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 sanitary systems. The customer "buys in" to the system before obtaining service. When water and wastewater 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 study to update fees was completed in accordance with the current regulations Act 57 of 2003. The last Act 57 study was completed in 2005.

On August 23, 2021, the Town Council adopted new Tapping Fees as recommended in the professional study completed by the Borough's Engineer, GHD. The table below summarizes the new fees.

Water Tapping Fees (Adopted August 23, 2021)

Capacity Part	\$2,464 per EDU
Distribution Part	\$618 per EDU
EDU Definition	163 gallons per day

Water Tapping Fees (Previous)

Capacity Part	\$2,142 per EDU
Distribution Part	\$0 per EDU
EDU Definition	162 gallons per day

Sewer Tapping Fees (Adopted August 23, 2021)

Capacity Part	\$1,900 per EDU
Collection Part	\$2,284 per EDU
EDU Definition	226 gallons per day

Sewer Tapping Fees (Previous)

Capacity Part	\$844 per EDU
Collection Part	\$0 per EDU
EDU Definition	194 gallons per day

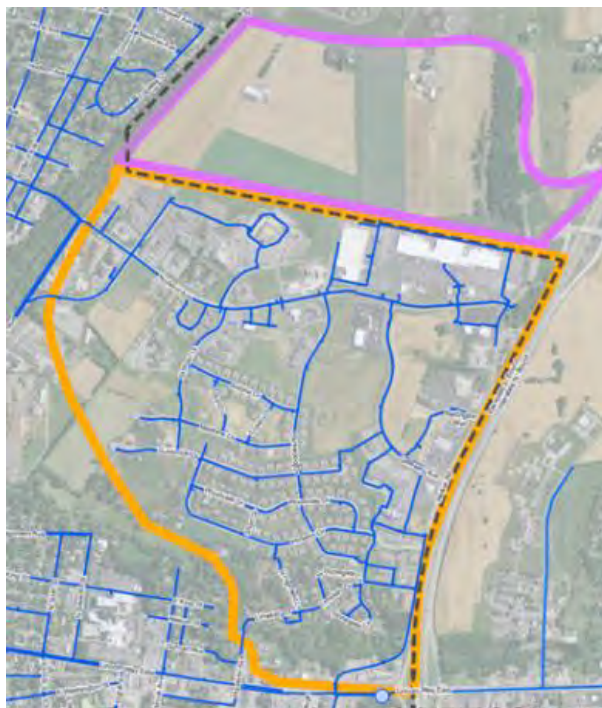
Total Residential Tapping Fee (1 EDU)(EDU = 194 gallons per day or about 1 single family home)

Adopted August 23, 2021	\$7,266
Previous	\$2,986

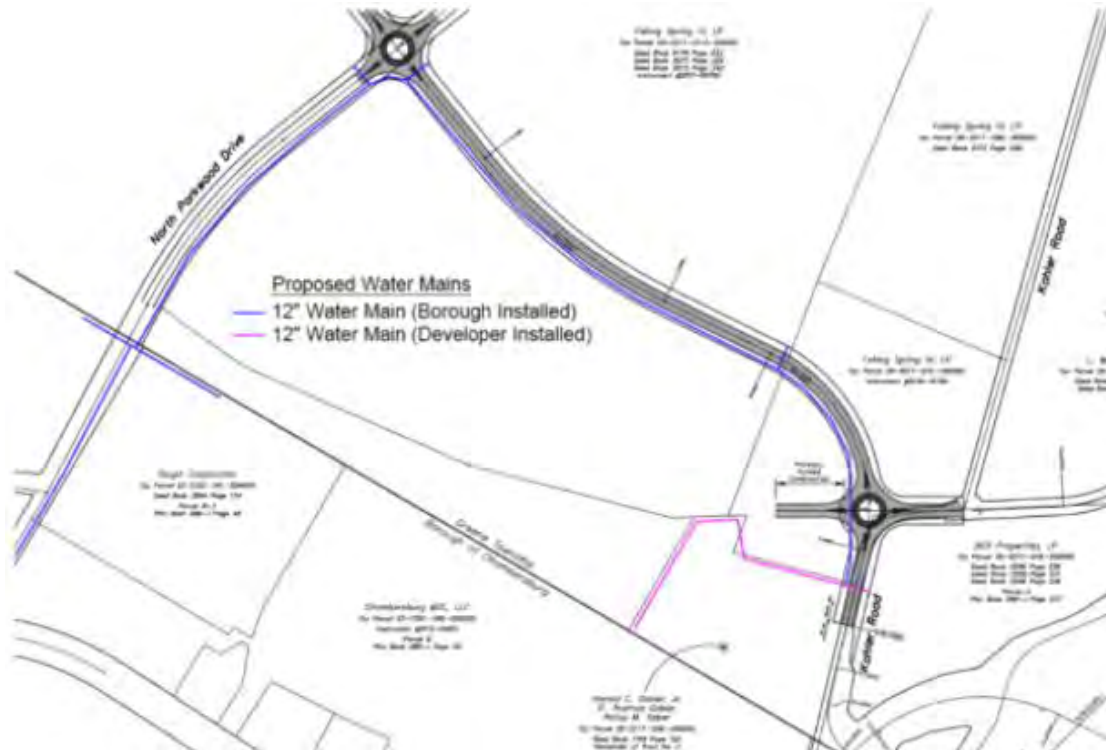
Sometimes large developers are surprised by the Borough of Chambersburg tapping fees. Most know that our system charges much less than area water and wastewater systems. However, they are still surprised that we strictly enforce Act 57 and anticipate every developer will make their required contribution to the development of the system. Act 57 tapping fees are fair to existing customers because they shift the cost of system expansion to new users, who benefit from the existing infrastructure. The fees help recover the capital costs of building and upgrading water and sewer systems, which are often built to serve both current and future growth. Without these fees, existing customers would disproportionately pay for the new capacity through their ongoing service charges.

Recommended 2026 Capital Project List

- 2026 Street Repair Projects: \$230,000 per year dedicated to fixing water infrastructure before streets are paved;
- Water Treatment Plant Sludge Upgrades: \$500,000 (2026 costs: \$450,000);
 - o Allows for the direct discharge of clarifier sludge to the sanitary sewer;
- Alternate Source of Water Supply: \$400,000 (2026 costs: \$100,000);
 - o Continue property evaluation;
- Water Treatment Plant Roof Replacement: \$200,000 (2026 costs: \$180,000);
- Tools, Equipment, Chemical Feed Equipment: \$70,000;
 - o Tools and equipment necessary for operational improvements;
- Limekiln Bridge Water Main Replacement: \$300,000;
 - o Relocation and replacement of a section of 12" water main that crosses the Falling Spring Creek;
 - o The current main is attached to the existing Falling Spring Bridge;
 - o Work is to be completed in conjunction with the Limekiln Bridge replacement project;
- Grand Point Water District Service: \$1,200,000 (2026 costs: \$1,100,000);
 - o The project supports future development and water service in Greene Township;
 - o 4,000 linear feet extension of 12-inch water mains;
 - o Water service will be through the Borough's Authority, CAMA;
 - o With the assistance of GMS, the Water Utility received a \$579,000 H2O grant to support funding of the project.



Grand Point Water District



Layout of new water service in the Grand Point District of Greene Township

Future (2027+) Capital Projects

- Water Treatment Plant SCADA Replacement: \$500,000;
- Water Tower/Tank Painting: \$1,000,000;
- Intake Screening Improvements: \$280,000;
 - o Replacement of the raw water screen at the intake facility.

In late 2019, Town Council gave approval for the Chambersburg Water Utility to sell a bond in early 2020 to finance the Water Utility Clearwell Project at the Julio D. Lecuona Water Treatment Plant in Greene Township. The bond sale took place in January 2020 and will be paid off using water fees and no taxes over the next twenty years.

Upon completion of the Water Treatment Plant Clearwell Project and Conococheague Weir Project in 2022 and the Chambers Street/Reservoir Hill Water Main Extension in 2023, all bond funds totaling approximately \$7,400,000 have been spent on Water Utility projects.



Conococheague Weir in Operation



Chambers Street/Reservoir Hill Water Main Extension

Treatability of Water – Iced Tea

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 issue, dubbed “Iced Tea,” 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 2025, because of the new coagulant use, there were no shutdowns due to Iced Tea raw water.



“Iced Tea” Raw Water – Conococheague Creek

The Water Utility continues to evaluate its staffing needs. In 2020, the Water Utility added one additional WTP employee to the operational staff to assist with daily operations and PADEP increased regulatory sampling and reporting requirements. Future regulations include the following:

- 2021 Lead and Copper Rule Regulations:
 - o Field verification of service line materials; 8,310 total service lines;
 - o Submission of a Service Line Inventory annually beginning October 16, 2024;
 - o Public notifications (annually) to residents beginning November 2024 to those with lead, galvanized, and unknown service lines. 2,053 customers receive an annual notification;
 - o Service line materials require verification – in progress;
 - o Annual reporting to DEP;
 - o New sampling and testing requirements are currently on hold by the EPA (2025).
 - PFAS (also known as forever chemicals) Regulations:
 - o 2024 Quarterly testing of PFOA and PFOS (all tests have been non-detect);
 - o Additional testing currently on hold by the EPA (2025): PFHxS, PFNA, HFPO-DA (GenX), and PFBS;
 - Unregulated Contaminant Monitoring Rule (UCMR) 5 sampling;
- In 2026, no additional Water Treatment Plant personnel are proposed.

Service Line Inventory

Service Line Inventory Form

System-Owned Portion of Service Line

Material	Installation Date Range	Installation Date Specific	Location (By Address)	Basis of Material Classification - Non-Field Method	Basis of Material Classification - Field Method	Date of Field Verification	Additional Comments
Copper	1982 - 1990	09/08/1993	0.75	A) Records review	H) Mechanical excavation - 2	09/01/2017	removed lead gooseneck
Copper	1982 - 1990	05/05/1988	0.75	A) Records review	H) Mechanical excavation - 1 local	08/07/2017	removed lead gooseneck
Copper	1982 - 1990	05/05/1988	0.75	A) Records review	H) Mechanical excavation - 1	08/25/2017	removed lead gooseneck
Copper	1982 - 1990	04/13/1995	0.75	A) Records review	H) Mechanical excavation - 1	09/23/2017	removed lead gooseneck
Copper	1982 - 1990	01/01/1983	0.75	A) Records review	H) Mechanical excavation - 1	09/23/2017	removed lead gooseneck
Copper	1982 - 1990	08/13/1987	0.75	A) Records review	H) Mechanical excavation - 1	08/08/2017	removed lead gooseneck
Copper	1982 - 1990	11/29/1986	0.75	A) Records review	H) Mechanical excavation - 1	09/27/2017	removed lead gooseneck
Copper	1982 - 1990	08/28/2001	0.75	A) Records review	H) Mechanical excavation - 1 local	09/01/2017	removed lead gooseneck
Copper	1982 - 1990	11/25/1986	0.75	A) Records review	H) Mechanical excavation - 1	09/27/2017	removed lead gooseneck
Copper	1982 - 1990	06/10/1995	0.75	A) Records review	H) Mechanical excavation - 1	09/28/2017	removed lead gooseneck
Copper	1982 - 1990	09/28/2017	0.75	A) Records review	H) Mechanical excavation - 1	09/28/2017	removed lead gooseneck
Copper	1982 - 1990	07/07/1991	0.75	A) Records review	H) Mechanical excavation - 1	09/28/2017	removed lead gooseneck
Copper	1982 - 1990	12/22/1988	0.75	A) Records review	H) Mechanical excavation - 1	09/28/2017	removed lead gooseneck
Copper	1982 - 1990	12/22/1988	0.75	A) Records review	H) Mechanical excavation - 1	09/28/2017	removed lead gooseneck
Copper	1982 - 1990	04/08/1988	0.75	A) Records review	H) Mechanical excavation - 1	09/28/2017	removed lead gooseneck
Copper	1982 - 1990	09/28/2017	0.75	A) Records review	H) Mechanical excavation - 1 local	09/28/2017	removed lead gooseneck
Copper	1982 - 1990	07/11/1992	0.75	A) Records review	H) Mechanical excavation - 1	10/05/2017	removed lead gooseneck
Copper	1982 - 1990	07/20/2016	0.75	A) Records review	H) Mechanical excavation - 1	07/20/2016	service line replacement
Copper	1982 - 1990	06/01/1990	0.75	A) Records review	H) Mechanical excavation - 1	10/05/2017	removed lead gooseneck
Copper	1982 - 1990	07/23/1994	0.75	A) Records review	H) Mechanical excavation - 1	10/05/2017	removed lead gooseneck
Copper	1982 - 1990	03/22/1991	0.75	A) Records review	H) Mechanical excavation - 1	10/05/2017	removed lead gooseneck
Copper	1982 - 1990	10/09/2017	0.75	A) Records review	H) Mechanical excavation - 1 local	10/09/2017	removed lead gooseneck
Copper	1982 - 1990	06/21/1995	0.75	A) Records review	H) Mechanical excavation - 1	10/16/2017	removed lead gooseneck
Copper	1982 - 1990	09/22/1995	0.75	A) Records review	H) Mechanical excavation - 1	10/16/2017	removed lead gooseneck
Copper	1982 - 1990	12/22/1982	0.75	A) Records review	H) Mechanical excavation - 1	10/16/2017	removed lead gooseneck
Copper	1982 - 1990	10/16/2017	0.75	A) Records review	H) Mechanical excavation - 1	10/16/2017	removed lead gooseneck
Copper	1982 - 1990	04/27/2023	0.75	A) Records review	H) Mechanical excavation - 1 local	04/27/2023	removed lead gooseneck, service on HO
Copper	1982 - 1990	10/16/2017	0.75	A) Records review	H) Mechanical excavation - 1	10/16/2017	removed lead gooseneck
Copper	1982 - 1990	07/19/2008	0.75	A) Records review	H) Mechanical excavation - 1	11/08/2017	removed lead gooseneck
Copper	1982 - 1990	08/31/1995	0.75	A) Records review	H) Mechanical excavation - 1	11/08/2017	removed lead gooseneck
Copper	1982 - 1990	03/15/2011	0.75	A) Records review	H) Mechanical excavation - 1	11/08/2017	removed lead gooseneck

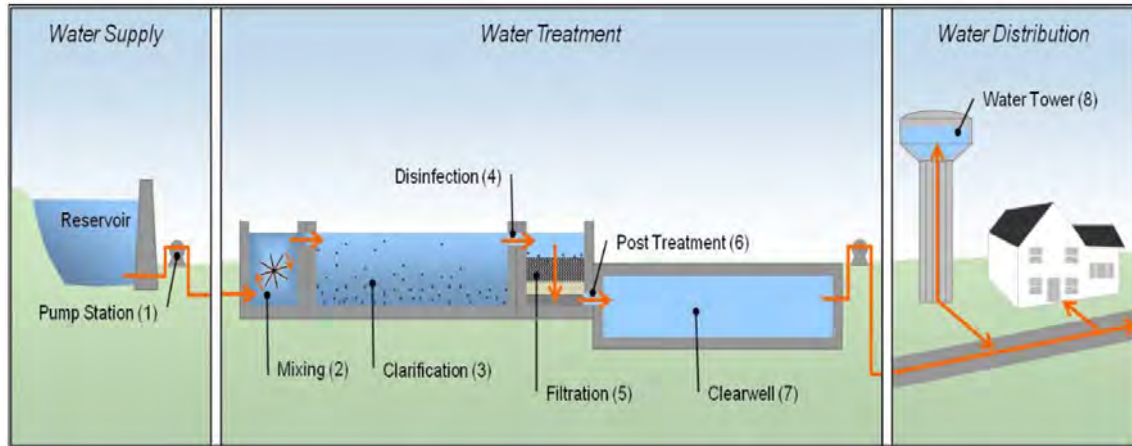
The Water Utility Maintains a Comprehensive Service Line Inventory Spreadsheet

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 continued in recent years with the completion of a 2,000 linear feet extension of 16" water main from Chambers Street to Reservoir Hill as well as the removal of up to 1,968 lead goosenecks from the service lines of water customers.

Major items for 2026

The proposed budget includes \$2,200,000 in capital improvements to the Water Utility infrastructure including:

- WTP upgrades – sludge processing;
- Alternate sources of water supply;
- WTP roof replacement;
- Limekiln Bridge water main;
- Grand Point water service;
- Street Infrastructure;
- Tools, equipment, chemical feed equipment.



Largest Customers (in dollars sold)

	Customer	Units Used	Net Amount	Daily Avg. (Gallons)
1	Bear Valley Authority (Intermunicipal)	4,379,835	\$1,553,096.99	897,566
2	Ventura Foods LLC	724,500	\$170,101.80	148,473
3	Knouse Foods Co-op Inc.	425,461	\$98,517.79	87,190
4	Martin's Famous Pastry (Guilford)	189,917	\$17,748.09	38,920
5	Chambersburg Hospital	168,388	\$59,648.53	34,508
6	TB Woods Inc	153,921	\$37,944.50	31,543
7	HTI Recycling	143,814	\$35,671.59	29,472
8	Tommy's Express Car Wash	128,206	\$29,809.24	26,273
9	Menno Haven Penn Hall	117,500	\$45,504.68	24,079
10	Luberski Inc.	101,491	\$24,695.99	20,799
11	Chambersburg Skilled Nursing & Rehabilitation	87,011	\$21,578.16	17,831
12	Laurel Lakes	76,795	\$10,456.49	15,738



Nitterhouse Tank

Payment In Lieu Of Ambulance Fee

In years past, the Borough Water Utility made a tax-like contribution to the General Government operations of the Borough. The Water Utility paid \$72,000 per year through 2013. 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.

The Water Utility continues to contribute to the internal services funds of the Borough including Engineering, Motor Equipment, Self-Insurance, and Administrative Services; for services rendered to support the utility's operations.

In 2024, a property owner approached the Borough with a unique problem. They were struggling with accounting for the Ambulance Fee. While the Ambulance Fee is not Water Utility revenue, it is collected as a surcharge on water service invoices.

A unique water rate was established for those units owned by the property owner noted above, which should allow the Borough to incorporate the Ambulance Fee into the water rates rather than have them delineated as a surcharge on the water service invoices, but only for these properties. In general, the Borough prefers to break down the difference between water rates and the Ambulance Fee on water service invoices. This practice has caused trouble for the customer.

So, to assist the customer, and only for these accounts, the new rate will bury the fee inside the water rate. In the 2025 Budget, staff will break their accounts out as unique and then make an internal accounting move to get the ambulance fee paid to the Fire Department from the Water Utility once collected.

This one transfer for this one customer will be therefore a Payment in Lieu of Ambulance Fee transferred by the Water Utility to the General Fund.

Wastewater Utility



The Chambersburg Wastewater Utility 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 Wastewater Utility 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 improve continually the performance of the organization.

Utility Director: Lance Anderson, PE

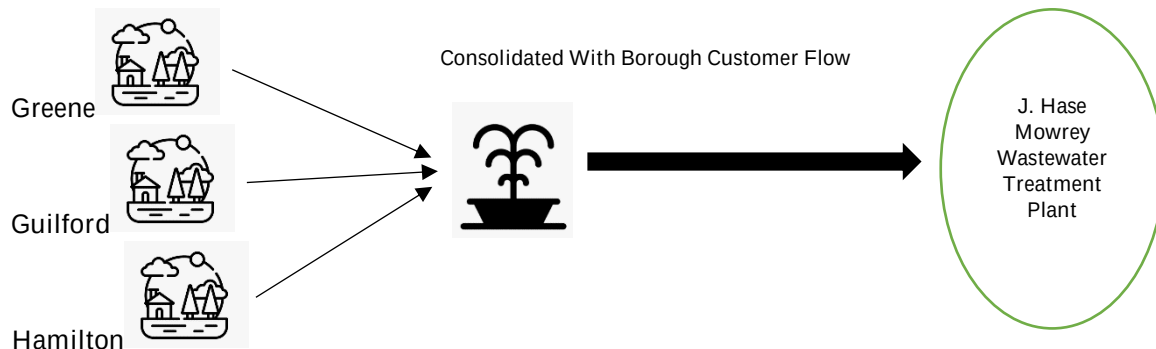
	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Revenue	\$8,456,176	\$8,422,731	\$8,846,000
Expenses	\$8,789,614	\$8,422,731	\$8,846,000
Excess (Deficit)	-\$333,438 Deficit*	- Balanced -	- Balanced -

* - Includes a \$324,765 transfer for future capital projects which was balanced by a surplus in the previous fiscal year.

The finances of the Wastewater Utility are in a strong operating position. It has one of the lowest average monthly sewer rates in Franklin County.

Also, 2025 saw the first and only sewer rate increase in eleven years. No increase is contemplated for 2026 and the fiscal operations of the utility, with one of the lowest sewer rates in our area, remains outstanding.

In 2026, staff is proposing no rate increase. Chambersburg has the lowest retail rates in the region with an average residential sewer bill of \$27.16 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, but as costs continue to rise and capital investment continues to be necessary, future rate increases may be necessary.



How does this compare to area wastewater utilities?

Municipality	Rate	Monthly Billing
Borough of Chambersburg (Current)	38.8¢	\$27.16
Borough of Chambersburg (Outside)	48.5¢	\$33.95
Hamilton Township		\$65.00
Gettysburg		\$63.08
Carlisle		\$53.62
Capital Region Water		\$52.26
Greene Township		\$48.00
Greencastle		\$47.80
Waynesboro		\$47.25
Antrim Township		\$45.00
Guilford Township		\$42.00
Washington Township		\$31.98

In late 2023, the Wastewater Utility moved the sludge hauling operation at the WWTP in-house. The hauling contract (bid every three years) had tripled over the last ten years due to lack of interest from local haulers. In 2023, hauling and disposal costs totaled approximately \$800,000. The additional WWTP operation resulted in one additional Water/Wastewater shared employee added but also resulted in a projected decrease in sludge costs of \$100,000 in 2025.



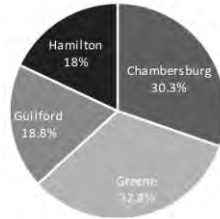
WWTP Sludge Hauling Truck – Purchased 2023

In recent years, the Wastewater Utility has addressed the need to replace its most experienced workers due to retirement. In 2021, the department added and filled an Assistant Chief Operator position for succession planning. In 2022, the department added and filled an Assistant WWTP Supervisor position and a Water and Sewer Inspector Trainee position. Filling these positions will allow current employees in their new roles to learn about the WWTP operations and inspection duties from existing employees prior to their retirement in the upcoming years.

In 2023, the Lead Person on the Water and Sewer Maintenance Crew was promoted to Water and Wastewater Maintenance Supervisor. Additionally, in 2024, three new Maintenance Person positions were added to increase the field crew from five to eight individuals. The additional personnel allow the department to keep pace with increasing workload and demands by having up to two field crews. The primary responsibilities of the Maintenance Person position are to provide general maintenance, repair,

replacement, installation, and investigative services for the Borough of Chambersburg’s water distribution system and sewer collection and conveyance system.

The 2026 Wastewater Utility budget reflects no further changes in staffing, but future staffing changes and/or additional capital investments may someday trigger a future rate increase.



Intermunicipal Cooperation

The utility entered into a regional wastewater cooperation agreement with the surrounding townships in 2010. That was followed up with a regional wastewater conveyance agreement in 2015. Finally, the Wastewater Utility is working with Greene Township to establish ~250 EDUs (equivalent daily units of sewage flow) in the Grand Point neighborhood north of Norland Avenue.

Wastewater Utility 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 partners adjusted the sewer capacity allocations of 11.28 mgd (million gallons per day) based on annual average flow (AAF) 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 wastewater treatment, the Borough also provides conveyance services through the following shared interceptors:

<u>Interceptor</u>	<u>Contributing Municipalities</u>
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 a portion of the area north of Norland Avenue in Greene Township. On May 17, 2022, an

Intermunicipal Agreement between the Borough, Greene Township, and the Greene Township Municipal Authority was executed defining this cooperative effort.



Cooperative Sewer Service Area – Greene Township

The Borough of Chambersburg is cooperating with Greene Township to help bring development to their transitional commercial zoning district, which currently lacks proper wastewater facilities.



The Area of Greene Township Known as the Peanut will have Borough of Chambersburg water & wastewater service

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 funds for \$65,000 to put in a Sanitary Sewerage System in Chambersburg. The Finance Department is the proud possessor of bond number 25 for \$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, the Borough has made continuous improvements with major improvements 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). Engineers indicated that the Plant capacity was 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 Borough upgraded the facility to a capacity of 5.2 million gallons per day, at a cost of \$9.045 million (Unlike today, the Borough was able to fund 75% of the cost through a grant).
- 1997 Upgrade: Upgrades were completed in July 1999 at a cost of \$18.5 million. Engineers indicated that the Plant capacity was 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 wastewater 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 Wastewater System

- 87 miles of pipe length;
- 2,305 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



2022



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 million gallons per day (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, the municipal partners needed to upgrade the facility to meet the nitrogen and phosphorus caps. In addition to meeting these caps, the partners needed an expansion from 6.8 mgd to 11.28 mgd to accommodate the anticipated growth from regional development 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. Engineers designed a size of 33.5 mgd of influent flow, and all internal conveyance infrastructures capable of passing flows that are associated with this instantaneous peak as well throughout the plant.
- PA DEP established discharge limits necessitating an improved biological treatment process to provide nutrient (nitrogen and phosphorus) removal. Compliance with these limits were required beginning in October 2012. In order to meet these requirements during the construction period through 2016, the Borough purchased nutrient credits on the open market from other treatment facilities with excess treatment credits, on an interim basis.
- Available for beneficial reuse in land application, the Borough installed a new biosolids treatment process resulting in an improved final product quality. 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 Borough installed a new UV system in spring 2012.

The Borough completed the upgrades 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, engineers projected the costs to over \$50 million with a reduced scope of construction. Our "Municipal Partners" shared all costs, as defined in the Intermunicipal Agreement, including the Greene Township Municipal Authority, the Guilford Township Sewer Authority, and the Hamilton Township Municipal Authority. The partners executed the agreement 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. However, for the first time since reconstruction, some significant projects are necessary to make sure this facility continues to operate effectively.



Final Clarifiers



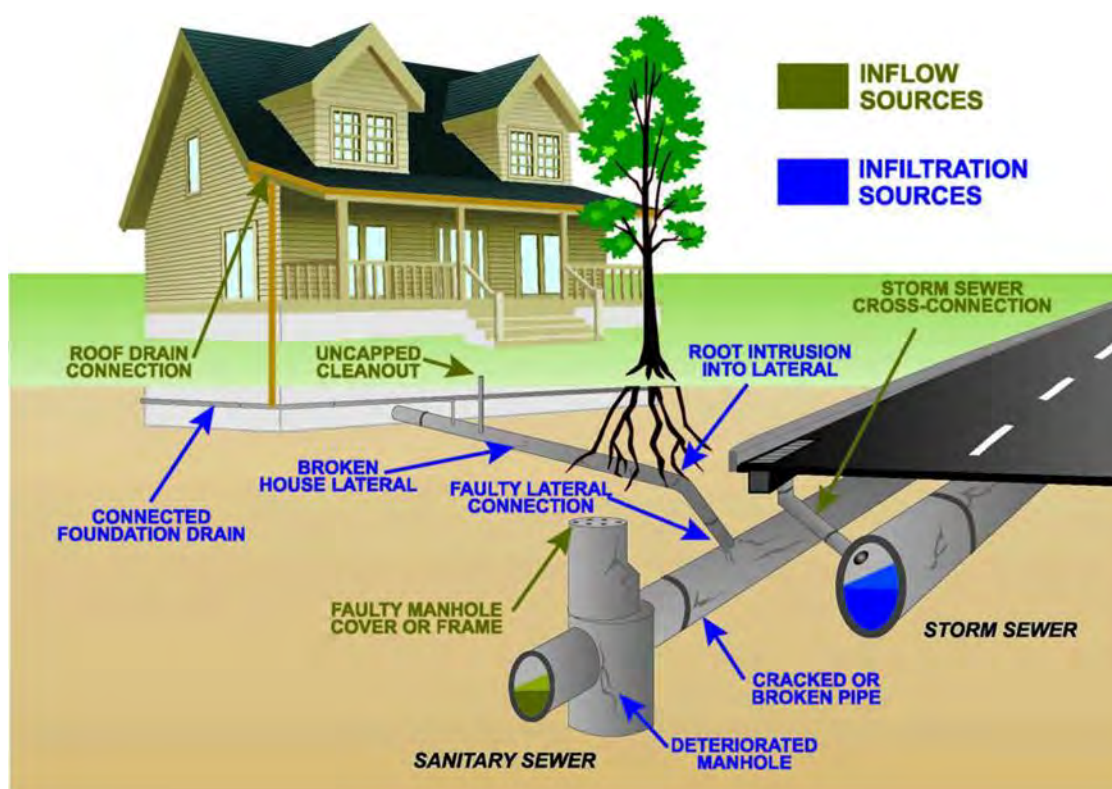
Biosolids Treatment Facilities



Disinfection Facilities



Final Outfall to Conococheague Creek



The Wastewater Utility works to keep Inflow and Infiltration out of the sewer system. For example, from 2022 through 2024, more than 21,000 linear feet of sewer was televised for defects, and more than 9,000 linear feet of terra cotta sewer main was replaced with modern PVC sewer main by Wastewater Utility personnel and contractors.



Raw Water Influent vs. Final Effluent

Wastewater Utility Services

- Regional wastewater conveyance and treatment:
 - o Treated 2,045,000,000 gallons of wastewater in 2023;
 - o Average daily wastewater treatment plant flow: 5.602 mgd;
 - o Decrease from 2022 of 2.8%.
- Sewer customers
 - o Residential 8,422
 - o Commercial 971
 - o Industrial 18
 - o Municipal 3
- Operation and maintenance of the collection and treatment facilities:
 - o Replaced 0 feet of sewer main in 2023 (due to water maintenance work);
 - o 0 wastewater maintenance repairs in 2023 (due to water maintenance work);
 - o 9,709 feet of mains televised in 2023;
 - o 1712 feet of contractor installed sewer main extensions were completed in 2023;
- Operation of the Wastewater Treatment Plant laboratory:
 - o Perform regulatory and control testing for the WWTP.
- Plumbing Inspections:
 - o Pennsylvania Municipal Code Alliance performs in-house plumbing inspection. However, exterior inspections as well as other types of in-house inspection services, such as sewer system inspections, are performed by Borough personnel.

Projects

- East Conococheague Pump Station: \$2,000,000;
 - o Includes the abandonment of a section of the East Conococheague Interceptor between King Street and Chambers Street;
 - o Currently in design with bidding in late 2024;
- Laurich Meadows Pump Station: \$2,000,000;
 - o Includes the complete relocation and replacement of the pump station;
 - o Currently in design with bidding in late 2024;
- WWTP Solids Processing Improvements: \$400,000;
 - o Installation of valve actuators with SCADA integration in order to meet operational goals
- WWTP Thickener Roof Removal: \$110,000;
 - o Currently on-hold pending operational changes;
- Street Repair Projects 2024: Approximately \$625,000 dedicated to fixing infrastructure before streets are paved.

East Conococheague Pump Station Project

The project will allow the abandonment of 1450 feet of the East Conococheague Interceptor between King Street and Chambers Street. The Borough built interceptor in 1911.

- Estimated cost: \$2,000,000.

Interceptor repair obstacles:

- Located in the stream bank or wetlands;
- Adjacent to the cemetery behind Falling Spring Presbyterian Church;
- The pipe was cast in place in 1911 on an existing stone wall.

The pump station will transfer flow across the Conococheague Creek to the West Conococheague interceptor which was constructed in the 1970s.

Anticipated construction years: 2025-2026.



Pump Station Location - Chambers Street

If possible, following construction, it would be the goal of the Wastewater Utility to maintain creek access at the end of Chambers Street.

- Estimated cost: \$2,000,000

- Site cannot support a replacement project;
- Stream erosion is undermining the foundation;
- Land acquisition was required and completed in 2024.

Existing Laurich Meadows Pump Station



Pump Station Relocation

- Street Repair Projects 2026: \$660,000 per year dedicated to fixing sewer infrastructure before streets are paved.
- WWTP solids processing improvements: \$400,000 (2026 costs: \$400,000)
 - o Improve processing to reduce sludge production and make all sludge available for land application.
- East Conococheague pump station: \$2,000,000 (2026 costs: \$1,800,000)
 - o Construction of a pump station in order to abandon a section of the East Conococheague Interceptor between King Street and Chambers Street.
 - o Anticipated construction years: 2025-2026.
- Laurich Meadows pump station: \$2,000,000 (2026 costs: \$1,800,000).
 - o Relocation and construction of a pump station that supports sewer service for Laurich Meadows.
 - o Anticipated construction years: 2025-2026.
- WWTP equipment evaluation and upgrade: \$15,000,000 (2026 costs: \$500,000).
 - o Evaluation of aging WWTP equipment for future replacement and/or upgrade.
 - o Equipment includes UV disinfection, belt press, old headworks, grit removal, and solids building.
 - o 2026 scope: evaluation/early design.
 - o Construction timeline: 2027 – 2029 construction.
 - o Cost sharing: 30.32% Borough share; 69.68% Township share.



Aging Equipment – UV Disinfection



Aging Equipment – Belt Press



Aging Equipment – Grit Removal



Aging Equipment – Old Headworks

- WWTTP SCADA replacement: \$2,000,000 (2026 costs: \$200,000):
 - o Evaluation of the existing SCADA system including computer hardware, PLCs, code, connecting infrastructure, and connected panels.
 - o 2025/2026 scope includes Engineering Report and design with construction to follow.
 - o Cost sharing: 30.32% Borough share; 69.68% Township share.
- Sewer camera truck: \$500,000:
 - o Replacement of the current Rausch USA camera truck purchased in 2011;
 - o Used for the evaluation of sewer mains, investigation of inflow and infiltration, assisting customers, etc.



Sewer Main Installation



Manhole After Rehabilitation



Typical Sewer Camera Truck

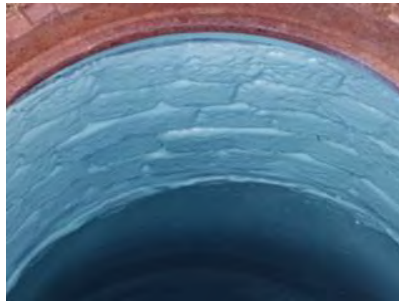
- Sewer equipment and tools: \$50,000.

Future (2027+) Capital Projects

- WWTP thickener roof removal: \$110,000
 - o Removal of a deteriorating roof from a tank structure.
- Manhole rehabilitation/sewer lining: \$60,000
 - o Rehabilitation of existing sewer infrastructure when replacement is not feasible.
- WWTP Roof Replacement: \$100,000
- Grandview Avenue Sewer Replacement: \$1,000,000



Sewer Main Installation



Manhole After Rehabilitation



WWTP Thickener

Future Water/Wastewater Crew Maintenance Facility

On October 6, 2021, the Sanitation Department purchased the Old Cold Storage property located at 1335 S. Fourth Street. This will be the future site of the Water and Wastewater maintenance crew equipment storage section of the new Public Works facility to be built at 366 Wayne Avenue (the sites are contiguous). The new Water & Wastewater utilities maintenance crew offices are currently located across S. Fourth Street at the previously purchased site at 1332 S. Fourth Street. In addition to meeting current and future Water/Wastewater needs for maintenance personnel, the Borough will also investigate using 1335 S. Fourth Street as the location of a connection to the south end of the Rail Trail, which currently terminates nearby at S. Main Street. In 2023, the Old Cold Storage building was demolished by the Sanitation Department as part of the new Public Works campus project.



Old Cold Storage Building on S. Fourth Street – Before and after demolition



Water/Wastewater Utility Office Building Occupied at 1332 S. Fourth Street

The Wastewater Utility operates a Wastewater Treatment Plant (WWTP) 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 January 2022. On July 1, 2022, the State issued a permit, which will run through June 30, 2027. This permit contains expanded regulatory testing requirements beyond previous permit levels. The Wastewater Utility added a Laboratory Technician/Operator position to meet increased regulatory requirements in 2017. New regulatory requirements may require additional personnel in the future.

Regulatory requirements and laboratory functions, as required by the NPDES permit, will continue to increase for wastewater, water, and storm sewer functions in the upcoming 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.

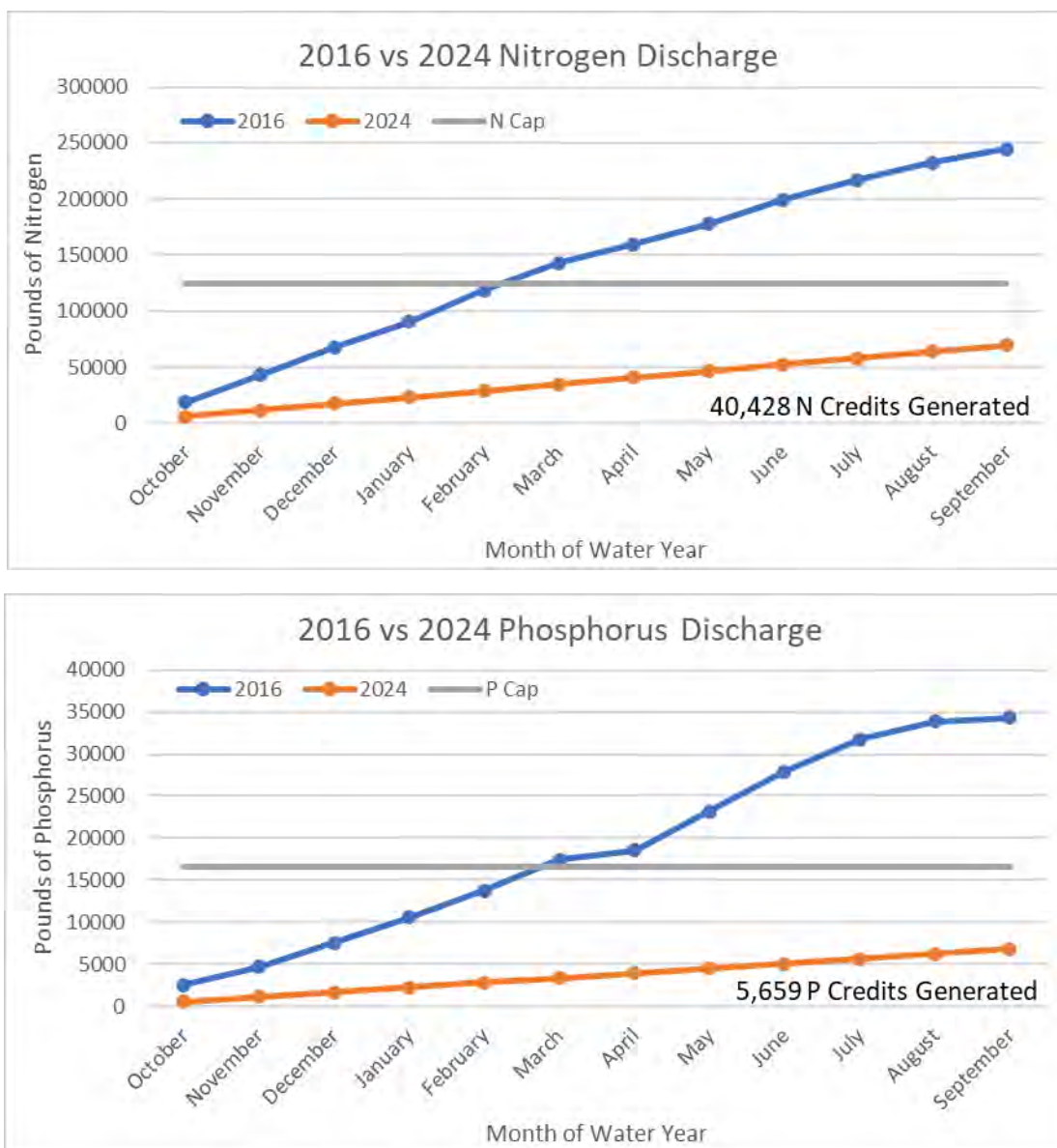
*These are:

technology-based standards



Lance Anderson at the Headworks

Removal Trends (Nitrogen and Phosphorus)



The treatment process is successfully controlling the release of nitrogen and phosphorus as required by DEP. This was the primary goal, along with wet weather capacity, of the improvements at the wastewater treatment plant.

Sewer Rental Rates

The 2026 budget is proposing no rate increase. Chambersburg has the lowest retail rates in the region with an average residential sewer bill of \$27.16 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, but as costs continue to rise and capital investment continues to be necessary, future rate increases may be necessary in the upcoming years.

Also, for some historical context on the terminology, wastewater fees are called sewer rental fees in Pennsylvania because the term emphasizes the charge as a fee for the "rental" or use of the public sewer system, rather than a tax. This distinction is significant because it establishes the charge as a user fee for service provided, which is used to cover the costs of operation, maintenance, repair, and construction of the sewer system, as outlined by the Pennsylvania Sewer Rental Act of 1935.

Industrial Pre-Treatment Customers (in PDD order)

	Permitted 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



Falling Spring Sewer Interceptor

This Page Intentionally Left Blank

Sanitation Utility



The Sanitation Department pursues a commitment to provide a safe, efficient, and effective municipal solid waste collection and disposal operation 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. In November 2025, Tyler Fairchild will join the Borough of Chambersburg as the new Director of Public Works.

Utility Goals:

- To safely and efficiently collect residential and commercial 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.

Acting Utility Director: Shawn Layton, PE, CBSI

	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Revenue	\$5,049,491	\$5,542,975	\$6,177,000
Expenses	\$4,616,643	\$5,542,975	\$6,177,000
Excess (Deficit)	\$432,848 Surplus*	- Balanced -	- Balanced -

* - Includes a \$235,857 transfer for future capital projects was made as this surplus was realized.

The finances of the Sanitation Utility are in a strong operating position. It has one of the lowest average trash rates in Franklin County for similar levels of service.

While 2025 saw a significant rate increase, there is no increase contemplated for 2026, and the fiscal operations of the utility, remains outstanding.

While in 2026, staff is proposing no rate increase, there are some serious challenges facing both the utility's operations and finances in 2027. Chambersburg continues to have one of the lowest trash rates in the region with an average residential trash bill of \$32 per month. The existing rates are sufficient to provide for the operation, but as costs continue to rise and capital investment in equipment continues to be necessary, cutting services, as has been done by private trash haulers in our region remains a viable way to avoid rate increases.

Future considerations for future years include: reduce the amount of trash collected per week, standardize to a universal collector container to limit quantity and staffing needs, reduce recycling collection to monthly, switch to a recycling drop-off system, eliminate glass from the recycling stream, and charge for e-waste collection. All of these alternatives remain on the table for 2027 and beyond.



Toters work well in suburban neighborhoods



Standardized containers are a challenge in urban areas

The rates charged by the Sanitation Utility remain significantly below private sector competition for trash disposal in the region.

Serving 8,080 residential customers and 652 commercial customers, the Department is primarily responsible for collecting commercial and residential trash, as well as residential and small commercial recycling.

Chambersburg Sanitation Residential Rate (2026): \$32/month including recycling, semi-annual bulky-item and annual E-waste drop-off events

Other Trash Systems:

Waste Management (2025):

\$45.24/month - Includes recycling, but no bulky

Apple Valley (2025):

\$59.98/month - Includes recycling, but no bulky

Worthy's Refuse (2025):

\$51.00/month – Includes recycling, but no bulky

IESI - Waste Connections (2025)

\$47.33/month – Includes recycling, but no bulky

Based upon same or similar level of service for comparison

The Sanitation Utility is responsible for several other activities, such as street sweeping, the annual electronic waste collection, semi-annual bulky item collection, leaf collection in the fall, and “Christmas Tree” collection. The Department also supervises the Green Yard Waste Collection Center on W. Commerce Street, in Hamilton Township. In 2025, the Department added to the street sweeping program to meet the growing demands of the Borough and to incorporate weed removal. The incorporation of weed removal into the street sweeping program will greatly reduce the need to have contractors applying herbicide to curb lines throughout the Borough.

The Sanitation Utility also oversees and maintains the Borough Farm, which is used for transient storage of construction material such as stone and clean fill. In the near future the Borough Farm will need to be expanded. Finally, the Sanitation Utility co-owns the current Loudon Street Public Works facility and the new site of a future planned public works campus on Wayne Avenue.

The Borough's recycling program, managed in-house, continues to provide the more convenient single-stream recycling of almost all recyclable materials today.

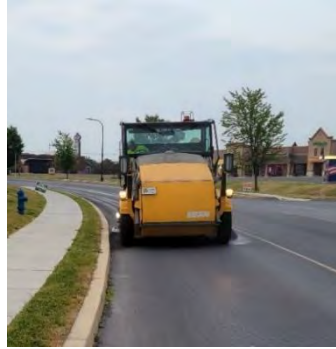


Current procedures require manual staffing and heavy lifting to accomplish collection

Currently, the Borough of Chambersburg does not require any standardized container, and bags are acceptable although lifting of large bags is a safety concern.

Major Activities of the Sanitation Utility

- Residential Trash Pick-Up and Disposal;
- Commercial Trash Pick-Up and Disposal;
- Recycling Collection and Disposal;
- Green Yard Waste collection and disposal;
- Leaf Collection and Disposal;
- Bulky Item Semi-Annual Drop-off Event;
- Electronic-Waste Annual Drop-off Event;
- Street Sweeping.



Pay as You Throw Works for Small Trash Users but is Subsidized by Large Families & Businesses

Some communities and private trash haulers use a pay-as-you throw system, which may seem deceptively fair to smaller trash customers (i.e., one or two person households), but in fact, shifts operating expenses to larger users (i.e., big families and business customers).

Most of the operating expenses for a trash enterprise does not rise or drop based upon quantity of trash collected or brought to the landfill. For example, expenses such as number of trucks, number of employees, employee wages and benefits, cost of fuel, insurance, truck maintenance, and billing expenses, are rather static regardless of heavy trash tonnage or light trash tonnage. The main expense that changes is tipping fees. Tipping fees are the fees paid by the Sanitation Utility to drop trash at the landfill. That is a major operational expense and the one expense which is in direct proportion to the quantity of trash collected.

In a pay-as-you throw system, customers buy special bags or special tags to mark each bag of trash as paid for and ready to throw away. Only pre-paid bags or tagged bags are collected.

In the current system, each household is charged the same amount of money per month for the same monthly collection quantity. In Chambersburg, residents can dispose of up to three containers of refuse per week unless they purchase an additional tag for any extra containers. Regular households can have up to three 30-gallon bags for the Borough's weekly collection service.

The current fee assumes every residential household pays the monthly \$32 fee. If some households were permitted to throw less trash away and pay less, seeing as most expenses would not fall, the balance of the households would need to pay more or extra to make up the revenue shortfall.

For illustration purposes, if 50% of the households were to pay 50% of the cost (i.e., \$16 instead of \$32) then the balance, the other 50%, would need to pay 50% more of the cost (i.e., \$48 instead of \$32). In that way, the revenue of the system would stay equal. To accomplish this in a pay-as-you throw system, the cost per pre-paid bag or pre-paid bag tag would need to be high enough that large users spend much more per month to make up for the discounts or savings realized by smaller users.

This is not an equitable or fair way of lowering costs because it only benefits some customers.

A better way to control the rising cost of monthly trash fees is to reduce the amount of trash everyone can throw away to a point where less employees and less trucks are needed. For example, changing collection from weekly collection to every other week may accomplish savings. Also, deleting recycling or changing recycling to drop-off rather than curbside collection can save on employees and trucks, thereby reducing the rising trash fee.

Chambersburg Recycling System

In 2020, the Borough switched from using Waste Management for picking-up and processing 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 resulted in savings to the department for a time. Best of all, from their perspective, our residents have been able to participate in recycling in the same manner as they have been doing for years. All the while, other towns and other places have moved to eliminate recycling options.

In 2022, the Borough extended our contract with a private recycling broker for one year. In 2023, a new three-year contract was awarded to provide this valuable service to our community.

The recycling system throughout the U.S. and our region continues to experience challenges relating to economic factors and the marketability of recycled materials. In addition, while we anticipate recycling programs will continue to evolve, our Sanitation Department is committed to providing a viable program for the near future. Through at least 2026, we anticipate things might stay the same for recycling.

For many years, Chambersburg personnel have collected all residential municipal waste, so the transition back to collecting our own recycling was not too difficult to arrange. However, in addition to hiring employees and purchasing a collection vehicle for this operation, the Borough had to find a way to process the recycled material.

In our process, the Borough collects single-stream comingled recyclable material from the curbside from Borough residents and small commercial establishments. The Sanitation Department transports this material to the transfer facility located at the Borough Farm. At the Farm, crews consolidated the comingled material into a recycling container supplied by the private recycling broker. The private recycling broker is therefore fully responsible for the recycling efforts of these materials.

Unfortunately, the global marketplace for recycled materials has collapsed and, without foreign markets for the material, the value of this material is considerably less. In fact, with such low rates to landfill municipal solid waste in our region, the disposal of recyclables is actually at a significant premium over trash. In Pennsylvania, there are no regional recycling efforts. Every community is on its own. Finally, the State encourages, but barely recognizes, recycling efforts. We receive an annual small grant to help.

However, the Borough remains a green community, committed to recycling, even at a premium cost over disposal. As with our wholesale electricity purchases, we exemplify a commitment to the environment through this sanitation program. We will endeavor to extend these efforts as long as practical.



Recycling Transfer Station at the Borough Farm

Recycling is one factor in the way that the Borough received a Sustainable PA Gold Level designation from the Pennsylvania Municipal League and Sustainable Pittsburgh.

In addition, Town Council is quite proud that we have found a way to keep this program going where each year it becomes financially and logistically more challenging.



**RECYCLE OFTEN.
RECYCLE RIGHT.™**



Borough of Chambersburg

Beginning now, residential trash customers have single stream recycling:



**Plastic Bottles
& Containers**



**Food & Beverage
Cans**



Paper



**Flattened Cardboard
& Paperboard**



**Food & Beverage
Cartons**



**Clear, Green &
Brown Glass**

Do NOT include in your mixed recycling bin:



NO Food Waste
(Compost instead!)



**NO Plastic
Supermarket
Bags & Film**



**NO Foam Cups,
Packing Peanuts
& Containers**



NO Needles
(Keep medical waste out of recycling. Place in safe disposal
medical trash containers)

**To Learn More Visit:
RecycleOftenRecycleRight.com**

#RORR

**Please place recycling all in one bin to be picked up by
Waste Management on behalf of Chambersburg every week
on the same day and in the same place as your Borough
trash pick up.**

Bulky Waste

Any bulky waste that is dumped illegally in public areas such as sidewalks or streets will be collected by Borough employees and the adjacent property owner will be assessed at a rate of \$75 per hour as a 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 property owners are responsible.



Bulky Item Collection at the Borough Farm, September 2025

The following are bulky items:

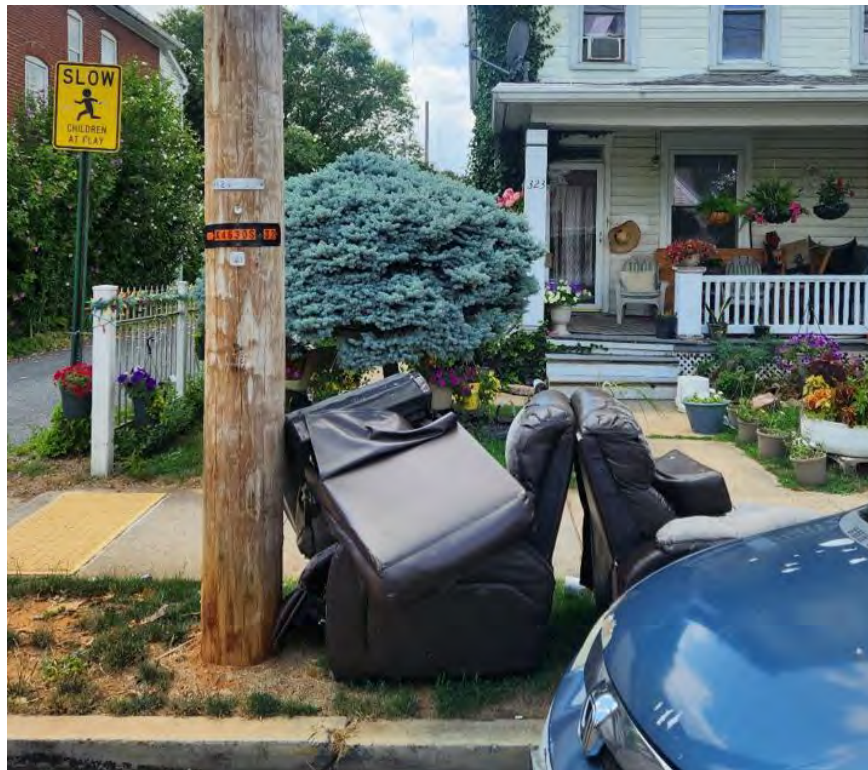
Air Conditioners	Freezers	Rugs
Bathtubs	Furnaces	Screens
Beds	Furniture	Sheds (metal)
Bicycles-Tricycles	Heaters	Sinks
Bookcases	High Chairs	Speakers
Box Springs	Ladders	Spouting
Carpet	Lamps	Stands (wire, wood, plastic)
Chairs	Landscape Logs	Stoves
Commodes	Lawn chairs	Stools
Couches	Lawn Mowers/Sweepers	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

The Borough will not accept construction debris: no bricks, no drywall, no cinder blocks, no floor or ceiling tiles, no construction wood.

The Borough will not accept green yard waste: customers should bring all green yard waste 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.



Borough Recycling Containers or Toters Ready for Pick-up



Example of Illegal Dumping

If a property owner or a tenant is moving out of a house or apartment, or if a Sanitation Department customer has accumulated bulky trash, they have four options by which to comply with our ordinances:

- 1) Rent a dumpster from the Borough of Chambersburg, or a larger dumpster can be rented from a private company;
- 2) Transport bulky trash themselves to the Progressive Waste Blue Ridge landfill located in Scotland, PA, or to any other licensed waste disposal location, at their expense;
- 3) Transport allowed bulky trash themselves to the Chambersburg Waste Paper Transfer Station located in Chambersburg, PA at their expense; or
- 4) Hold their bulky trash, out of sight, within the confines of their property until the semi-annual (spring and fall) Borough bulky trash disposal event.

Electronic Waste (E-Waste) Recycling

Another aspect to recycling is the disposal of electronic waste or e-waste items. 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. Very few municipalities provide this service or they provide it for free. Borough sanitation customers are therefore limited to the disposal of two items each.



Sanitation & Highway Personnel Load Large Flat Screen TVs during Electronic Waste Drop-Off Week

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 this was 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.

The Borough reduced debt payments (like a mortgage) for the site in 2021 by a refinancing to \$101,795 per year.

In addition to a full-time employee who manages the waste and confirms residency during the warm weather months, the Borough has hired one part-time Sanitation worker to expand the open times at the facility. This employee works 10 hours per week at the site. During the cold weather months, the full-time employee supplements the Sanitation Department crew.



Borough Employees Cleaning Up Green Yard Waste Center



Leaf Vacuum Truck

New Wayne Avenue Public Works Facility Will House Sanitation

For a considerable amount of time, the Borough has struggled with finding a suitable home for the Sanitation Utility. The number of trucks has grown over time as have the size of the trucks and the number of employees. Currently, Sanitation is pigeonholed into the Loudon Street garage along with Highway and Motor Equipment maintenance. That site, in the floodplain, is very small, and had no room for renovation or growth. It was possible that Sanitation could find its own home alone but a utilization study completed by SGS Architects/Engineers of Carlisle, Pennsylvania, determined that there was organizational advantage to keeping Sanitation with Motor Equipment maintenance. Therefore, as the Wagner site was acquired and planning begun, it became clear that a Public Works Campus housing Sanitation, Highway, Motor Equipment, Engineering, the Water and Wastewater Street Crew, and Public Works administration was the best alternative project for the future.

In 2025, Town Council approved a new bond (the first of two planned bonds) associated with the construction of the Public Works Campus. This transformational project for the neighborhood is now well underway. The Chambersburg Public Works Department purchased the old abandoned cold storage building on S. Fourth Street, the Wagner Supply Depot next door, and several homes on Wayne Avenue. These derelict and blighted structures were demolished in 2023. Most recall the house with the endless yard sale. The land was incorporated into the new site of the Borough's future public works facility. The Federal ARPA grant provided sufficient funding to secure some of the building, plan for and help pay some of the demolition and the clearing of the site.



Former Buildings Demolished

Ground was broken on this important facility in early 2025. The new facility, a Public Works Campus, will be home to the Highway Department, Engineering Department, Sanitation Department, Motor Equipment maintenance, and the Water and Wastewater maintenance crew. It's well needed as the previous public works facility was built in 1921, so it's been over 100 years.

In addition to Federal grant money, which was designated from the American Rescue Plan Act (ARPA) for this project, Council has approved using the Borough utilities through their motor equipment rentals, and the Borough taxpayers, together will fund this community revitalization development to modernize Borough operations and relocate disparate departments into one modern energy-efficient facility for generations to come.

As of now, the current cost to the average single-family homeowner in Chambersburg is \$18 per year in real estate taxes or about the cost of one large pizza.



Construction Well Underway

Borough Employee Commercial Driver's License (CDL) Training Program



PennDOT Commercial Drivers' License Testing Area

In 2022, the federal government changed the requirement to obtain a commercial driver's license (CDL), requiring entry level driver training (ELDT), as a prerequisite to taking the CDL exam. As a result, the Borough developed an in-house program utilizing current staff to facilitate the program as the most efficient option for the Borough. The Borough's program and curriculum were approved by the state, and the in-house training of staff to obtain their CDL began in 2022. Having this program in-house is an advantage when recruiting talent to work for the organization in positions that require a CDL; it expedites the process overall, and provides an opportunity for candidates for employment, new employees, and internal transfers who may otherwise not be able to afford the training on their own. Additionally, it was and continues to be a great addition to an already established training and development program at the Borough. We've had 18 employees, to date, successfully go through the Borough's CDL Training Program and obtained their Commercial Driver's license through the Pennsylvania Department of Transportation.

This Page Intentionally Left Blank

Municipal Separate Storm Sewer System (MS4) Utility



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. Originally, the Borough drafted and adopted the local law according to the Act 167 Conococheague Creek Watershed Plan, as approved by the Pennsylvania Department of Environmental Protection (DEP) on November 10, 2003.

Year 2025 marked the tenth 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 Utility Manager, Andrew Stottlemeyer

	<u>2024 Actual</u>	<u>2025 Budget**</u>	<u>2026 Budget</u>
Revenue	\$1,606,940	\$1,665,542	\$1,852,250
Expenses	\$1,112,616	\$1,665,542	\$1,852,250
Excess (Deficit)	\$494,324 Surplus*	- Balanced -	- Balanced -

* - In 2024, that budget reflected the end of the across-the-board 30% credit for all non-residential customers. Only those customers who rightfully earned a 15% or 30% credit by filing appropriate proof of having best management practice storm water installations on their property continued to receive that credit.

** - For 2025, Council approved increasing the per month per ERU fee from \$5 to \$6.

The finances of the Storm Sewer Utility are in a strong operating position. While 2025 saw a 20% rate increase, there is no increase contemplated for 2026, and the fiscal operations of the utility, remains outstanding.

While in 2026, staff is proposing no rate increase, there are some serious challenges facing both the utility's operations and finances in 2027. Chambersburg is proudly a leader in the region collecting sufficient fees to maintain this large and complex utility operation. The existing rates are sufficient to provide for the operation, but as costs continue to rise and capital investment in construction continues to be necessary, and update to the Borough's list of required future construction projects may put more strain on this utility in the future.

The MS4 program is a regulatory program for Municipal Separate Storm Sewer Systems (MS4) to manage stormwater runoff and protect water quality. An MS4 is a public system of conveyances like pipes and ditches that collect and discharge stormwater, separate from the sanitary sewer system, into local waterways without treatment. Under the program, these municipalities must develop a Stormwater Management Plan with six minimum control measures to reduce pollutants.

Not all towns have an MS4 program in Pennsylvania because the requirement is based on population density, and only municipalities within an "urbanized area" with a separate storm sewer system must comply. Rural communities, regardless of having a stormwater system, are not required to participate in the MS4 program.

Chambersburg has had an MS4 program for a generation, but the formation of a utility is rather recent.

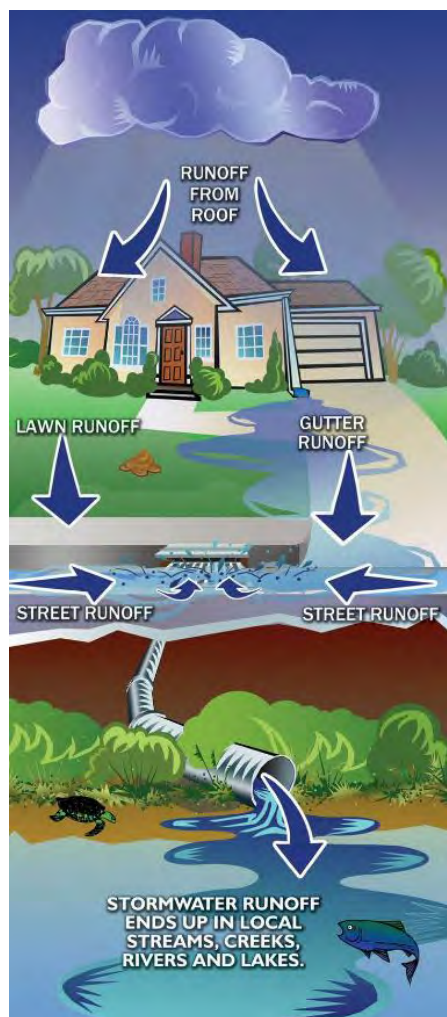
MS4 Permit

The Borough municipal separate storm sewer system (MS4) operates under Pennsylvania Department of Environmental Protection NPDES General Permit No. PAG 133704, of which coverage commenced on June 1, 2018 and expires at midnight on March 15, 2025.

In 2018, the Pennsylvania Department of Environmental Protection (DEP) approved a new NPDES General Permit, along with a Chesapeake Bay Pollutant Reduction Plan. The Borough has until March 15, 2025, to achieve pollutant-loading reductions for sediment, total nitrogen, and total phosphorous. It should be noted that DEP has administratively extended the existing permit that MS4 permittees operate under.

The MS4 Permit requires the Borough to operate a stormwater management program to address the following Minimum Control Measures:

- 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.



In 2021, Council approved the utility to switch from a flat rate, per sanitary sewer connection, to a rate based upon impervious area as calculated for each non-residential lot. This new methodology was finally implemented in 2022, resulting in a significant change for commercial, industrial, and institutional customers (shopping centers, schools, churches, the hospital, etc.), which all saw significant changes in their Storm Water Pollution Control Fee. The change for single-family residential customers, however, did not change. The new system allows every type of property to pay their fair share based upon their proportional relationship to the impervious area of a single-family residential home, expressed in single-family equivalent resident units or ERU. This new calculation methodology is commonplace and recommended by the United States Department of Environmental Protection.

Beginning in 2023, the Storm Sewer Utility changed the calculation methodology for the Storm Water Pollution Control Fee, which resulted in a significant increase in revenue so that the utility could undertake the required maintenance, investment, and operation of the storm sewer system and requirements of the municipal separate storm sewer system (MS4) permit.

Beginning in 2024, a system of automatic discounts for non-residential property owners ended, as the ERU system became accurate to the actual cost to process stormwater on all types of properties.

*1 ERU = 1 Equivalent Residential Unit = 1 Average Single-Family Home
The average impervious area for the average home in the Borough of Chambersburg*

Storm Sewer Pollution Control Fee Rate for 2026

In the Borough rate system, every single-family home, regardless of actual impervious area, pays 1 ERU as if they were all equal to the average single-family home. Every single-family home is paid at the average. Non-single-family homes (commercial, industrial, institutional, etc.) types of property pay the fee based on their actual impervious area, in multiples of ERU, as in multiples of average single-family home impervious area units.

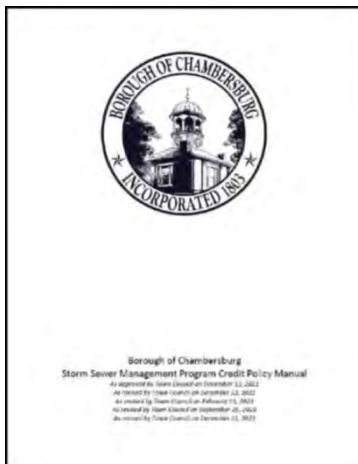
For 2025, Town Council set the per month per ERU fee at \$6, with all single-family customers paying \$6 per month, and all non-single-family residential customers paying a monthly fee that is determined by multiplying the \$6 per ERU fee by the total impervious area on their property. Three different Storm Sewer Pollution Control Fee Credits are offered, with the non-single family residential customer structural Best Management Practices (BMP) being the most used. Property owners are encouraged to reference the Storm Sewer Management Program Credit Policy Manual that explains how they can comply with the Structural BMP Credit requirements to secure a credit.

For 2026, staff recommends no change to the per month per ERU fee of \$6.

Storm Sewer Pollution Control Fee and Credit Program

Storm Sewer Pollution Control Fees are classified in two ways; (1) as single-family residential, with those customers being charged one Equivalent Residential Unit (ERU) per month, and (2) as non-single-family residential (commercial, industrial and institutional), with those customers being charged based on the number of ERUs as a result of impervious area on their parcel. ERU is the average impervious area of all single-family residential properties in the Borough. One ERU equals 2,920 square feet. In essence, how many houses is a non-single-family residential parcel equivalent to in comparison to the average impervious surface of a single-family home. There are currently 7,294 single-family residential and 742 non-single-family residential customers paying for 22,497.5 ERUs encompassing 65,692,700 square feet of impervious area. Of the 22,497.5 ERUs, 7,294 are for single-family residential customers and 15,203.5 are for non-single-family residential customers.

LAND USE	CUSTOMERS	SQUARE FEET	PERCENTAGE TOTAL
Single-family	7,294	21,298,480	32%
Non-single-family	742	44,394,220	68%
Total	8,036	65,692,700	



Three different credits are offered as means for customers to reduce monthly Storm Sewer Pollution Control 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.

1. Single-family residential customers that attend Borough sponsored educational programs that comply with the MS4 Minimum Control Measure (MCM) for Public Education.
2. Non-single-family residential customers that install and maintain structural BMPs on their property that comply with the Borough's Stormwater Management Code.
3. Any customer that provides an easement for BMPs to be installed on their property to comply with the MS4 permit or Chesapeake Bay Pollutant Reduction Plan.

PUBLIC EDUCATION CREDIT	Educational program to be offered in Council Chambers on Tuesday, December 16, 2025 at 7:00 p.m. Single-family residential customers that attend will receive reimbursement for one per ERU fee (\$6).
STRUCTURAL BMP CREDIT	30% credit offered for structural BMPs that were installed on a customers' property after June 20, 2004 when Town Council first adopted Stormwater Management Code. 15% credit offered for structural BMPs that were installed on a customer's property before June 20, 2004 when Town Council first adopted Stormwater Management Code. 30% credit offered for customer properties where structural BMPs were installed before and after June 20, 2004 when Town Council first adopted Stormwater Management Code. 53 of 742 non-single-family customers have structural BMPs with 43 customers approved for 30% credit and 10 approved for 15 % credit.
EASEMENT CREDIT	No easement credits issued to date.
IMPERVIOUS AREA REDUCTION	No impervious area reductions approved to date.

Town Council set the 2025 per month per ERU fee at \$6 with single-family residential customers charged one ERU (\$6 per month) and all other customers (non-single-family residential) charged ERUs based on the amount of impervious area on their property. For 2026, staff recommends no increase for the per month per ERU of \$6.

2026 STORM SEWER POLLUTION CONTROL FEE			
Customers	Fee Amount	ERUs	Total Annual Revenue
Single-family	\$6 per month	7,294	\$525,168
Non-single-family with credit	\$6 per month	2,695.5	\$194,076
Non-single-family without credit	\$6 per month	12,508	\$900,576
Total		22,497.5	\$1,619,820

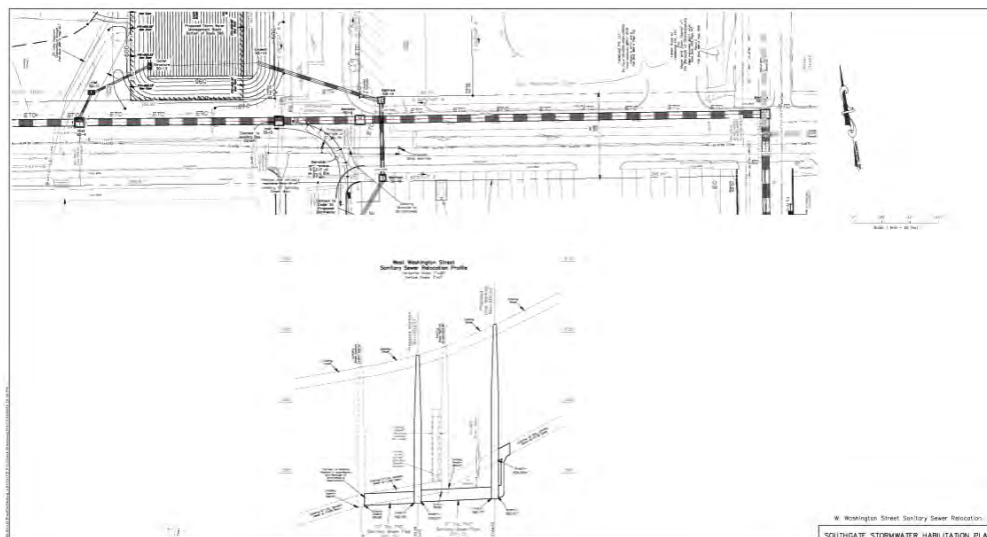
CUSTOMERS	IMPERVIOUS AREA	IMPERVIOUS AREA PERCENTAGE	REVENUE PERCENTAGE
Single-family	21,298,480 sf	32%	32%
Non-single-family	44,394,220 sf	68%	68%

2024 Storm Sewer Utility Capital Bond

In 2024, Town Council approved a Debt Ordinance for a bond sale to finance Storm Sewer Utility Capital Improvement Projects, providing \$6,156,325 in revenue to be used to finance projects in 2026 and 2027. Since then, bond funds have been used to design and prepare bid specifications for each project, with the goal to construct four projects in 2026. The Southgate Shopping Center project will replace the failed shopping center storm sewer system with a new system within the Cedar St., W. Washington St. and Water St. rights-of-way, along with an above ground bioretention facility adjacent to the new Meeting Place Greenway. The N. Fourth St. project will improve the underground and above ground storm sewer system along N. Fourth St. and north of E. King St. The project also involves returning N. Fourth St., between Nelson St. and E. King St., to two-way traffic, as approved by Town Council in 2022. The S. Fifth St. project will alleviate stormwater flooding at the Wayne Ave. and S. Fourth St. intersection by capturing approximately half of the stormwater runoff from the drainage area to be conveyed along S. Fifth St. south, under the CSX railroad line, to an open channel. The Industrial Dr. project will replace an old and dilapidated system before the street is reconstructed.

Projects

2026 PROJECTS			
Funding Source	Account No.	Project	Total Cost
Grant/Debt	91124	Southgate Neighborhood Storm Sewer System Improvements Project	\$4,643,576
Debt	91124	N. Fourth St. Storm Sewer Box Culvert Replacement Project	\$1,772,297
Debt	91124	S. Fifth St. Storm Sewer System Improvements Project	\$1,340,393
Capital Reserve	91124	E. Catherine St./S. Fifth St. Stormwater Improvements Project	\$1,232,870
Debt	91124	Industrial Dr. Storm Sewer System Improvements Project	\$712,316
Capital Reserve	91124	Storm Sewer Capital Improvements Project (2026 Streets)	\$160,000
			\$9,861,452



Excerpt from Infrastructure Plan for Southgate Neighborhood

FUTURE PROJECTS			
Funding Source	Account No.	Project	Total Cost
Capital Reserve	91124	Chambers Fort Park Retaining Wall Project (Possibly seek grant funding)	\$1,680,000
Capital Reserve	91124	S. Franklin St. Retaining Wall Replacement	\$914,193
Capital Reserve	91124	Conococheague Creek Floodplain Project	\$869,115
Capital Reserve	91124	Commerce St. Storm Sewer Upgrades (CBPRP BMP Project)	\$350,000
Capital Reserve	91124	Fifth Ave. Drainage Conveyance Upgrades	\$275,000
Capital Reserve	91124	Falling Spring Presbyterian Church Floodplain Restoration Project	\$260,000
Capital Reserve	91124	S. Fourth St. Storm Sewer System Extension	\$250,000
Capital Reserve	91124	Floodplain Restoration at Long John Silver's	\$200,000
Capital Reserve	91124	Storm Sewer Upgrades at Lincoln Way East	\$150,000
Capital Reserve	91124	S. Main St. Storm Sewer Upgrades	\$100,000
Capital Reserve	91124	Stevens Elementary School (CBPRP BMP Project)	\$100,000
Capital Reserve	91124	Wilson College (CBPRP BMP Project)	\$100,000
Capital Reserve	91124	Grandview Ave. Storm Sewer Upgrades	\$100,000
Capital Reserve	91124	Grant St. Storm Sewer System Improvements Project	\$100,000
Capital Reserve	91124	King St. Storm Sewer System Improvements Project	\$100,000
Capital Reserve	91124	Ludwig Ave. Parking Lot (CBPRP BMP Project)	\$100,000
Capital Reserve	91124	Mill Creek Acres Park (CBPRP BMP Project)	\$100,000
Capital Reserve	91124	Nitterhouse Park (CBPRP BMP Project)	\$100,000
			\$5,848,308

Storm Sewer Utility accomplishments in 2025

- Hired Doli Construction Corporation to complete the N. Fourth St. Storm Sewer Box Culvert Replacement Project for cost of \$1,574,597.00, paid with Bond funds;
- Hired Guyer Brothers to complete the Storm Sewer Capital Improvements Project associated with 2025 street improvements for cost of \$299,706.00, paid with Bond funds;
- Hired Fayetteville Contractors to complete the Clippinger Alley Box Culvert Repair Project for cost of \$125,697.78, paid with a \$78,000.00 grant from the Franklin County Conservation District Dirt, Gravel and Low Volume Road Maintenance Program and \$47,697.78 from Capital Reserve funds;
- Hired Eagle Construction to complete the Conococheague Creek Fishing Dock and Canoe and Kayak Launch at Pine Woods Park for the cost of \$127,141.00, paid with a \$58,500.00 grant from the Pennsylvania Fish and Boat Commission and \$68,641.00 from Capital Reserve funds;
- Worked with GMS Funding Solutions, Urban Design Ventures, and Dennis E. Black Engineering to prepare plans and compliance documents for the Southgate Shopping Center Stormwater Management Improvements Project, which is estimated to cost \$4,643,576, to be paid with a \$3,300,000 grant from the United States Corps of Engineers and Bond funds;
- Worked with Dennis E. Black Engineering, Inc. to prepare plans and bid specifications for the S. Fifth St. Storm Sewer System Improvements Project, which is estimated to cost \$1,340,393.00, to be paid with Bond funds;
- Worked with Shelly, Witter & Fox to prepare plans and specifications for the Industrial Dr. Storm Sewer System Improvements Project, which is estimated to cost \$712,316.00, to be paid with Bond funds;
- Worked with Biohabitats to prepare plans and specifications for the Conococheague Creek Floodplain Mitigation Project, which is estimated to cost \$869,115.00, to be paid with Bond funds;

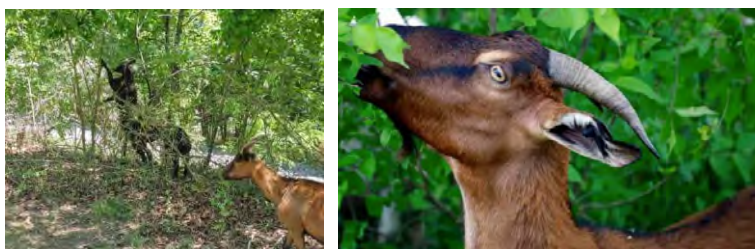
- Worked with CES Engineering to prepare plans and specifications to replace the stone retaining wall along S. Franklin St. and the Conococheague Creek, which is estimated to cost \$914,193.00, to be paid with Bond funds;
- Worked with GHD to prepare plans and specifications for the Chambers Fort Park Retaining Wall Project, which is estimated to cost \$1,680,000.00, to be paid with Capital Reserve funds;
- Worked with Utility Services Group to complete phases 1 and 2 of the Storm Sewer Cleaning and CCTV Project for total cost of \$179,608.40, paid with Capital Reserve funds;
- Worked with GMS Funding Solutions to file grant application with the National Fish and Wildlife Foundation, seeking \$150,000 from the Chesapeake Bay Small Watershed Grant Planning and Technical Assistance Program for surveying, permitting, engineering and design for the Falling Spring Presbyterian Church Floodplain Restoration Project. Unfortunately, grant application was denied;
- Through August 30, 2025, spent \$56,035.00 on various storm sewer system maintenance projects and estimate spending \$50,000.00 more through December 31, 2025, to include paving parking lot at Conococheague Creek Fishing Dock and Canoe and Kayak Launch at Pine Woods Park;
- Hired FlockWorks to provide guided goat grazing to clear overgrown land along the banks of the Conococheague Creek adjacent to the Rail Trail and Meeting Place Greenway;
- Provided public education to 442 Borough employees and Town Council members via Human Resources newsletter, nine (9) students at ServeSafe course, 335 students at six fifth-grade classes at five elementary schools and sixteen single-family residential customers that attend the Stormwater Public Meeting on December 17, 2024;
- Mailed flyer to all Retail Food Facility Licensees to provide education about proper cleaning methods for interior and exterior kitchen exhaust hoods to avoid polluting the Storm Sewer System;
- Issued six Stormwater Management Code violation notices.



Wood Alley Improvements

Storm Sewer Utility Goals for 2026

- Work with the Solicitor and GHD to prepare application to renew MS4 Permit, to update Chesapeake Bay Pollutant Reduction Plan, and to update Stormwater Management Code before fall of 2026;
- Meet with Hamilton and St. Thomas Township representatives to review and update Intergovernmental Cooperation Agreements;
- Hire contractor to complete the Southgate Shopping Center Stormwater Management Improvements Project, to be paid with a grant from the United States Corps of Engineers and Bond funds;
- Hire contractor to complete the S. Fifth St. Storm Sewer System Improvements Project, to be paid with Bond funds;
- Hire contractor to complete the Industrial Dr. Storm Sewer Improvements Project, to be paid with Bond funds;
- Hire Biohabitats to prepare plans and specifications for the Falling Spring Presbyterian Church Floodplain Restoration Project, which is estimated to cost \$109,000.00, to be paid with Capital Reserve funds;
- Hire Advanced Graphix to install stormwater education wraps on Ford F-250 truck and street sweeper for total cost of \$5,565.00, to be paid with Operations funds;
- Continue storm sewer system maintenance program, to be paid with \$200,000.00 from Operations funds;
- Continue to work with Utility Services Group to complete phases 3 and 4 of the Storm Sewer Cleaning and CCTV Project, including oldest systems in downtown area, to be paid with Capital Reserve funds;
- Work with GHD to establish better capital improvements planning program by using data from CCTV Project;
- Prepare and advertise bid specifications to hire a contractor to complete storm sewer system improvements in conjunction with 2026 street improvements, to include E. Catherine St./S. Fifth St. Stormwater Improvements Project, which is estimated to cost \$2,232,870.00, to be paid with Operations or Capital Reserve funds;
- Work with Public Works and Utility Departments to hire consultant for aerial photography and impervious coverage analysis, which was last completed in 2018, and adjust affected customer rates for 2027;
- Establish a program to better inform property owners of maintenance requirements for BMPs on their property;
- Hire FlockWorks to provide guided goat grazing to clear overgrown land along the banks of the Conococheague Creek and other areas requiring maintenance;
- Work with other Borough departments to develop drone administration program, which would be used for storm sewer system inspections.



FlockWorks Guided Goat Grazing

Intergovernmental Cooperation Agreements

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 the Pennsylvania Department of Environmental Protection approved.

- Staff to provide the following services through Intergovernmental Cooperation Agreements:
- 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; and
- Develop and implement their training program for Township employees to ensure prevention of pollutants from municipal operations to the MS4.

Chesapeake Bay Pollutant Reduction Plan

In 2017, Herbert, Roland, and Grubic (HRG), the Borough's former storm sewer engineering consultant, prepared a Chesapeake Bay Pollutant Reduction Plan, along with the Borough's Notice of Intent for general MS4 Permit renewal coverage that the Borough submitted to the Pennsylvania Department of Environmental Protection for review.

The overall goal of the plan remains to implement Best Management Practices (BMPs) to produce tangible improvements to the quality of stormwater discharges in the Chesapeake Bay Watershed.

The plan approved various Best Management Practices projects, which intend to reduce the amount of nitrogen, phosphorus and sediment conveyed into the Falling Spring Creek and Conococheague Creek, which ultimately flows to the Chesapeake Bay via the Potomac River. To date, completion of Best Management Practices projects approved through the plan have resulted in meeting 35% of the Borough's nutrient reduction goal of 417,247 pounds per year.

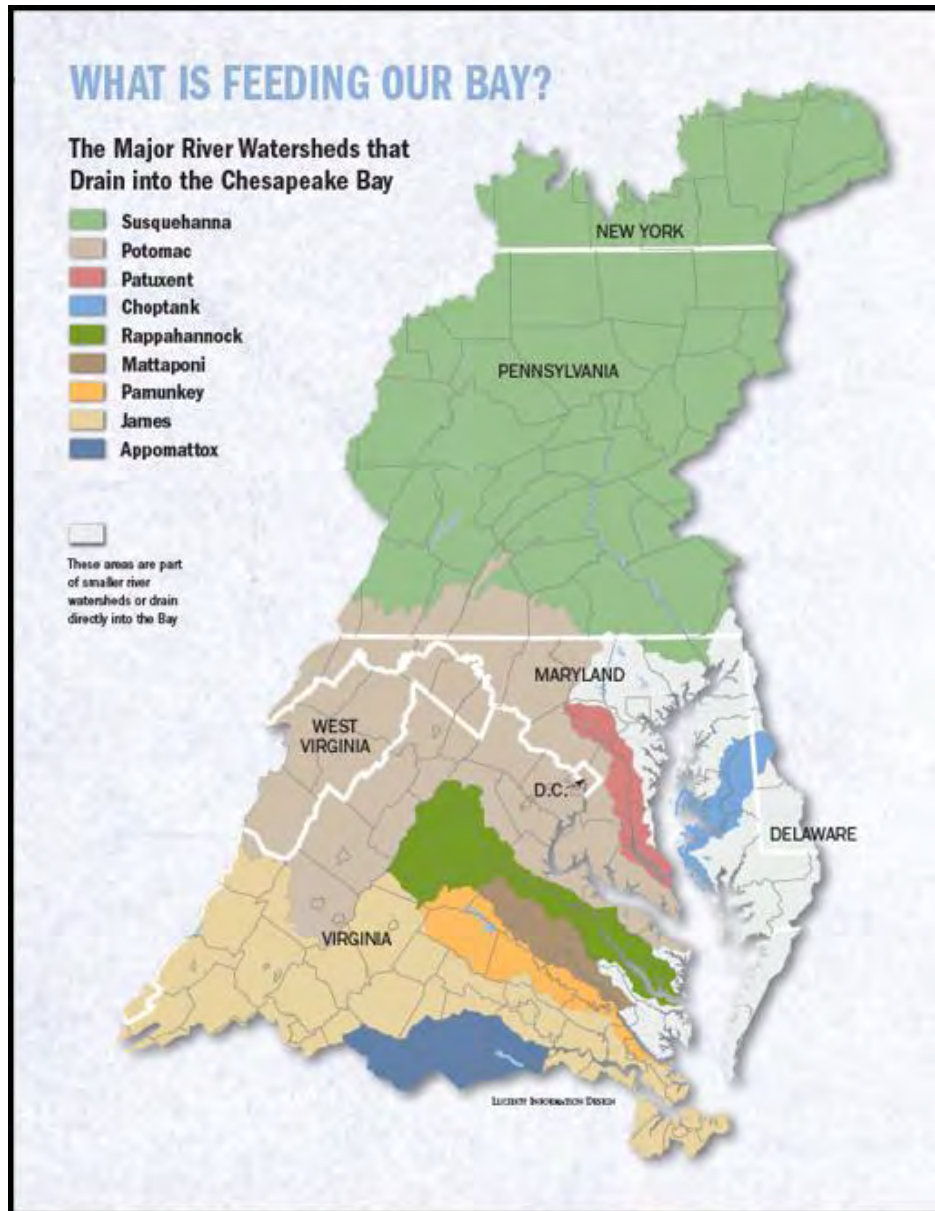
The Borough is responsible for funding these projects, with DEP evaluating progress when our MS4 Permit expires in the fall of 2026.

Completed projects:

- 1) Fifth Ave. Extension
- 2) Gilbert Ave.
- 3) Rhodes Dr.
- 4) Central Ave. Parking Lot Rain Garden
- 5) Harrison Dr. Inlet Filter
- 6) Fourth St.
- 7) S. Main St.
- 8) Wolf Ave. Rail Trail
- 9) Water St. Infiltration Bed

This plan will be updated soon and may reveal additional construction projects to add to the future project schedule.





Future Street Sweeper Wrap to Enhance Public Information



Storm Sewer Capital Improvements Project Associated with 2025 Street Improvements



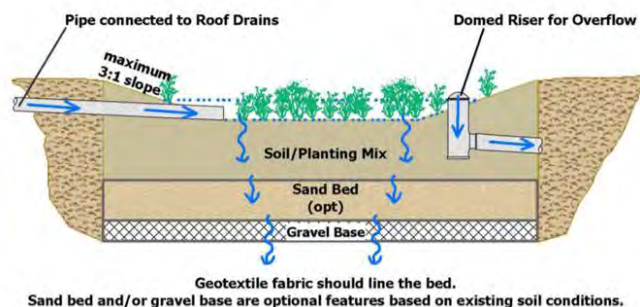
Clippinger Alley Box Culvert Repair Project



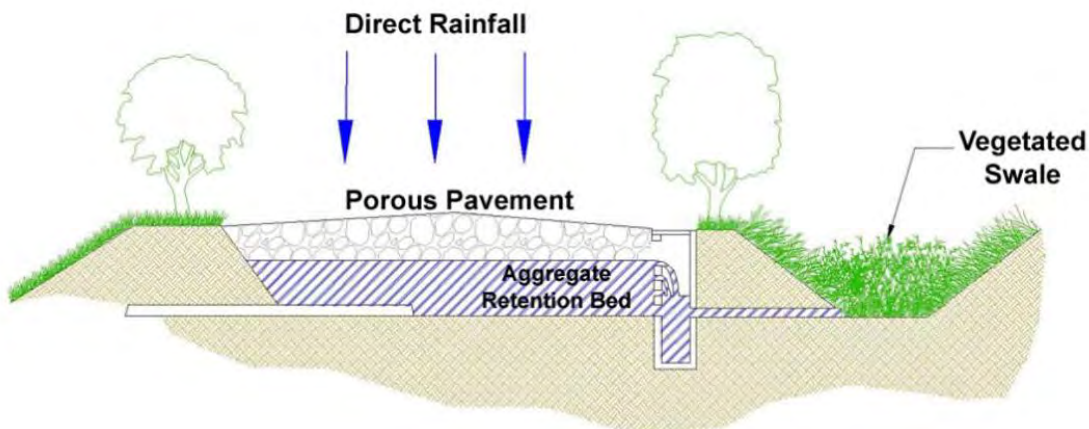
Conococheague Creek Fishing Dock and Canoe/Kayak Launch



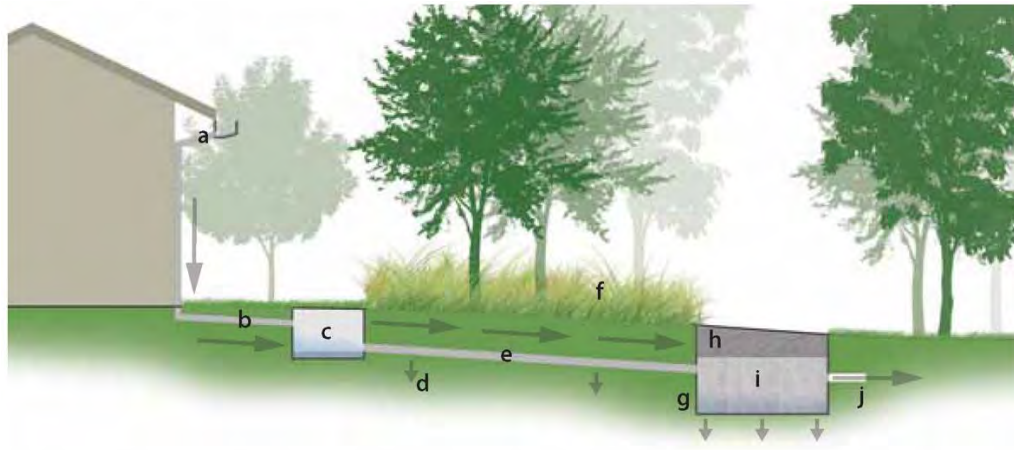
Out-of-Town Example of Stormwater Best Management Practice (BMP) on Private Property



A Recharge Garden (also called a Rain Garden or a Bioretention Garden) is an excavated shallow surface depression planted with specially selected native vegetation to treat and capture runoff and typically underlain by a sand or gravel infiltration bed.



Example of Use of a Vegetated Swale in Stormwater Management



- a** rain gutter system **b** perforated pipe **c** sediment basin **d** stormwater infiltrates subsoil
e sand trench **f** vegetative filter area **g** infiltration device **h** gravel layer **i** sand layer
j overflow to storm drainage system

Best Management Practices for Subsurface Infiltration



Rhodes Drive Borough-Owned Infiltration Area



The Drainage Area Managed by the Southgate Shopping Center Property



The Proposed New Bioretention Area at the Southgate Shopping Center

Parking, Traffic and Street Lights Utility



Created in 2012, this utility includes Downtown Parking, Street Lights, Traffic Signals, and Borough-wide parking and traffic control and infrastructure/devices. An inter-departmental agency, the mission of this department is Public Safety through the proper management of vehicular, pedestrian, and multi-modal infrastructure and regulations, under the advice and direction of the Borough's Parking, Traffic, and Street Lights (PTSL) Committee.

As an inter-departmental agency, the Borough Manager supervises these functions. The Public Works Director, the Engineering Department, the Director of the Electric Utility, the Finance Director, the Police Chief, and the Traffic Signal Maintenance Supervisor support the Committee.

Utility Director: Jeffrey Stonehill, Borough Manager/Director of Utilities

	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Revenue	\$1,504,618	\$1,818,855	\$1,416,000
Expenses	\$1,435,791	\$1,818,855	\$1,516,000
Excess (Deficit)	\$68,827 Surplus*	- Balanced -	-\$100,000 Deficit**

Annual transfers from the Electric Utility for illuminated traffic control devices and street light expenses heavily subsidize the Parking Fund.

*- Beginning in 2022 and ending in 2026, a Congestion Mitigation and Air Quality (CMAQ) grant Federal funding skewed results each year.

** - In 2026, the Borough is purposefully transferring \$100,000 in fund balance to the Capital Fund for future projects.

The Parking, Traffic, and Street Lights Utility is a separate enterprise fund of the Borough; run like a utility with most funding supplied through the Electric Utility and parking fees. There are no actual employees; however, the fund covers by the hour, the payroll of employees working on projects. The fund owns the streetlights, traffic signals, parking meters, and illuminated traffic control devices. It is managed directly by the Borough Manager. There are a number of downtown off-street parking lots managed by the fund with the assistance of Public Works. The parking enforcement operation is cooperatively managed by the Borough Secretary and Customer Service.

In addition to the Borough Manager, the Public Works Director or their designee, the Electric Utility Director or their designee, the Finance Director or their designee, and the Police Chief or their designee, support the Parking, Traffic, and Street Lights Committee and the operations.

In 2011, Council set the meter rate at 25¢ per hour only and there is no proposal to change the rate.

At such a low parking rate, it hardly makes any sense to upgrade the parking meters, install new kiosks, or to begin installing credit card accessible meters. The cost of that technology, as well as the fees to process credit card transactions, would add tens of thousands of dollars in expenses. This makes no sense when the current average transaction is for 25¢.

That being said, for the first time, the Borough did sit down with an online payment processor to discuss the availability of online payments for existing parking meters and what the true cost to the customer would become if such a software/app alternative was employed.

A presentation to Council will make that known, but the implementation is not in this budget.

DESCRIPTION	2023 ACTUAL TOTAL	2024 ACTUAL TOTAL	2025 BUDGET	2026 BUDGET
Residential Parking Permits	\$1,018	\$868	\$1,000	\$1,000
Parking Meter Receipts	\$66,498	\$69,783	\$65,000	\$70,000
Parking Permit Receipts	\$36,796	\$49,901	\$40,000	\$40,395
Parking Meter Fines	\$37,995	\$36,151	\$32,485	\$30,000
Interfund Transfers*	\$1,100,000	\$1,100,000	\$1,343,290	\$1,131,000
Other Income	\$217,671	\$247,915	\$337,080	\$143,605
Total Revenues	\$1,459,978	\$1,504,618	\$1,818,855	\$1,416,000
Expenses - Metered Parking Operation & Maintenance	\$142,357	\$237,725	\$202,720	\$218,150
Expenses - Parking & Traffic	\$606,683	\$571,971	\$770,510	\$664,414
Expenses - Street Lights	\$266,652	\$256,339	\$317,700	\$267,850
Expenses - General & Administrative	\$357,674	\$210,221	\$257,020	\$261,596
Expenses - Transfer To Parking Capital Fund For Projects	-	\$158,715	\$268,250	\$100,000
Expenses - Interfund Transfers (Workers Comp & Self Insurance & Public Works Campus)	\$1,035	\$820	\$2,655	\$3,990
Total Expenses	\$1,374,401	\$1,435,791	\$1,818,855	\$1,516,000
Surplus (Deficit)	\$85,577	\$68,827	\$0	(\$100,000)

Each year the fund attempts to put aside money for future capital projects.

Parking meter revenue and parking permit revenue are never sufficient to cover expenses.

* - For example, in 2024, the last full year, the revenue included subsidies of \$1,100,000 to support \$1,515,660 in expenses.

State and federal grants support the Parking Fund as well as subsidies from the Electric Utility, which covers street lighting expenses and the installation and maintenance of illuminated traffic signals and signs.

Parking 2026

- The Police Traffic Targeted Enforcement Continues in 2026:
 - o The CPD outlined the goals of this unit;
 - o Enforcement remains the number one request by citizens;
 - o Signs, rules, traffic patterns, etc., are irrelevant without enforcement;
 - o The CPD to add additional police officers in 2026 to assist;
 - o Sgt. Armstrong participates with the PTSL Committee.
- The parking lots continue to get more ADA parking spaces installed.
- The parking enforcement system has become more reestablished with systematic enforcement routines.
- The Borough Secretaries are now more involved than ever in parking system; especially permit sales and parking meter management.

Multi-Modal Projects for Future

The Borough, at some point, will apply for funding for this large, multi-site, bike/pedestrian, and traffic project.

New multi-site, Multi-Modal (MTF) project grant program (Three-Years):

- 1) Acquire land for trails, trailhead, and new streets;
- 2) Design project components:
 - Broad Street Greenway, Trail and Trail Head: Goal is to link Grant Street to Norland Avenue via a new rail trail.
 - Kennedy Street Extended: Goal is to link Grant Street to Broad Street with a street.
 - Third Avenue Greenway: Goal is to link King Street to Grant Street via a new rail trail.
 - McKinley Streetscape and Pedestrian Improvements: Goal is to implement a complete streets model for this important local pedestrian and vehicular corridor.
 - North Rail Trail Extension, in Cooperation with Wilson College & Armstrong Family along Gravel Road: Goal is to link existing rail trail to Wilson College Pedestrian Bridge.
 - South Rail Trail Extension with new Ped Crossing S. Main St., and new Ped connection to S. Fourth St.: Goal is to link existing rail trail to Maryland Avenue.
 - Progress Road Rail Trail Extension: Goal is to link existing rail trail to Progress Road and the nearby elementary school; and
- 3) Construction and construction management.



Broad Street Greenway & New Kennedy Street Extended



New Water Street Near Senior Housing Gazebo



Current Water Street Near Senior Housing Gazebo

Water Street Linear Park

B – RAIL TRAIL “GRAVEL ROAD” EXTENSION



Location: Links northern terminus of rail trail to Wilson College Equestrian Complex

Implementation Partners: Borough, Pedestrian and Bicycle Improvements Plan Advisory Committee, Wilson College, Recreation Advisory Committee and Chambersburg Area Municipal Authority.

Potential Funding Sources: TIGER, TIFIA Loans, Transportation Alternatives (TA), DCNR grants, DCED GTRP grants, PennDOT and DCED Multi-modal Funds, General Funds, Municipal Bonds, Tourism & Quality of Life Enhancement Grant and Capital Campaign.

Project Overview: The Rail Trail “Gravel Road” Extension links the northern terminus of the existing rail trail to Wilson College Equestrian Complex and Wilson’s internal trails. This portion of the trail extends approximately 0.5 mile. The proposed rail trail extension will include a 10 – 12 ft. shared-use path with 2 ft. buffers on each side of the trail. This connection includes one roadway crossing at the W. Commerce Street/Hood Street intersection.

Engineering Cost:
\$50,000 - \$70,000

Construction Cost:
\$300,000 - \$400,000



I – SOUTHERN RAIL TRAIL EXTENSION



Location: Southern terminus of Rail Trail to Fifth Ward neighborhoods and commercial area (Wayne Avenue)

Implementation Partners: Borough, Pedestrian and Bicycle Improvements Plan Advisory Committee and Chambersburg Municipal Area Authority.

Potential Funding Sources: TIGER, TIFIA Loans, Transportation Alternatives (TA), DCNR grants, DCED GTRP grants, PennDOT and DCED Multi-modal Funds, General Funds, Municipal Bonds, Tourism & Quality of Life Enhancement Grant and Capital Campaign.

Engineering Cost:
\$125,000 - \$150,000

Construction Cost:
\$850,000 - \$950,000



Project Overview: Multi-purpose 10'-12' shared use path improvements extending the existing rail trail to the Wayne Avenue. Improvements could also include some on-road improvements, crossings and signage.



D – 3RD STREET GREENWAY



Location: 3rd Street north of Lincoln Highway to Grant Street

Implementation Partners: Borough, Pedestrian and Bicycle Improvements Plan Advisory Committee, Recreation Advisory Committee and Chambersburg Municipal Area Authority.

Potential Funding Sources: TIGER, TIFIA Loans, Transportation Alternatives (TA), DCNR grants, DCED GTRP grants, PennDOT and DCED Multi-modal Funds, General Funds, Municipal Bonds, Tourism & Quality of Life Enhancement Grant and Capital Campaign.

Engineering Cost:
\$40,000 - \$60,000

Construction Cost:
\$250,000 - \$300,000



Project Overview: The 3rd Street Greenway trail begins 900 ft. north of Lincoln Highway and terminates at Grant Street. The trail would run approximately ¼ mile in length. The proposed trail will utilize a 10 – 12 ft. shared-Use path with 5 ft. buffers on each side of the trail.

Bandwidth to the right measured in Park & Drive (Green) - Downtown Market (Blue)



6.0 DESIGN GUIDELINES

Design guidelines will contribute to creating a safe, accessible and interconnected Borough-wide network for pedestrians and bicyclists.

If properly designed, pedestrian and bicycle facilities can play an important role in the overall health of the community as well as the overall transportation network of the Borough with connections to the region. Integration of design standards and modification of Borough regulations will allow for bicycle and pedestrian facility improvements to occur (refer to Appendix B for specific recommendations).

6.1 HEALTHY COMMUNITY DESIGN & COMPLETE STREETS CONCEPTS

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 transportation.
- 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 guide that provides strategies 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 leadership skills.
- 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.
- Create corridors that provide safety, accessibility and mobility for multiple forms of transportation.



McKinley Street Healthy Communities and Complete Street Concept

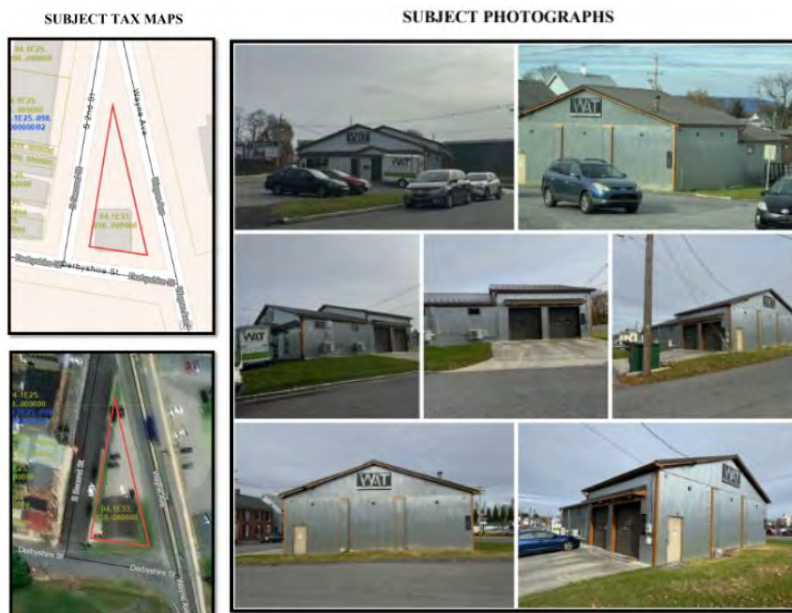
Ideas for McKinley Street



In 2022, the Borough hired a consultant to develop a new streetscape for McKinley Street

Proposal to Relocate U.S. 11 Northbound from Garfield Street to Derbyshire Street

In 2025, the Borough acquired the triangle building at 780 S Second Street. This property, currently leased back to iWat, an internet company, will be vacated sometime in 2026.



For a period of time after occupancy, this building will be used by the Public Works Department for storage and a warehouse. However, once additional funding is secured, the building will be demolished and incorporated in the long-awaited plan to relocate US 11 northbound from Garfield Street one block south to Derbyshire Street.

In 2014, Chambersburg Borough staff, working with traffic engineers from Traffic Planning and Design, a Harrisburg based professional traffic engineering firm, developed a proposal to relocate route U.S. 11 northbound from its current path along Garfield Street to an alternate path along Derbyshire Street.

Chambersburg, like many communities laid out in the Nineteenth Century, has a tight grid of undersized streets in its Central Core. One of the factors that has led to the economic development and growth of Chambersburg and Franklin County is the fact that it is located at the crossroads of some impressive motorized and railroad commercial transportation routes. One of those routes is U.S. 11.

In 1957, in an effort to mitigate against the growing volume of traffic passing through Downtown Chambersburg, the State of Pennsylvania approved a plan to allow most major routes throughout the core to become one-way streets. This act separated northbound and southbound U.S. 11 onto two different streets (southbound remained on Main Street whereas northbound was relocated to Second Street). This plan was made possible by the fact the Chambersburg street grid included convergence points where streets joined together on the edge of the downtown street network. Unfortunately, the street grid only had three of these points of convergence: North Point, East Point, and West Point. There was no southern point of convergence. This factor necessitated a work-around to allow U.S. 11 to be separated into two different streets without a convergence point. That work-around was the designation of Garfield Street, to act as a one-block pass through for traffic to pass from Main Street to Second Street and mimic the pattern of the convergence points on the north, east, and west of Downtown Chambersburg.

Garfield Street was no less wide than Main Street or Second Street and the geometry of the street was sufficient to handle the traffic volume as existed in 1957. There are three facts about Garfield Street that render it a poor one-block pass through for U.S. 11 now:

1. Garfield Street is mostly a residential street with multi-family homes on both the north and south side of the one block that handles U.S. 11 northbound. Many of these homes are rental properties and the number of automobiles that seek to park on-street on Garfield Street limits the available width of the street for through traffic. Further, the nature of the demographics of the residents includes families with school age children. This results in a significant quantity of pedestrian cross traffic at the intersection of Main Street at Garfield Street, Fairground Avenue at Garfield Street, and Second Street at Garfield Street. While there are no reported pedestrian accidents, there is a concern that over time the residential nature of Garfield Street and the parked vehicles has rendered it less acceptable as a major truck route.
2. The grid nature of the Chambersburg street network creates very tight turn radii for tractor trailers when turning onto, and off of, Garfield Street. The standard single tractor trailer on the road is 53 feet long. The current model for the double tractor trailer is two, 28-foot-long trailers, the whole “Twin 28”, measuring 66 feet in length. A new truck, called a “Twin 33,” would increase both trailers’ length to 33 feet, making future trucks 85 feet long. These tractor trailers have an incredibly difficult challenge handling the turn radii at Garfield Street in Chambersburg. Further, there exists little opportunity to improve that turn radii as the intersections of Main Street at Garfield Street, and Second Street, at Garfield Street are fully developed with occupied private property. Finally, from time to time, I-81 is closed due to accidents. When this happens, all I-81 northbound traffic is routed onto U.S.11 as a detour, which eventually passes onto Garfield Street. This traffic includes wide load vehicles, which find passing through Garfield Street impossible. Given this is in a residential neighborhood adjacent to Downtown Chambersburg, there is little opportunity for tractor trailers to find alternative routes, pull off to the side to contemplate how to navigate Garfield Street, or move in a deliberate speed through the Garfield Street bottleneck. Given the growth in area truck traffic, this problem is likely to grow over time.
3. The Second Street end of Garfield Street requires that traffic turn either northbound onto Second Street, to follow U.S.11 northbound or southbound onto Second Street/Wayne Avenue towards the northern terminus of Pennsylvania State Route 316. This choice and the existence of the northern terminus of S.R.316 exacerbates the tight and confusing nature of Garfield Street at Second Street intersection. Vehicles, including tractor trailers, have two choices (north or south), very little room to make a decision, and two opposing tight turns each with poor turn radii. Although, the southern turn (onto Second Street/Wayne Avenue or S.R.316) is even worse than the northern turn radii, where most tractor trailers spill across two lanes of traffic to navigate this turn motion. Finally, to allow this turn movement, traffic on northbound Second Street/Wayne Avenue must be held up at a stop sign as to not

interfere with the Garfield Street traffic flow. This stop-sign has become the scene of most of the vehicular accidents, as vehicles rear-end other cars at the stop sign or tractor trailers poorly navigate the turn, striking vehicles and objects. Tractor trailers regularly cross the pedestrian sidewalk at this intersection in order to navigate the turn motion.

In summary, finding an alternative to Garfield Street remains a major goal for traffic planners at the Borough of Chambersburg.

Derbyshire Street is one block south of Garfield Street and runs parallel to it. Derbyshire Street is also a local street owned by the Borough of Chambersburg. Currently it is a two-way street (unlike one-way eastbound Garfield Street) and it is underutilized. Many motorists use it as an alternate route to avoid Garfield Street, although that is impossible for tractor trailers given the tight uphill nature of the Derbyshire and Wayne Avenue intersection. The south side of Derbyshire Street is dominated by an industrial facility, which in its heyday was a major employer. The intersection of Derbyshire Street and Fairgrounds Avenue was the employee pedestrian entrance to the industrial site and an old fashion turnstile gate still sits at that location. However, currently the industrial site is underutilized and there is no longer a rush of pedestrian workers crossing Derbyshire Street and passing through the turnstile. In fact, it is unlikely the site will ever see that type of traffic again. Truck traffic to the industrial site enters off over Main Street (U.S.11), although there is a truck maintenance gate on Derbyshire for the facility.

In 2014, the Borough's Parking Traffic and Street Lights Committee suggested to Town Council, that a letter be sent to the Pennsylvania Department of Transportation suggesting the relocation of U.S.11 northbound from Garfield Street to Derbyshire Street.

In response, the Council placed the concept on the Borough's Official Map planning process. The Official Map is a futuristic look at possible improvements to Borough Transportation Corridors; as authorized by law under the Pennsylvania Municipalities Planning Code (MPC). On Monday August 25, 2014, Chambersburg Town Council adopted the current Official Map, which includes Proposal No. 14: Traffic Pattern Change between Garfield Street (two-way) and Derbyshire Street (one-way Eastbound), and S. Second Street one-way from Derbyshire.

Traffic Planning and Design prepared an official exhibit outlining Proposal No. 14, which was used in town hall meetings with area residents as well as impacted businesses. One-on-one meetings were held with four (4) impacted commercial businesses: Blue Mountain Apparel, a retail store on Second Street; Amsley's Collision Service, a automotive repair business on Wayne Avenue; Johnnie's Family Restaurant, an eating establishment on Main Street; and, Fred Fox, owner of Chambersburg Engineering and the Gaumers Chassis Engineering abandoned site at the intersection of Derbyshire and Main Street.

Proposal No. 14 – Fixing Garfield Street

Derbyshire Street and its intersections with Main Street and Second Street are almost identical to Garfield Street. There are three facts about Derbyshire Street that render it a much better route for northbound U.S.11 than Garfield Street:

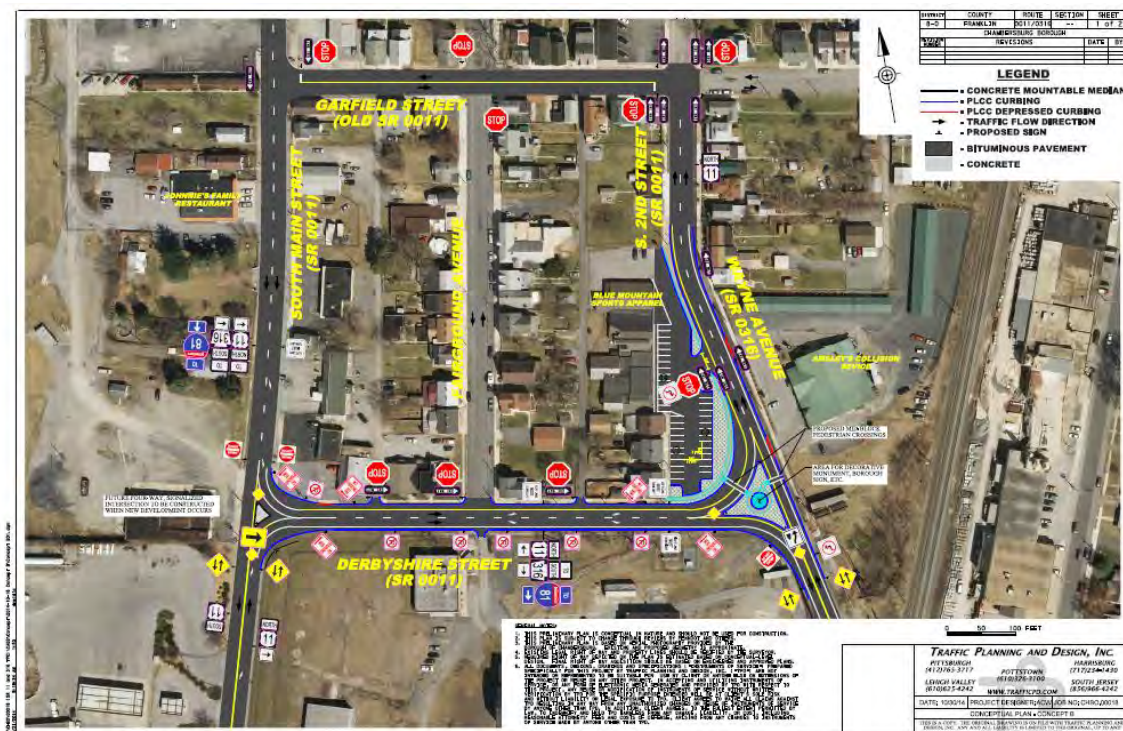
1. Derbyshire Street is a residential street on the north side (similar to Garfield Street), but the entire southern curb line is along the industrial property. With half as much multi-family housing when compared to Garfield Street, Derbyshire needs much less on-street parking. In fact, the proposal is to completely eliminate on-street parking along the southern curb line, thereby increasing the available cartway width for vehicular traffic. The Borough might also curtail or limit parking on the northern curb line. The street will appear wider with many fewer parked cars. Further, with half the housing, and no additional neighborhood south of Derbyshire Street, there would be fewer pedestrian crossings along Derbyshire in comparison to Garfield Street. Therefore, Derbyshire is, by its location one block south, a safer street than Garfield.
2. There exist two fixes for the very tight turn radii for tractor trailers when turning onto and off of Derbyshire Street, where no fixes existed on Garfield Street. At the intersection of Main Street and Derbyshire Street, the southeast corner is a grassy knoll mostly in the existing right of way and outside the fence line of Chambersburg Engineering. It would be relatively cost efficient to change the curb line on the southeast corner of Main Street and Derbyshire Street to allow tractor trailer making the turn (northbound on Main Street onto eastbound on Derbyshire Street) with a much-approved turn radius. Further, at the intersection of Wayne Avenue and Derbyshire Street, along the maintenance driveway to Chambersburg Engineering, the cartway is slightly wider, in the existing right of way, to allow the turn radius for tractor trailers making the turn (eastbound Derbyshire onto southbound Wayne Avenue) with a vastly improved turn radius. Finally, the biggest advantage and the most important difference between Garfield Street and Derbyshire Street is the existence of the triangle site formed by the intersection of Wayne Avenue (S.R.316), Second Street, and Derbyshire Street. The proposal calls for the acquisition of that land, currently a private car sales office, and incorporation of the entire triangle site into a much larger and expanded intersection. If this land acquisition of the triangle site is successful, this would allow the improvement of route of U.S.11 northbound in three significant ways:
 - a. The choice and the existence of the northern terminus of S.R.316 requires that traffic turn either northbound onto Second Street to follow U.S.11 northbound or southbound onto Wayne Avenue to follow S.R.316 southbound. If the triangle site is eliminated, that choice can be built as a sweeping fork in the road with the left lane flowing onto Second Street northbound and the right lane flowing onto Wayne Avenue southbound. Without the obstruction of the triangle site, the turning radii for both of these turns would be excellent and a hyper-elevated cartway can be included to assist with the grade change required by the Wayne Avenue overpass over the Norfolk Southern Railroad. There would be enough room for the installation of the new fork in the road and no longer would there be any turn radii issues on northbound U.S.11 at S.R.316.
 - b. Second, elimination of the triangle property would allow for the creation of a small but important off-street parking area. This small lot would be adjacent to three homes clustered on Second Street and the stores where Blue Mountain Apparel now sits. This small lot would be very beneficial to the parking-starved neighborhood, would allow the elimination of on-street parking on Derbyshire Street, and provide safe access to the stores where Blue Mountain Apparel is located.
 - c. Finally, elimination of the triangle property would allow a decorative installation (a small fountain or welcome sign) to be placed in the gap created by the new fork in the road. As the new southern gateway to Downtown Chambersburg, this focal point (akin the

aforementioned points of confluence that exist on the north, east and west sides of Downtown Chambersburg) could aid with the revitalization of this neighborhood. This new “Southern Gateway” is an indispensable benefit of creating a better street network.

3. Finally, switching the route of U.S.11 northbound from Garfield Street to Derbyshire Street would eliminate the need for any northbound stop sign on Second Street at Garfield Street. That sign, which is the site of numerous accidents, becomes unnecessary in this new plan. Northbound traffic flow on Second Street, whether originating from Wayne Avenue (S.R.316) or from Derbyshire Street (U.S.11), would flow without interruption into two northbound lanes of the one-way Second Street. Therefore, it would be the newly adapted Garfield Street that would get the stop sign rather than Second Street. Garfield Street, after the switch, would become just like Derbyshire Street (or Liberty Street, McKinley Street, or Catherine Street) are currently. It would be a local two-way street, a single block, between Main Street and Second Street. As with all the other neighborhood streets Garfield would be used mostly by locals for local traffic. It would have little or no truck traffic and it would go back to being a secondary collector street. As a result, the demoted Garfield Street would get a stop sign at both Main Street and where it intersects with Second Street. Finally, it would be two-way rather than one-way.

In summary, Derbyshire Street is a far superior street for U.S.11 than Garfield Street. Relocating U.S.11 from Garfield Street to Derbyshire Street would eliminate each of the aforementioned problems with the current route.

The attached approved plan shows a conceptual layout and signing configuration for the potential shift of U.S.11 from Garfield Street to Derbyshire Street. This configuration will alter the travel paths of vehicles intending to access the properties along Main Street, Second Street, Wayne Avenue, Derbyshire Street and Garfield Street. The access pathways to the following businesses have been reviewed, and consideration has been given where possible to reduce the impacts of the proposed modification. It should be noted that as with much of the rest of the Borough, one-way streets are commonplace and drivers are accustomed to needing to ‘go around the block’ in order to access certain businesses.



Downtown Parking Study Reminder, As Questions about a Garage Still Arise

On January 29, 2018, a Borough contractor, Derck & Edson, released a Downtown Parking Utilization Study, which was intended to accurately measure the need and availability of downtown parking.

- “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 our reading of the report, the following statement is the most important conclusion of Derck & Edson’s analysis:
 - o “...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.

The land identified in this study is now entirely under control of the Franklin County. The County can now redevelop the site exactly as proposed by Derck & Edson; if they had any desire to subsidize a project.

- The block specifically identified in the Derck & Edson study as being the preferred site for a mixed-use development, including a parking garage, and a mixed-use office-building, was Lincoln Way East between Second Street and the Heritage Center
- In 2020, Franklin County demolished 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; and is owned by Franklin County.
- The Shook Home recently sold to new owners who have abandoned plans to expand the facility.
- Even the two single family homes on S. Second Street are no longer an impediment to consolidation of the site into one lot.
- Who might be interested in redevelopment of the site (i.e., CADC)?
- Site entirely owned by Franklin County means they have the opportunity to invest in our downtown.

It is the recommendation of the Borough that the entities involved in this potential project (the Borough, the County, and the Chambersburg Area Development Corporation) continue to meet and discuss the feasibility of a mixed-use development including a parking garage at this site.

If no action is taken, this valuable site will soon be lost to alternative development.

Site 2 - Elks Club Corner Lot - Preferred Option



The preferred location at the corner of Lincoln Way East and S. Second Street would allow bridge connections to the County, Shook Home, and F&M Bank properties (shown above), while providing prime corner space for a retail user (shown left) and upper floor residential units with roof deck amenities (shown at right). Additional levels of parking could be considered to increase available parking inventory and still be integrated into the mixed-use design.

The proposed building in these conceptual drawings could be a mixed use office building or just a County office building.



Advocacy for the Local Use of Radar for Speed Enforcement

Radar speed enforcement is acknowledged by law enforcement personnel as the safest, most accurate and efficient speed timing device. Despite this fact, Pennsylvania is the only state in the country that does not allow for the local use of radar. As a result, speeding on neighborhood roads is consistently the most common concern voiced by our constituents.

In 2023, the U.S. Department of Transportation's National Highway Traffic Safety Administration released its 2020 annual traffic crash data. Sadly, over 11,000 people were killed in speed-related crashes nationwide. Crashes on local roads accounted for 87% of fatalities. Here in Pennsylvania, 1,129 people died in vehicle crashes in this report. Of those fatalities, 459 were speed-related, making up 41% of all traffic fatalities in the Commonwealth. Local use of radar would help to curtail these preventable losses of life.

In addition to the high number of speed-related fatalities, the non-radar speed timing devices and technology used by local police like here in Chambersburg are becoming more and more obsolete. There are only three PennDOT approved non-radar technologies available to municipal police, one being a stop watch. Companies producing these devices are going out of business or ceasing production, as there is very little demand for these products outside of Pennsylvania. Additionally, many speed timing devices that use other technologies, other than radar, are not compatible with the computer systems in new police vehicle models.

Chambersburg is very concerned about our non-radar speed timing devices becoming obsolete.

If the General Assembly does not act soon, a stop watch may soon be the only speed timing device available to our local police officers. This very unsettling development has and will continue to hinder local law enforcement operations within across the Commonwealth and further endanger public safety.

For decades now, Chambersburg has actively supported legislative efforts to allow local use of radar.

In any proposed State law, officers would be able to enforce speed using radar from or adjacent to a clearly marked vehicle that is visible to those driving. A minimum of four official signs warning drivers of local police radar enforcement would need to be installed along the main roads within 500 feet of municipal borders. We support the proposal that during the first 90 days of radar enforcement, individuals pulled over for speeding would only receive a written warning.

As of the today, the General Assembly failed to pass any proposal to permit the local use of radar in Pennsylvania. Finally, Chambersburg supports a plan by which the municipal share of revenue generated from the use of radar would be dedicated to offset law enforcement expenses.

Pennsylvania is the only State where local police are prohibited from using radar to enforce speeding laws. As a result, old-fashion mechanical devices are used, but are quickly becoming obsolete. Finally, the State has shown no will to approve local use of radar despite a debate on the subject for more than twenty-five years.

Parking Kiosks are a Money Loser

There have been reported discussions about why Chambersburg Borough parking meters do not accept credit cards and debit cards. In short, the reason is cost.

- Chambersburg charges 25¢ per hour for parking. Our meter revenue cannot cover the capital cost for one new parking kiosk, not to mention the credit card fees.
- The Borough bought a kiosk from the low bidder for the Rosedale parking lot at a cost of \$16,000 a few years ago. There are 35 spaces in that lot and the meters are effective Monday to Friday, 8:00 a.m. to 5:00 p.m. At that rate, that one machine will take years to breakeven on the installation and operational costs of a kiosk (and the kiosk has a lifespan of about 10 years).
- Furthermore, the Borough's credit card processor currently directly charges the customer a minimum fee of \$1.00 or 3% (whichever is more) for credit or debit cards. So there would need to be a surcharge on every transaction of no less than \$1.00 and a 25¢ deposit in the meter would cost \$1.25 to the customer, etc.
- These kiosk parking systems are only for much larger communities with many more meters and much higher parking rates. The Borough Manager has made a rough estimation that to cover the capital cost of replacing our parking meters with those that accept credit cards and debit cards, the Borough should consider raising rates from 25¢ per hour for parking to \$4.00 per hour for parking with a 1-hour minimum, plus a \$1 per-swipe fee to the credit card processing company (or the 25¢ per hour rate would need to rise to \$5.00 per hour to be paid by the customer parking, in order for the cost of the equipment and transaction fees to be covered).
- To that end, staff suggests that the Borough continue to try to preserve the manual parking meters with the 25¢ rate as long as possible.
- At least until the Borough can no longer obtain parts for the old parking meters.

A parking app can be used with existing mechanical parking meters. However, an app does not physically interact with or update the mechanical meter itself; the integration is handled by a hand-carried device by the parking enforcement officer, and a change in enforcement procedures.

Here is how it might work:

- No physical connection: Mechanical meters are standalone, non-connected devices. A parking app cannot electronically add time to the physical meter or make its indicator change from "expired".
- Zone numbers: To use the app, drivers enter a specific zone number (or meter number/space number) which is displayed on nearby signs or on the meter itself.
- Centralized recordkeeping: The payment made via the app is recorded in a central, cloud-based system, along with the driver's license plate number and the duration of the paid time.
- Enforcement verification by enforcement officer: When a parking enforcement officer checks a vehicle, they use a handheld device or a license plate recognition (LPR) system to scan the license plate. This device communicates with the central system to verify if a valid payment has been made via the app, regardless of what the mechanical meter physically displays.
- Convenience for users: The primary benefits for drivers are the ability to pay without coins and to remotely extend a parking session from their phone, avoiding a trip back to the meter.
- In summary, the app works in parallel with the mechanical meter system, requiring only clear signage and an updated enforcement system, not the physical replacement of the old meters themselves.

The number one concern is the recovery of additional costs involved in implementation and management of such a system. This where currently meter rates are so low.

Upgrade Project for the Borough's Traffic Signal Network

Beginning in February 2015, Town Council endorsed a recommendation of the Parking, Traffic, and Street Light Committee to implement a Federal grant to upgrade all of Chambersburg's traffic signal technology. The Committee recommended that the Borough file an application with the Franklin County Metropolitan Planning Organization (MPO) committee to utilize all available funds in the Federal Highway Administration (FHA) Congestion Mitigation and Air Quality (CMAQ) grant. These funds would upgrade the Borough's traffic signal infrastructure, install communication equipment, and make improvements that would allow the Borough to ascertain performance metrics from the Borough's traffic signal network. The adaptive signal technology will soon be ready now that the Borough has completed these hardware infrastructure improvements.

As a result of several votes, the MPO continues to allocate all the CMAQ Improvement Program funds – and any other available state or federal transportation funds – for the Borough's Traffic Signal Improvement Project. According to the MPO, no local cash match will be required. PennDOT has approved all the rounds of funding to Chambersburg.

The first phase of the 100% federally-funded Chambersburg area Traffic Signal Upgrade Project was completed in mid-2022. The overall scope of that project was to update detection, controllers, and communications of 68 signals in the Borough and surrounding townships. Many cabinets were upgraded where needed to house the expanded equipment. New reflective backplates were added to signal heads per updated specs.

Concurrent with the project, while all permits were being updated, the Borough modernized 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.

Through the Franklin County MPO, additional funding of \$834,940 was subsequently approved to proceed with a Phase 2 of this project to expand the use of this modern equipment now installed with the majority of the initial signals. This phase will improve signal timing, coordination, and institute responsive traffic controls.

We are now on to Phase 3 of this project with the total upgrades anticipated to be completed in 2026.



Sample 5th/LWE Intersection with updated:

- Radar Detection
- Fiber Communication
- Signal Backplates
- LED Pedestrian Signals
- Controller and Cabinet (not in picture)
- Surveillance Camera
- LED Street Light.

Staff worked through with Traffic Planning & Design, Inc. (TPD) to commence engineering on the next phase. From 2023 through 2025, TPD worked through design requirements with staff and PennDOT.

This last phase of the project is very design heavy with the primary outcome being implementation of updated signal/corridor timing and control. With the new sophisticated equipment installed through phase 1, TPD is able to make these changes remotely working with PennDOT through design. There is minimal actual needed construction implementation, which was bid out by mid-2025. A contract was awarded with NTP to Bruce-Merrilees Electric Co. on September 8, 2025 for Phase 3. The Construction completion date is scheduled for July 28, 2026. Most of the physical construction work turned out to be changing out signals heads; some just from 8” to 12” and others to incorporate Flashing Yellow Arrow (FYA) configurations. The Borough’s engineer, TPD, continues to concurrently evaluate and update timings to maximize traffic flows. We are finally reaching the end of this project that began in 2014.

Maintenance of Borough Signals

Borough staff continues to maintain the Borough’s 48 signalized intersections with regular and 24/7 response through a combination of dedicated signal technicians, line workers, and contractors as needed.

Some projects completed this year included:

- Upgraded 2 remaining antiquated style hanging signal heads to modern mast arm mounted heads with retroreflective backplates.
 - o S Main Street and Liberty Street
 - o Wayne Avenue and South 4th Street
- Replaced two signal cabinets that were significantly damaged beyond repair by auto accidents.
 - o Philadelphia Avenue and Commerce Street
 - o LWE and Ragged Edge Road
- Relocated Corpus Christi School Zone flasher further south on Second Street to coincide with current school zone drop-off pattern.
- Replaced original Radar speed sign on Mill Road with newer model being used throughout town.
- Upgraded signal fiber along Norland Avenue from original 6-count Multi-mode to new 12-count Single-mode for better performance and usability.
- Installed No Turn on Red Blank Out signs to coincide with improved pedestrian traffic safety efforts at Norland and 5th.

Upcoming plans:

- Reconfigure SE signal pole and Cabinet to better protect equipment from impending vehicle damages at the intersection of Orchard Drive and S Main Street.
- Further improve the Pedestrian signalization equipment at the intersection of 4th and Wayne in conjunction with the Public Works Campus construction.
- Support and oversee updates dealing with the Major Signal Upgrade Project.
- Coordinate with Greene Township contractor to interconnect the new signal at Kohler and Walker.

Greene Township Traffic Signal Project

- On June 27, 2022, Council decided to support the installation of a new traffic signal at Old Kohler Road and Walker Road in Greene Township.
- Support was requested because the intersection is on the boundary between the municipalities.
- The Borough requested a traffic study indicating a twenty-year or more build out of the Grand Point neighborhood be considered, as well as additional mitigation needed for Walker Road as that buildout occurs, in advance of the approval of the installation of the traffic signal.
- At the Borough’s request, the Greene Township Supervisors completed this traffic study, presented it to the Borough, and agreed to future traffic improvements.
- The Borough endorsed the installation of the new signal.
- PennDOT forced one significant change to the design; northbound Walker Road traffic will be prohibited from making a left turn into Kohler Road.

- Bids were received by Greene Township on September 17, 2025. We anticipate installation in 2026.
- Installation will happen concurrently with the major Chambersburg project and the signal will be interconnected with nearby signals.

It is very possible that this traffic signal will have a negative impact on traffic on Norland Avenue and Walker Road. However, this signal is approved and funded by a State grant and Greene Township will proceed.

Hamilton Township Sollenberger Road Widening Project

- PennDOT abandoned concept of installing a roundabout at Loudon Ave., Lincoln Way West, and Sollenberger Road.
- Intersection is almost all in Hamilton Township, but is adjacent to Borough line and impacts Borough traffic flow.
- PennDOT would like to just widen intersection instead.
- The Borough asked about addressing Loudon Street traffic, but PennDOT refused any request to study impacts of Sollenberger Road to borough routes.
- Borough still wants to study a West Chambersburg Boulevard concept (Industrial Drive to Lincoln Way connection) AND widening Black Avenue from Queen St. to Lincoln Way concept.

Maintenance of Township Traffic Signals

- Borough staff continues to maintain dozens of signals for Guilford, Hamilton, and Peters Townships with 24/7 response.
- Flashers at Grindstone Hill and Rt 0316 in Guilford Twp were pulled down by a truck and rebuilt to new condition.



Old-fashion township signals hanging by guidewires and not on steel poles

Future Traffic Signal Locations in the Borough

- Orchard Drive and Mill Road -
Currently a 4-way stop at two Borough-owned streets, this install would have same impact as a signal but would mitigate significant traffic volume in this high-growth area;
- S. Main Street and Industrial Drive -
In cooperation with PennDOT, this will be needed if the southern rail trail extension is funded;
- Lincoln Way East and Limekiln Rd./Plasterer's -
In cooperation with PennDOT and a Lincoln Cemetery Development if that were to occur.

There is no plan to install a traffic signal at Fifth Avenue and Grant Street. This intersection works well as an all-way stop.

2025 Projects Completed



Relocated Corpus Christi School Zone flasher south to coincide with current school zone



Replace Signal cabinet at LWE and Ragged Edge Road due to an MVA



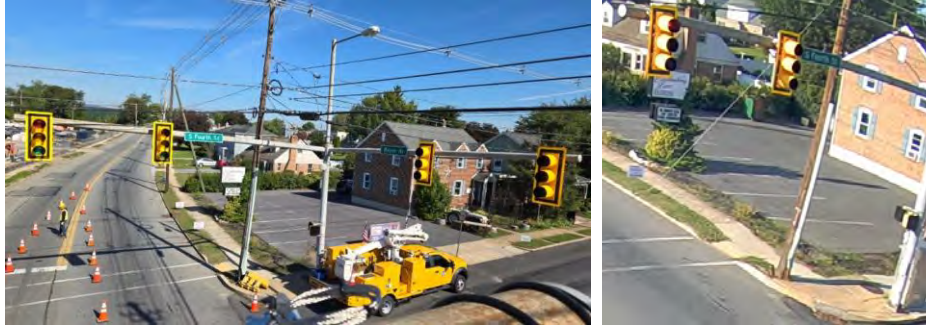
Replace Signal cabinet at Philadelphia Avenue and Commerce Street due to an MVA



Replaced Radar Sign at Mill Road



Signal head replacements at Main Street and Liberty Street- Hanging to modern signals with backplates



Signal head replacements at Wayne Avenue and 4th Street- Hanging to modern signals with backplates



Installed signs to Rename Cedar Ave to Street per Council Directive

Swimming Pool Fund (Aquatic Center)



Created in 2017, this Recreation Department owns and manages the 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.

During the absence of a Recreation Director, Samantha Hewitt, Recreation and Aquatic Center Supervisor. The new Department Director beginning in November 2025 will be Matt Hutchison.

	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Revenue	\$1,405,449	\$1,492,150	\$1,551,325
Expenses	\$1,359,275	\$1,562,650	\$1,658,325
Excess (Deficit)	\$46,174 Surplus*	-\$70,500 Deficit**	-\$107,000 Deficit***

* - In 2024, the Aquatic Center ran a small surplus which was reserved for future improvement projects.

** - In 2005, the Aquatic Center was scheduled to run a deficit due to \$54,000 in improvement projects.

*** - In 2026, the Aquatic Center is scheduled to run a deficit due to \$107,000 in improvement projects.

The Chambersburg Aquatic Center was analyzed in 2025 to refine its business plan and develop a new fee schedule. The Finance Director and a committee of Borough officials, employees, and citizens met to review facility revenue and expenses and develop new proposals. The recommendations to simplify and raise rates, and eliminate certain discounts, was approved by Town Council.

Years of Steady Progress Building a Successful Business Enterprise

Entering its ninth year of operation, a growing list of maintenance and capital needs will strain the finances of the facility. Staff is working proactively to develop plans to categorize and prioritize these fixes. However, as the original construction was financed through the 2016 Recreation Bond, those taxes do not provide sufficient excess to fund major improvements to the facility. In 2026, Council and the Recreation Department will need to continue to meet and discuss future investment and funding for this important community facility.

Currently, it is estimated that the facility may need as much as \$1 million in investment over the next few years.

Finally, 2025 was a down-season as it was cold and wet for much of the swim season and the facility revenue, as well as every other regional seasonal business, saw a decline for 2025.



8th Year of Operation, 2025



Each Aquatic Center season brings anticipation of weather, number of guests, and financial success. In the 8th year of operation, the Aquatic Center had a moderately successful season overall. To begin the season, weather brought cooler temperatures during Memorial Day weekend which inhibited guest and member attendance. Warmer weather soon followed; however, the season was hindered with weekly thunderstorms. The Aquatic Center still serves to be a great attraction and 62,000 guests and members visited in the 2025 season, 4,700 less than the previous season. The facility was open 88 of 89 possible days in 2025. The facility closed early on 11 days due to the “under 20 patrons in facility” policy. The drop in attendance is reflected financially, as revenue generated from daily admission was down \$27,000 at the end of August when compared to the previous season.

Operationally, the management team comprised of three returning members and one returning employee that was hired into the manager role. Staff retention in each of the five positions is beneficial to facility operations as it creates a strong, unified team with years of knowledge that is able to perform daily operations seamlessly while keeping safety and enjoyment as its core principles. The facility hires, trains, and oversees over 130 seasonal employees.

Daily walk-throughs and evaluations of the facility helps to maintain and address areas of concerns. A few general maintenance items were fixed pre-seasonally such as tile replacements at the Baby-Tot Pool, as well as at the Leisure Pool. Critical safety evaluations were made and two new gates were installed to the top of the slide tower. Additionally, Concessions had two larger appliances that needed to be fixed. A pilot light for one of the two fryers, as well as a control board for the large refrigerator needed to be replaced.

A Capital Improvements Plan for the Aquatic Center was implemented and five projects were completed in 2025. The addition of the Capital Improvements Plan will help the enterprise organize and visualize long-term goals and development for future projects.



2025 OPERATIONS / FACILITY IMPROVEMENTS



- Concessions: Customer Service Line, and streamlined menu options;
- Addition of Rita's as a stand-alone vendor;
- Pop-up vendor - Scoreboard Beverages;
- ALL 8 sponsorship slots filled for ads through Neptune Radio;
- New CAC Re-usable Cups;
- Replacement of Pilot Light for Fryer and Control Board for Freezer.

2025 Facility Improvements/Operational Improvements

With the amount of usage and age of the facility, the facility's wear is becoming more pronounced with each season. During the 2025 season a few notable improvements were completed:

- During the pre-season tiles in the Baby-Tot Pool as a larger area had popped out and needed fixed. Additionally, areas of tilework were replaced in the Leisure Pool.
- In the concession stand, two important appliances needed repaired. The pilot light was replaced in one of the two gas fryers. The large freezer began to dethaw mid-season and a new control board was installed.
- A new log floating pad was purchased in July as the previous log pad became unattached from the anchors within the pad.
- To help prepare any emergency, an Emergency Gate with a siren and light was installed behind the picnic pads during the latter part of the season. A second set is to be installed in the late fall and will be located near the miniature golf course.
- Two sliding gates were made and installed for the top of the slide tower to enforce safety measures. One was positioned at the green slide and the other at the top of the tower stairwell.
- At the end of the season, flooring inside both family bathrooms was replaced. The new flooring is a flake epoxy which should not hold the grit and grime as was experienced with the previous epoxy flooring.

Continuing to attract returning guests and appeal to new attendees, staff must be creative to help generate revenue for the facility. During the 2025 season a few notable additions to the Aquatic Center were added:

- Rita's Italian Ice became a permanent, stand-alone vendor at the Aquatic Center. They were stationed at the C.A.C. Shack. The Aquatic Center received a substantial commission from Rita's for their right to operate.
- Scoreboard Beverages was twice a pop-up vendor at the Aquatic Center towards the end of the season. The Aquatic Center received a commission from Scoreboard Beverages.
- Staff designed and purchased new CAC cups to sell. CAC cups are one of several sundry items for sale at the C.A.C. Shack. Individuals that purchase a CAC cup receive fountain drink refills at the concession stand for a lower refill cost.
- In the second year of using Neptune Radio at the Aquatic Center, all eight sponsorship slots were purchased by local organizations for their commercial ad to be played in the facility during hours of operation.

Snapshot Review of the Season	2024	2025
Number of Daily Borough Patrons Served	11,323	9,905
Number of Daily Franklin County/Ship Patrons Served	9,984	9,425
Number of Daily "Outside Discount Areas"	12,608	10,199
Number of Daily Uncategorized/Other Attendees	6,567	6,172
Total Daily Attendance	40,482	35,701
Total Member Attendance	26,536	26,658
Total People Served in all admission Categories	67,018	62,359
Number of Memberships Issued	932	840
Number of Borough Employee Memberships Issued	75	81
Total Number of Memberships Issued	1007	921
Percentage of Borough Memberships Issued	44%	43%
Percentage of CASD Township Memberships Issued	32%	27%
Percentage of Outside CASD Memberships Issued	23%	30%
Number of "Basic" Parties	14	21
Number of Parties with Upgrades (Pavilion or Picnic Pad)	123	125
Number of Rentals without Parties (Pavilion or Picnic Pad)	46	42
Number of Full Facility Rentals (After-hours, 8-10 PM)	29	28
Number of Discount Daily Pass Books Sold	22	134

BOROUGH OF CHAMBERSBURG – PROPOSED 2026 BUDGET

Daily Paid Categories	2024	2025	Daily Free Categories	2024	2025
*5 Pass Punch Card (prev. 10 Pass Entry)	Free Cat. Prev.	279	10 Pass Book Entry	228	Moved to Paid Cat.
Camp Group Attendees	517	659	Child Under 1	600	405
Party Participants, Additional Fee	242	905	Member Guest Punches (5 Pass)	2309	1809
Special Events (Adult / Teen Night) *Adult / Family Night '25	172	179	Party Participants (Included in Rental)	1747	1346
Water Walking	337	249	Rec Program Participants	326	251
CAC Employee Entry	---	44	Super Swimmer (16th Visit Free)	89	46
TOTAL	1,268	2,315	TOTAL	5299	3857

Capital Improvement Projects: 2025

2025 Project	Projected Total Cost	Borough Cost	Completed
25 Waterproof Walkie Talkies	\$18,000	\$17,975 *Donated	✓ Yes
Two New Landing Pads for Floating Log Crossing	\$14,000	\$10,560	✓ Yes
Cameras	\$12,000	\$12,122	✓ Yes
Roof Repair/Replace of the Main Building	\$6,000	\$6,000	✓ Yes
Gutters of the Inside Facility, Main Building	\$4,000	\$3,996	✓ Yes
Boiler in Large Pump House	\$55,000	\$55,000	✓ Yes
Total	\$109,000	\$87,678	

GENERAL FINANCIAL REVIEW

Operating Revenue vs. Operating Expenses

	2025 (through 8/31)	2024 (through 8/31)
Revenue Generated from Admission Fees	\$607,569	\$634,662
Revenue Generated from Programs	\$46,676	\$40,228
Revenue Generated from Rentals/Parties	\$44,707	\$43,275
Other Operating Income (CAC Shack, Vendor Income)	\$13,883	\$11,355
Concession Income	\$129,671	\$156,401
Total Revenues	\$842,506	\$885,921
Facility Operating / Non-Operating Expenses	(\$519,107)	(\$522,039)
General and Administrative Expenses	(\$191,199)	(\$200,418)
Capital Expenses	⁷ (\$26,678)	—
Total Operating / General-Admin Expenses	(\$736,984)	(\$722,457)
Total Net Operating Revenue	\$105,522	\$163,464



Revenue and expenses for Labor Day weekend are not included, as well as staff bonuses, and one outlying Capital Project

***Projected, for the first time since 2020, the Aquatic Center will not have had a profitable year**

Labor Day Admissions were lower than previous season due to cooler temperatures and weather which means little revenue increase

Other expenses:
Bonuses: \$11,700
Capital Project: \$6,000
Family Bathroom Flooring: \$1,950
Surge tank valves: \$4,000
Staff Salaries Continue

**Anticipated by
12/31/25
roughly - \$80,000**

Financial Challenges

Ongoing annual financial evaluations continue to demonstrate that, to keep pace with rising operating and maintenance costs, we must incrementally adjust rates and proactively manage assets in a financially responsible manner.

In 2025, an Ad Hoc Committee was formed. Staff collected and studied daily rates and membership rates of other municipal facilities. With the gathered information and sharing with the Ad Hoc Committee, it was evident that the daily rates, membership rates, and rate structure of the Aquatic Center needed to be re-organized. Fundamental changes were made to simplify rates and fee structure. These changes will aid upcoming budget seasons to increase the rates at standardized and calculated structure for Borough Residents and Non-Residents.

Recommended Facility Improvements for 2026 Utilizing the Operating Budget:

- Continue to address and monitor the wear and tear of the facility. Try to keep the aesthetic standard appealing by painting building walls, paint front gates, purchase new signage around the facility, etc.
- Purchase new lounge chairs to add to the number allotted at the facility, as well as replace those that need to be substituted due to years of usage.
- Continue to fix tile-work and coping stones throughout the pools, as well as regrout. This is part of essential maintenance in the facility, on a now yearly basis.
- Hire additional seasonal worker(s) or a cleaning organization to help clean the facility daily, before/after operations.

Furthermore, before the pool opens in 2026, multiple items need repaired or replaced due to deterioration and safety concerns. Items that need to be addressed and replaced are:

- Eight filter mediums in both pump houses which are sand and gravel filters;
- One boiler in the large pump house due to mechanical failures;
- 134-feet of trench drain on the lower-deck;
- Three doors for the surge tanks as the lift assist mechanisms have corroded and are no longer operating.

2026 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	86933	New Shade Sails	\$70,000	\$0	\$0	\$70,000
Capital Reserve	86932	New Locker Room Flooring	\$22,000	\$0	\$0	\$22,000
Capital Reserve	86933	New Lockers	\$15,000	\$0	\$0	\$15,000
			\$107,000	\$0	\$0	\$107,000

The facility is no longer a new attraction. With aging and completion of its eighth season, the facility needs attention to be successful in its future. What used to be considered future repairs of equipment, such as pumps, boilers, drain covers, slides, and more, is now needing to be addressed because of deterioration and failures. Appointment of an aquatic maintenance consultant will benefit the facility to create a preventative maintenance plan in which will help determine the timeline and estimate of costs for equipment and upcoming facility projects. The appeal to patrons still needs to continue in order to continually gain more revenue. Projects such as adding more features in the future, but also updating equipment such as baby-tot pool features, or replacing the lockers in the locker rooms will show patrons that the Borough is invested in continuing to make the Aquatic Center an attraction.

2027-2029 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	86931	Water Feature Enhancements No Lifeguard Required	\$250,000	\$0	\$0	\$250,000
Capital Reserve	86933	New Pool Covers	\$60,000	\$0	\$0	\$60,000
Capital Reserve	86931	Add Splash Pad Safety Surfacing	\$52,000	\$0	\$0	\$52,000
Capital Reserve	86932	Heat and Insulate Large Pump House	\$30,000	\$0	\$0	\$30,000
Capital Reserve	86933	Storage Shed	\$30,000	\$0	\$0	\$30,000
Capital Reserve	86933	Tot Pool Features	\$14,000	\$0	\$0	\$14,000
Capital Reserve	86932	Add Gutters on Outside of Main Building and Both Pump Houses	\$10,000	\$0	\$0	\$10,000
Capital Reserve	86931	Add Concrete Picnic Pad No. 7	\$7,000	\$0	\$0	\$7,000
			\$453,000	\$0	\$0	\$453,000

2025 Operating Challenges

- Scheduling employees to provide sufficient coverage in all positions through the end of the season, Labor Day weekend.
- Hiring certified lifeguards and retaining lifeguards for future seasons.
- Cleanliness of the facility such as locker rooms and bathrooms; as many staff cleaning these locations are lifeguards.
- The number of usable lockers that patrons were able to rent and use as the lockers are original from the Municipal Pool and were not replaced. Over half of the lockers are labeled “Out of Order”.

Recommended Changes to Improve Operations in 2026

- Continue to review incentives and hourly pay-rates for seasonal staff and adjust accordingly in comparison to national/state/local organizations as such and in order to retain current staff.
- Provide new programming opportunities that generate revenue.
- Find innovative ways to make concessions quicker and stream-line processes for storing, making, and selling foods; as well as continue to partner with local food vendors, ie: Sweet Rollers.
- Find local food vendors that would like to set-up throughout the season in exchange for a commission payment.
- Use and enforce height bars at the top of the slide tower to enforce swimmer height requirements.
- Continue to Advertise and promote facility through brochures and share with local businesses in the surrounding area / counties, ie: Twin Bridge Campground, Hotels, Gettysburg, etc.



2025 Puppy Paddle



2025 Poolside Yoga

2026 Recommendations

Rule Addition

Recommendation to add the following language to the facility guidelines:

Current:

“Easy-Up” or tailgate-type tents are NOT permitted. Personal umbrellas are not permitted and personal, umbrella-type shade structures must also be secured and placed beyond the facility’s shade structures. Infant/toddler, low-lying shade covers that have bottom and which do not require any form of staking are permitted. The average height of infant/toddler shade structures are typically 36 inches and lower; which is acceptable.

Daily Rates

An Ad Hoc Committee was formed to review and address the current fees and fee structure. In the past, there was not a calculation or a mathematical formula to increase daily or membership rates. The purpose of this committee was to research other facilities’ fees and fee structures in comparison to what is being offered at the Aquatic Center. The goal was to mold the current system into a reasonable and proportional fee structure.

Ticket	Residents	Non Residents
Weekend		
Under 1	Free	Free
Daytime		
Regular (5-59)	\$ 11	\$ 20
Junior (1-4) / Senior (60+)	\$ 10	\$ 18
Twilight		
Regular (5-59)	\$ 9	\$ 16
Junior (1-4) / Senior (60+)	\$ 8	\$ 14
Weekday		
Under 1	Free	Free
Daytime		
Regular (5-59)	\$ 8	\$ 14
Junior (1-4) / Senior (60+)	\$ 7	\$ 13
Twilight		
Regular (5-59)	\$ 6	\$ 11
Junior (1-4) / Senior (60+)	\$ 6	\$ 10

Previous height requirements were changed to age requirements, as well as removing the chaperone rate. The residency criteria moved from three to two tiers: Resident versus Non-Resident.

All calculations of Daily Rates were based off of the Borough Resident Weekend Daily Rate via a set formula.

Current daily rate policy:

“Daily patrons are required to present a Driver’s License or current Passport to validate residency. If neither can be provided, a current Chambersburg Borough utility bill is an acceptable substitute. Essentially, anyone residing in the Borough will be required to present an approved ID to validate their area of residence; otherwise, a daily guest will be required to pay the highest applicable category rate.”

Admission Rates

	2025 Full Rate No Discount	2025 Franklin County And Shippensburg	2025 Borough Discount Rate	2026 Full Rate No Discount	2026 Borough Discount Rate
Special Days/Events					
- Adult Night / Family Night (rate per person)	\$7	\$6	\$5	\$8	\$4
5 Pass Discount Punch Card	\$79			--	--
Recommend to remove; all persons pay the daily rate to enter. Discount Punch Cards only available for members to purchase					
Other					
-Water Walking, Daily Rate	\$5	\$5	\$4	\$6	\$3
50% for members based upon residency					

Military Benefit: Active, Veteran, Retired and Reserve military personnel and/or dependents showing proper ID to include the following branches: Air Force, Army, Coast Guard, Marines, National Guard, Navy and Space Force receive 10% off the applicable daily rates. Does not apply to special events/discount

rates, such as 5 Pass Discount Punch Card, Adult/Family Night, and Daily Water Walking, and membership discount only applies to active military personnel.

Daily Entrance Includes the following: Super Swimmer Card: with every 15 punches, a patron earns one free Daily Rate admission.

Holiday Daily Admission: 2026 Holidays defined as: Memorial Day, Juneteenth, Fourth of July, and Labor Day. On these days, due to excessive crowds, all Saturday/Sunday daily rates apply.

Concession Stand will be closed on Labor Day, Monday when Concession Staff will be scheduled to clean the stand for the post-season.

Closing Announcements:

The facility closes at 8 PM daily. The current policy is the closing announcement for all patrons to exit the pool and gather belongings is played at 7:50 PM daily; with it being played at 7:45 PM on Tuesdays, Fridays, and Saturdays because of the 8-10 PM rentals. There will be a change to play that announcement at 7:45 PM daily; and at 7:40 PM on Tuesdays, Fridays, and Saturdays to allow guests more time to exit the facility promptly.

Season Membership Rates

Membership	Residents		Non-Residents	
	15% Discount (thru 3/31)	Full Price	15% Discount (thru 3/31)	Full Price
Individual	\$123.25	\$145.00	\$199.75	\$235.00
Senior	\$110.50	\$130.00	\$178.50	\$210.00
2 Member Family	\$157.25	\$185.00	\$255.00	\$300.00
3 Member Family	\$195.50	\$230.00	\$310.25	\$365.00
4 Member Family	\$225.25	\$265.00	\$361.25	\$425.00
5 Member Family	\$255.00	\$300.00	\$408.00	\$480.00
6 Member Family	\$284.75	\$335.00	\$450.50	\$530.00
7 Member Family	\$306.00	\$360.00	\$488.75	\$575.00
8 Member Family	\$331.50	\$390.00	\$522.75	\$615.00
9 Member Family	\$348.50	\$410.00	\$552.50	\$650.00
10 Member Family	\$365.50	\$430.00	\$578.00	\$680.00
Each Additional Member	\$17.00	\$20.00	\$25.50	\$30.00

All members of the family must reside at the same address. Chambersburg Borough Residents must show proper identification in order to receive Chambersburg Borough rate.

By keeping the same membership tiers, adjustments were made mainly to the fixed 2-family through 5-family memberships, and replacing each tier with a fixed, variable model and decreasing variable rate as with each family member. Additionally, historically the Aquatic Center offered 3 discount periods and recommend to transition to one discount period through the end of March. For 2026, the 15% discount will be valid through the end of business (5 PM) on March 31st.

We anticipate that members throughout Franklin County, rather than beyond Franklin County, will be the most significantly impacted by this new rate structure. Now, there is no difference between a patron living in Shippensburg and one living in Hagerstown.

Membership Benefits Include:

- Early Admittance: Monday-Friday, 12-1 PM; Saturday and Sunday 11:30 AM – 1:00 PM
- Free Guest Pass Punch Card with purchase of a Membership:
- Individual Memberships receive Guest Pass Punch Card with two punches.
- Family Memberships receive Guest Pass Punch Card with five punches.
- May bring a guest during early admittance with a Membership Issued Guest Pass Punch Card.
- Additional Guest Pass Punch Cards are available for purchase once all punches have been used.
- Members residing in the Borough may purchase another 5-pass punch card for \$40.
- Members residing outside of the Borough may purchase another 5-pass punch card for \$70.
- 10% discount at the Concession Stand for food items (not C.A.C. Shack items) when showing a membership card.

- 10% discount on Swimming Lessons.
- 10% off Pool Parties, Pavilion, Picnic Pad, and Event Room Rentals
(No discounts on 8-10 PM Rentals)
- Water Walking discount:
- Members receive 50% off the Water Walking Daily Rate, based upon member residency
- Members may purchase a Water Walking Membership for unlimited Water Walking per season:
- \$40 for Borough Residents
- \$70 for Non-Borough Residents

Refunds will not be honored after the pool opens for the season.

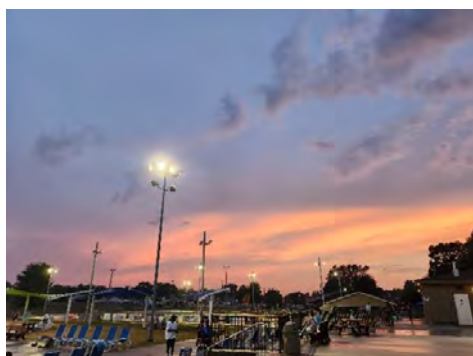
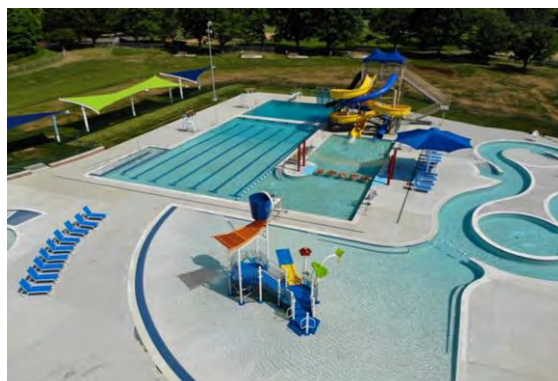
Military Benefit: Active Military Personnel and dependents showing proper ID receive 10% off a regular season membership rate.

Financial Aide: The goal is to continue to partner with a third-party vendor, very similar to last year's collaboration. The recommendation for 2026 is to offer a 5-pass discount punch card to each family member requesting financial aid.

Party and Rental Rates	2025 Regular Rate	2026 Regular Rate	2025 Borough Discount	2026 Borough Discount
Daytime Parties				
Pool Party during operational hours				
• 3 hours includes up to 20 people, children under age of 1 not included in this count.	\$149	\$149	\$129	\$129
• Each additional person, \$5/ person. Max of 50 people permitted. Daily rate required for anyone over max attendance.				
• Discounts at concessions (food options provided with reservation form).				
• Time Slots: 1:00 - 4:00 PM OR 4:45 - 7:45 PM				
General Pool Party				
• Picnic tables near mini golf (not under pavilion).				
• One umbrella per table. Each table seats 8.				
• Only 2 parties permitted during same time slot at this location.				
Pool Party with Pavilion Rental, Whole – Seats approx. 70	\$219	\$219	\$209	\$209
• 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	\$185	\$185	\$175	\$175
Pool Party with Picnic Pad Rental – Seats approx. 15	\$169	\$169	\$145	\$145
• Includes all Pool Party options, but with Picnic Pad instead of tables near mini golf, Grill;				
Electricity. Picnic Pads #1-6				
• Time Slots: 1:00 - 4:00 PM OR 4:45 - 7:45 PM				
Pool Party with Event Room – Seats approx. 30	\$189	\$195	\$175	\$179
• Includes all Pool Party options, but with Event Room instead of tables near mini golf.				
Tables/chairs provided.				
• Time Slots: 1:00 - 4:00 PM OR 4:45 - 7:45 PM				
Rentals Without a Party				
Pavilion – Full day rental without a party				
Whole (seats 75)	\$99	\$99	\$85	\$85
Half (seats 35)	\$79	\$79	\$69	\$69
Picnic Pad Full-day Rental Without Party	\$69	\$69	\$65	\$65
• Seats approx. 12-15; Grill; Electricity				
Event Room Rental Only – Capacity 30. Tables and Chairs provided.				
During operational pool hours	\$79/day	\$79/day	\$69/day	\$69/day
Corporate/Charity Pool Events				
Full Facility After Hours on Tues., Fri., or Sat.				
Rate for Individuals, Families, or Registered Charity Organizations	\$499	\$509	\$475	\$485
Rate for Businesses or Unregistered Organizations	\$549	\$549	\$525	\$525
* - Registration is Proof of IRS Form 990 from Prior Tax Year				
Activity Area Only Rental after hours Tues., Fri., or Sat	\$149	\$149	\$129	\$129
Summer Camp Group Rates				
• The Aquatic Center will not accept more than 200 total campers in any one calendar day.				
• Groups may schedule time between the hours of 1:00 p.m. and 3:30 p.m., (Mon. to Thu. only).				
Summer Camps that charge their participants	\$7.50 / camper participant and counselor			
Summer Camps that do not charge their participants	\$4.50 / camper participant			
No charge for group chaperones/counselors for camps that do not charge their participants.				



Proposed “no-lifeguard-necessary” future equipment



AQUATIC CENTER STAFF

- **Recreation & Aquatic Center Supervisor:**
Samantha Hewitt
- **Recreation Maintenance Manager:**
Nicholas Sheaffer
- 130+ seasonal employees
 - 4 CAC Managers
 - 54 Lifeguards
 - 36 Activity Attendants
 - 15 Cashiers
 - 3 Concession Managers
 - 22 Concession employees



Opening Day! - Saturday, May 24th, 2025



4th of July!

Chapter 5 – Internal Service Funds Budgets

When governments wish to allocate the cost of providing certain centralized services (e.g., a motor pool, information technology, a shared warehouse) 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 funds.

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.”

Management uses the Borough’s six internal service funds 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 disbursal of inventory, which supports the construction and maintenance functions of the Borough utilities, as well as our Customer Service Center and 24/7 call center.
- Administrative Services Fund – Administrative Services, which used to be synonymous with the Finance Department, has greatly expanded in the last decade. Now, it is in three-parts.
 - o The first part is responsible for the complete financial management, utility meter reading (which includes parking meter maintenance and enforcement), and customer service.
 - o In 2012, the Borough expanded this fund to add a second part, which are services to include the clerical pool of employees (which includes parking permits and parking meter fund processing), Information Technology, and Human Resources.
 - o In 2024, the operation and maintenance of the City Hall campus was transferred to Public Works.
- 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/mark out information to other departments. The department also designs and inspects public works projects including streets, sidewalks, and curbs.
- 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.
- Public Works Campus Fund – This fund supports the construction and operation of the new Public Works Campus. This was done in a separate fund beginning in 2025 so that the users of the facility can transfer revenue to cover the expenses in proportion to a formula adopted by Council. Furthermore, in keeping the construction and operation of this facility separate, the Borough can both track its expense and, not allow this large project to skew other funds with other missions (i.e., the Sanitation Fund, where this project was originally conceived).
- Self-Insurance Fund – This fund is used to fund risk management and general liability which the Borough does not transfer to commercial insurance carriers or insurance pools.
- Worker’s Compensation – This fund underwrites the risks to the Borough resulting from job-related injury or illness to its employees. It is a trust fund licensed by the Commonwealth.

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

This Page Intentionally Left Blank

Stores/Warehouse Department



The Stores/Warehouse Department provides internal and external customers with exceptional services for both emergency and routine communication 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>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Revenue	\$1,809,595	\$1,866,610	\$1,913,902
Expenses	\$1,600,390	\$1,866,610	\$1,998,902
Excess (Deficit)	\$209,205 Surplus*	- Balanced -	-\$85,000 Deficit**

* - The 2024 surplus was as a result of greater sale of inventory to utility operations than originally planned.

** - Making a \$85,000 withdrawal from accumulated fund balance for capital investment at the facility.

In theory, this internal service fund should balance every year. However, because the purchase of materials and supplies may appear in different fiscal years from their consumption, from time to time, the fund demonstrates a year-end surplus or deficit. For example, in 2024 a surplus existed from materials increasing inventory.

The Stores/Warehouse Department, located at 80 South Franklin Street, is our Customer Service Center for both internal and external customers. Supervised by George Weis, the center includes the warehouse functions of the Borough and our customer service Dispatchers.

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 Warehouse), and second, it provides a 24/7/365 Customer Service Center for utility emergency and routine customer service. A gas utility is federally required to provide emergency support to its customers.

The Stores/Warehouse Department has \$1.5 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 been very active in 2025. This includes:

- Issued RFP for evaluation and recommendation of potential major modernization project
- Finalized resolution of environmental concerns from Manufactured Gas Plant formerly on the site
- New Warehouse Person and two new Dispatchers.

The Stores/Warehouse Department is proud of our excellent Customer Service Center Dispatchers, who work around the clock dealing with issues and concerns of our residents. We are proud of the fact that our customers talk to a live person whenever they call, at any hour of the day.

The warehouse is responsible for:

- Purchasing and stocking material and parts for utility repair and construction;
- Purchasing off the COSTARS State Contracts;
- Management of inventory;
- Central stores warehouse operations;
- Assists Electric Utility with processing PCB removal of old transformers; and
- Gathering and disposing of scrap metal from various utility operations.

The Borough Warehouse is the primary purchasing and disbursement operation for the Borough. All departments, especially the utilities, utilize the Warehouse for the bulk of their procurement needs. Staff keeps stocked in the Warehouse much of the material purchased to ensure availability when needed.



Operational Challenges

The Warehouse is a critical parts acquisition and distribution function for Borough operations, but much of it operates with old facilities and technology

- The Warehouse is the central purchasing entity for the Borough, but it is underutilized by some Departments;
- Warehouse part orders are still processed by handwritten cards;
- Much of shelving in building is decades old, with much of it requiring ladders to reach;
- Conducted RFP for consultant to determine best options for improvements (i.e. robotics, software upgrades, facility upgrade, etc.);
- Warehouse is 60+ year old facility – manual operations are prone to injury risks and inefficiencies;
- Implemented new procedures this year for utility turn-ons and call processing;
- Struggling with some material availability supposedly due to tariffs.



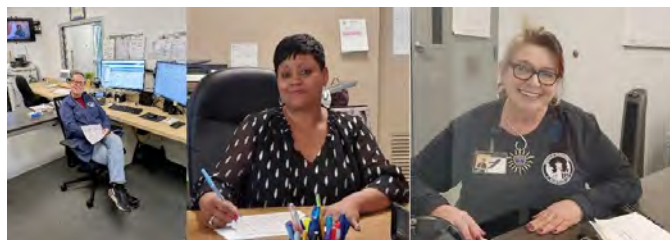
Customer Service Center

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 hours a day customer support and emergency dispatch for utilities;
- Provides customer service for calls made to Borough Hall when offices are closed (nights, weekends, and holidays);
- Processes citizen complaints and concerns;
- Regularly conducting enhanced customer service training;
- Operates electronic gate remotely for the Borough Farm; and
- Daily stuff utility bills in envelopes.

2026 Goals

- Begin implementation of warehouse modernization project
- Warehouse items needed for Borough utility emergencies and normal operations – \$1.5 million inventory including office supplies, janitorial supplies, wire, pipe, and transformers.
- In 2026, we expect to purchase approximately \$750,000 of material, much of it consisting of small dollar purchases;
- Financially sound per item markup expected to remain constant for 2026 (No rate increase for the past 25+ years);
- We have a goal of identifying and adding new ways to benefit the Borough.



Members of the Dispatch Team
Emma Medina - Bernadette Culbertson - Sandra Smith

Manufactured Gas Plant Site Remediation



Service Center under Construction, with MGP Tank Top Left

The Borough has completed a consent agreement with the PA DEP for the Borough's Customer Service Center site, a 2-acre former Manufactured Gas Plant (MGP) site located at 80 South Franklin Street. The site was first developed and privately operated as the Chambersburg Gas Works in 1856. In 1864, Confederate forces destroyed the manufacturing plant during the burning of Chambersburg and the owners rebuilt it shortly thereafter. The site continued to operate as a Manufactured Gas Plant by private companies with various modifications and improvements until the Borough purchased the property and the MGP in December 1946. The facility is Borough-owned. It is the headquarters for the Borough's Customer Service Center and houses the Borough Emergency Dispatch Center, Borough Warehouse, Borough Natural Gas Utility, and Borough Electric Utility Line Crew.

While advancing plans for a building expansion early in 2020, initial earthmoving to ascertain underground utilities' locations, and a potential stormwater infiltration gallery, revealed potentially contaminated soils, halting all activities. Due to extensive costs associated with the site's remediation, the Borough sought and was awarded \$525,000 from the Pennsylvania Department of Community and Economic Development Industrial Sites Reuse Program (ISR) in 2021 to fund the first phase of

investigation and remediation at the site. The Electric Utility and the Natural Gas Utility worked cooperatively on this project.

The Borough worked immediately to ensure there were no related environmental or health risks to the public or our employees.

The Borough has coordinated with PA DEP to finalize a plan to ensure all contamination is contained, and not a threat to the environment, nor a future liability to the Borough. Final sign off by PA DEP was completed in early 2025. This agreement will limit our liability going forward, and protect the environment and human health. We have approached this project with environmental stewardship despite inheriting the problem generations ago.



Pre-existing structures on site in what-would-be today's parking area

The small red star is on the same home, which still stands, in each of the photographs:



Today's parking area



Gas Meters in the Warehouse

Electric Utility Operations Center

The Electric Utility completed construction of their new Distribution Center on the site in 2021 and it was fully outfitted and occupied in 2022. Construction was financed through the Electric Utility's 2019 Capital Improvements Bond Issue. This building now houses the Electric Line Crew, Line Crew trucks, and provides substantial indoor space for the warehousing of electric cable reels to prevent their damage from the elements. By 2023 had seen substantial amounts of Warehouse inventory for the Electric Utility use moved into the new building, which is located at the Service Center.



In 2026, the Electric Utility may install a cover for the equipment that the continue to store outside.



WAREHOUSE/STORES DEPARTMENT

2026 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	19893	Warehouse Modernization Project	\$250,000	\$0	\$0	\$250,000
Capital Reserve	19892	Install Customer Service Center Overhang for Electric Transformers	\$80,000	\$0	\$0	\$80,000
			\$330,000	\$0	\$0	\$330,000

2027-2029 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	19893	Warehouse Modernization Project	\$250,000	\$0	\$0	\$250,000
Capital Reserve	19892	Replace Warehouse Roof	\$95,000	\$0	\$0	\$95,000
Capital Reserve	19892	Customer Service Center Fence Replacement	\$65,000	\$0	\$0	\$65,000
			\$410,000	\$0	\$0	\$410,000

- Exploring major modernization project for Warehouse to improve efficiency and reduce injury risk;
- Conducted a Request for Proposals (RFP) to hire Warehouse consultant to identify options (i.e. bar coding, automation, etc.) and costs;
- Options to be reviewed with Council for approval of next steps;
- Potential implementation in 2026-2027 if Council approves project; costs to impact Utility Departments.



This Page Intentionally Left Blank

Administrative Services Group of Offices



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; and
- To manage the data, technology, and information systems of the Borough in a cost-effective manner.

	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Revenue	\$8,606,635	\$8,982,642	\$10,271,795	\$10,566,000
Expenditures				
Utility Addition Ops	\$559,084	\$601,727	\$586,985	\$584,400
Personnel/Payroll	\$803,447	\$918,972	\$968,700	\$1,123,886
Information Tech	\$1,352,317	\$1,195,262	\$1,641,700	\$1,777,627
Finance/Accounting	\$942,193	\$1,071,432	\$1,179,100	\$1,017,203
Customer Service	\$1,654,449	\$1,841,483	\$1,968,965	\$2,063,556
Clerical Pool	\$1,440,144	\$1,394,889	\$1,420,400	\$1,624,200
General & Administrative	\$888,608	\$1,150,352	\$888,740	\$1,152,804
Misc./Township EMS	\$106,691	\$118,021	\$117,500	\$120,000
Transfers for Insurance, etc.	\$572,920	\$386,010	\$289,705	\$325,280
Capital & Equipment	<u>\$342,691</u>	<u>\$368,665</u>	<u>\$1,210,000</u>	<u>\$774,044</u>
Total	\$8,662,544	\$9,046,813	\$10,271,795	\$10,566,000
	(\$55,909) Deficit	(\$64,171) Deficit	- Balanced -	- Balanced -

Beginning in 2026, the collective small deficits, which have been accumulating for the last few years, were determined to be the result of an error in the funding formula, which will be corrected going forward.





Chambersburg Town Council Chambers in 1957 in what is today the Engineering Department and Chambersburg Town Council Chambers in 2022 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 Department;
- Information Technology: Computers, software, and utility invoicing;
- Customer Service: The meter readers and front counter operations;
- Finance & Accounting: Accounting and financial management for all departments; and
- Buildings, Grounds, & Maintenance: Maintenance and operations of City Hall campus and downtown.

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: Director of Administrative Services
- The Human Resources Office: Director of Administrative Services
- Information Technology: Director of Administrative Services
- City Hall & Customer Service: Finance Director
- Finance & Accounting: Finance Director
- Building, Grounds, & Maintenance: The Director of Public Works

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 Borough 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, they are the fiduciary in charge of the Borough's independent pension plans.

The current Director of Finance is Benjamin (Ben) Hayhurst. Ben serves at the pleasure of the Borough Manager and was appointed as Borough Treasurer by Town Council in 2024. Eric Day, the Assistant Director of Finance was hired in 2025 and appointed by Town Council as the Assistant Borough Treasurer.

Furthermore, the Borough Manager appointed a Director of Administrative Services beginning in 2022. With the consent of Council, Melinda Thompson became the first Director of Administrative Services and the Borough Manager has delegated authority over Human Resources, Information Technology, and the Clerical Pool to her. She had previously served as Human Resources Supervisor. Kris Baker, continues as the Human Resources Supervisor. Peter Kolva supervises the Information Technology office. The Clerical Pool recognizes Jamia Wright as the Borough Secretary and most senior member of the pool.

Stephanie Farris, Administrative Services Supervisor, and Michelle Amsley, Accounting Supervisor, assist the Finance department. In 2024, Council moved supervision of Building & Grounds to the Public Works Department. Larry Truett is the Building, Grounds, & Maintenance Supervisor, who assists the Public Works Director.

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 SEK CPAs and Advisors, 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.



The front counter in the Utility Departments' Addition to City Hall



The original front counter in what-is-today, the Administration Office Suite

Customer Portal Update

For several years, it has been the goal of the Borough to provide utility customers with a web-based portal that is easy-to-setup, user-friendly, and safe. The Customer Portal went live internally early in 2025 for Front Counter staff to gain experience with and as an additional level of testing before going live to the public. A small group of Council members, employees and residents tested the portal as “beta” testers and on July 7, 2025, the Customer Portal went live to the public. After just three months, over 30% of utility accounts are now accessible to customers via the Customer Portal with new occurring registrations daily.

Finance and Accounting

The Borough of Chambersburg's Finance and Accounting Department is responsible for recording, tracking, and reporting all financial transactions that occur within the Borough, including managing accounts payable (payments owed by the Borough), accounts receivable (payments including utility invoices owed to the Borough), budgeting, bookkeeping, auditing, and ensuring compliance with financial regulations by producing accurate financial statements for the Town Council and other stakeholders.

The 2025 personnel changes for Accounting, Customer Service and Meter Reading were:

- Hired to fill the vacant Front Counter Teller I – Bilingual position due to a departure
- Hired to fill the vacant Assistant Director of Finance/Assistant Borough Treasurer position due to a promotion
- Promoted two Teller I's to Teller II's following successful completion of training program
- Hired to fill vacant Utility Meter Technician positions as staff took positions elsewhere in the Borough
- Promoted Property Assets Accountant to Treasury Accountant based on team needs
- Hired to temporarily fill the Secretary II – Finance position due to a departure
- Working on hiring to fill the vacant Staff Accountant position due to a departure

In 2025, the Borough is proud to have once again received the Government Finance Officers Award for the publication of the 2025 Annual Comprehensive Financial Report (ACFR).

In 2023 the Borough selected F&M Trust of Chambersburg to take over banking and investment advisory services. Finance continues to work with F&M Trust Investment Advisors towards the goal of maximizing the Borough's return on investments. As of September 30, 2025, the Borough has investments under management with a valuation of \$59.8 million and is realizing an average yield of 2.4% for an estimated annual income of \$1.4 million. The Borough held many positions from a lower interest rate environment that have been, and will continue to mature in the coming months. These funds will then be reinvested at higher current rates. State Law significantly limits what local governments can invest in, which has the intended effect of mitigating risk, however, it also limits yield.

Finance and Accounting goals for 2026 include:

- Collaborate with other departments
 - o To improve comprehensive understanding of technical accounting
 - o To identify areas of opportunity
 - o To design and implement mutually beneficial solutions
- Educate staff on internal controls over operations, external reporting requirements and technological opportunities
- Improve Non-Utility accounts receivable accounting and operations
- Improve the customer service experience for both customers and employees
- Improve meter reading and service order operations' efficiency and ensure Meter Readers' safety in conjunction with the utilities staff – particularly by requiring remote meter reading technology integration and/or utility meter relocation to exterior locations.

Customer Service

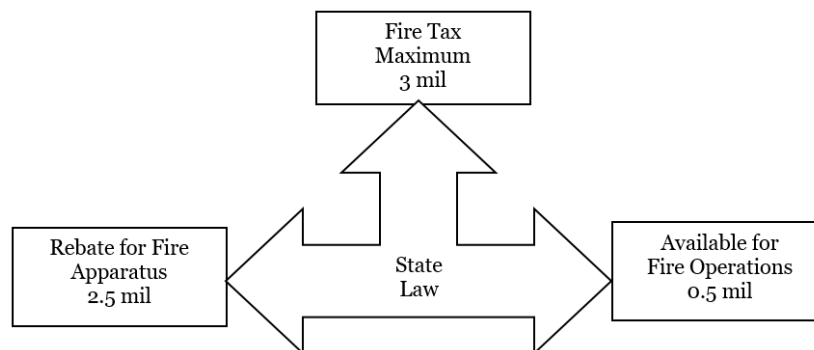
Under the supervision of the Finance Director, this office includes all of the full time Meter Readers and Technicians, the Parking Enforcement Officer, the Front Counter Reception Clerks and Tellers, and Customer Service Representatives. Responsibilities in this office include the successful reading 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. 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.

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 unsuccessful attempt to convince an arbitrator to reduce benefits, increase employee contributions to benefits, or prevent annual wage increases awarded these employees. The budget now includes both a police tax and a fire tax.

Prior to 2018, as the fire tax was used only for equipment and vehicles for the Emergency Services Department, it had no direct impact on the General Fund. Proceeds from the fire tax were given to the Motor Equipment Fund; the motor pool of the Borough, which is a separate fund. However, in the Motor Equipment Fund, all those proceeds are to 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.

2026 Fire Tax Yield	\$643,640	3 mil
2026 Fire Tax Revenue	\$673,170	includes prior year delinquency, liens, interest, and PILOTs
2026 Fire Tax Transfer	\$112,195	to the General Fund for ES Department Salaries
2026 Fire Tax Transfer	\$560,975	to the Motor Equipment Fund for ES Department Equipment
2026 General Fund Transfer	\$209,430	to reimburse ES Department for motor equipment costs
2026 Budget	\$673,170	



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 eliminated the ½-mil levy, and adopted the assessment of an Ambulance Fee, at a rate of \$7.00, to be billed monthly to every Borough water customer. The intent was to remove 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. Since 2020, the fee has been intermittently increased to the 2025 rate of \$11.00. In 2026, the fee was raised to \$12.50.

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, necessitated 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 has since provided the resources to pay debt service payments. In 2023, the tax was reduced to 2 mil, as a result of debt service savings being realized due to a refunding of the 2016 bonds, at a lower interest rate. There is no change in this bond tax in the 2026 Budget.

2026 Recreation Tax Yield	\$522,540	2.5 mil
2026 Recreation Tax Revenue	\$548,105	includes prior year delinquency, liens, interest, and PILOTs
2026 Recreation Bond Payment	\$67,706	to pay down the Recreation Department's portion of the 2016 General Obligation Bond, refinanced in 2021
2026 Recreation Tax Transfer	\$448,350	to the Swimming Pool Fund, to pay down the Fund's portion of the 2016 General Obligation Bond, refinanced in 2021
2026 Recreation Expenses & Fund Balance	\$32,049	expenses and addition to the fund balance
2026 Budget	\$548,105	

Police Station Bond Tax Fund

Beginning in 2022, a levy of 1-mil was adopted, with an additional 1.5 mils anticipated in 2023, for the purpose of paying down the debt that is to be incurred to facilitate the expansion and construction of the Borough Police Department headquarters; a part of the City Hall Campus. In 2023, an addition of only 1-mil was adopted in order to fully fund the debt service requirements. There is no change in this bond tax in the 2026 Budget.

2026 Police Station Bond Tax Yield	\$417,990	2-mil
2026 Police Station Bond Tax Revenues	\$434,910	includes prior year delinquency, liens, interest, and PILOTs
2026 Police Station Bond Payment	\$416,150	to pay down the General Fund's portion of the 2022 Bonds
2026 Police Station Bond Expenses & Fund Balance	\$18,760	expenses and addition to the fund balance
2026 Budget	\$434,910	

Public Works Campus Bond Tax Fund

The "Chambersburg Public Works Campus Bond Tax" refers to a specific real estate tax levied on property within the Borough of Chambersburg, Pennsylvania, specifically designed to fund the construction and development of a new public works campus; this tax is associated with a dedicated bond issue, meaning the revenue generated goes directly towards paying off the debt incurred for the project.

The Chambersburg Public Works Campus is a project to consolidate and relocate several Borough of Chambersburg support activities into a new facility on Wayne Avenue. The 2025 Budget included that construction was to begin in 2025 and last approximately 18 months. In 2024, Town Council approved a Resolution, a funding mechanism for this project. This transformational project will develop a new, modern, energy efficient, environmentally sound, safe, and aesthetically pleasing public works campus facility on the block bounded by Wayne Avenue, S. Fourth Street, and the Norfolk-Southern Railroad. At the end of 2019, the Borough had the opportunity to acquire a vacant warehouse building at 366 Wayne Avenue to plan the relocation of the Loudon Street Sanitation Department, Motor Equipment Department, and Highway Department facility at this future location, and will be joined by the Engineering Department as well.

The site, once the home of Wagner Supply Depot, the Cold Storage building, and several other homes and one business, 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, problems exist, including vehicle maintenance bays that are too small for today's modern trucks, poor equipment and materials storage, no room to grow, a cracked foundation, and is in the floodplain along the Conococheague Creek.

In April 2024, in preparation for the release of design specifications and a financing plan to erect this important municipal project, the Town Council established an accounting method for the distribution of costs associated with, and expenses attributable to, the Borough budget.

With adoption of the 2025 Budget, the following steps were taken:

- The establishment of a separate internal services fund (ISF) to be called the Public Works Campus Fund, which will establish the accounting for expenses and revenues associated with the Public Works Campus development and operation;
- The move of those assets and liabilities associated with the Public Works Campus development project to the Public Works Campus Fund effective January 2025;
- The Public Works Campus Fund is authorized to become the repository of funds necessary for the retirement of debt associated with the proper operation of the new Public Works Campus; and
- The establishment of a separate Public Works Campus Bond Fund, a holding fund, to collect those real estate taxes associated with the Public Works Campus Bond, and transfer them to the Public Works Campus Fund.

There is no change in this bond tax in the 2026 Budget.

2026 Public Works Campus Bond Tax Yield	\$209,100	1-mil
2026 Public Works Campus Bond Tax Revenues	\$220,420	includes prior year delinquency, liens, interest, and PILOTs to pay down the General Fund's share of the Public Works Campus Fund for the 2024 Bonds, 2024 Note, 2025 Bonds, and 2026 Bonds
2026 Public Works Campus Tax Transfer	\$220,420	
2026 Public Works Campus Bond Expenses & Fund Balance	\$0	expenses and addition to the fund balance
2026 Budget	\$220,420	

Council approved the following funding distribution for the construction of the facility:

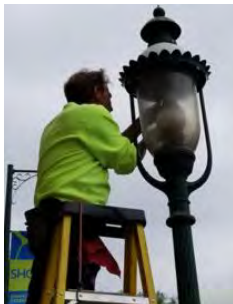
General Fund (Emergency Services)	
General Fund (General Expenses)	
General Fund (Highway Department)	
General Fund (Planning)	
General Fund (Police)	
General Fund (Property Maintenance)	
General Fund (Recreation)	
General Fund (Zoning)	
TOTAL GENERAL FUND BY TAXES	23.800%
Sanitation Fund	20.599%
Water Fund	17.910%
Wastewater Fund	17.061%
Gas Fund	12.442%
Electric Fund	6.644%
Storm Sewer Fund	0.894%
Parking Fund	0.332%
Swimming Pool Fund	0.206%
Motor Equipment Fund	0.092%
Stores/Warehouse	0.014%
Engineering Fund	0.006%
	100.000%

As you can see, real estate taxes only pay for 23.8% of the cost of construction with the balance coming from transfers from those funds who use the vehicle maintenance facility at the campus.

Custodians, Downtown, and City Hall Maintenance

Under the supervision of the Public Works Director, this office includes the Buildings, Grounds, & Maintenance Supervisor, the Live-In Residence Downtown Custodian & Maintenance Worker, and the building Custodians. The Buildings, Grounds, & Maintenance Supervisor maintains City Hall plumbing, electrical, and HVAC systems, as well as downtown maintenance responsibilities, while Custodians clean City Hall and other facilities, run errands, and do deliveries.

In 2024, this crew of full-time and part-time employees grew to include a part-time custodian for the Police Station, and several new workers, all under the supervision of Larry Truett, who is the Building, Grounds, & Maintenance Supervisor.



Downtown Custodian Jeff Ziegler Cleaning Street Lights

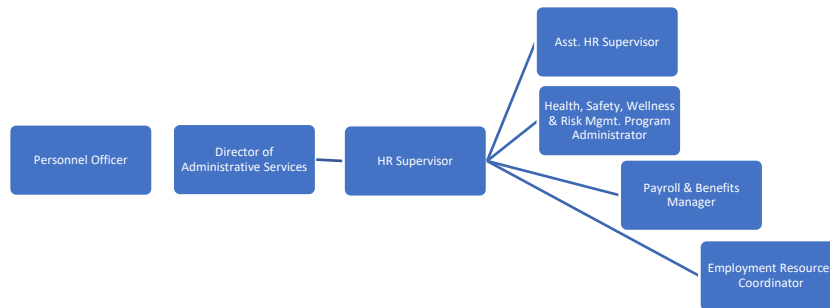
Miscellaneous Expenses

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.

Human Resources Office and Personnel/Payroll Services

The Human Resources (HR) Office is a strategic partner with the Borough Manager/Personnel Officer in recruitment, retention, compensation and benefits, training and development, labor management, employee relations and outreach, and health and safety. The five full-time staff serve as an integral part of the Borough's internal services, whose day-to-day activities are directly supervised by Steve Hampton, Human Resources Supervisor, with general oversight by Melinda Thompson, the Director of Administrative Services.

Staff serve as a resource of employment-related information, often functioning like a bridge, connecting access between Administration, management, and employees. HR staff take the 'human' part of Human Resources seriously by being available to employees and providing services and support in all areas of their employment experience and career cycle, and at every level of the organization.



Organization Structure of the Human Resources Department

The year 2025 was an extraordinary year of department staffing changes. We said goodbye to a long-tenured Borough employee in March, who held the position of Payroll and Benefits Manager, prior to their separation, and welcomed their replacement in April. Additionally, we spent considerable time cross-training HR staff in preparation for the impending retirement of Kristine (Kris) Baker, Assistant Human Resources Supervisor, who is set to retire the beginning of 2026 after over 42 years of dedicated service to the Borough of Chambersburg.

Celebrating a Remarkable Journey: The Retirement of Our Very Own Kris Baker “The Oracle”

After an extraordinary 42-year career, we are bidding a heartfelt farewell to one of our most treasured team members, affectionately known to us as “The Oracle.”

Kris began her journey with our organization at the age of 18. Her story is one of dedication, adaptability, and unwavering commitment. Over the decades, she has woven her way through nearly every department, mastering every challenge and embracing each new role with enthusiasm. Her deep knowledge, keen insight, and willingness to lend a helping hand have been a guiding light for both tenured and new colleagues.

The nickname “The Oracle” didn’t come lightly — whenever there was a question about our company’s history, policies, or even the best way to handle a tricky situation, hers was the first phone to ring. Her encyclopedic knowledge and wise counsel have shaped not only the success of our operations but also the careers of countless employees.

In recent weeks, the HR suite has seen a steady stream of visitors and phone calls. Each conversation has felt like reconnecting with an old friend, as employees reached out to thank Kris for her unwavering support throughout their careers. Again and again, colleagues

expressed deep appreciation for her openness, honesty, and, when needed, her caring brand of tough love.

True to her humble nature, Kris politely declined any celebration marking her achievements. In fact, she made us promise not to share this newsletter until after her final day with us. As she prepares for a well-earned retirement, we celebrate the countless contributions she has made and the legacy she leaves behind. Her presence will be missed in every hallway, meeting, and conversation. As we get ready to bid farewell to a remarkable employee, we are forever grateful for the wisdom, warmth, and inspiration she shared with us all.

We thank you, Kris, for 42 years of excellence. Wishing you all the best in your next adventure!



Kristine Baker, Assistant Human Resources Supervisor

Recruitment and Retention

Recruitment is a large part of what we do in the HR office and has a direct and lasting impact on the Borough's operational success. It is our goal for the Borough of Chambersburg to be an Employer of Choice; respected and successful at attracting, retaining, and engaging top talent because of our competitive pay, rich and comprehensive benefits, and professional development and growth opportunities, while emphasizing employee well-being and the ability to manage both personal priorities and professional success.

Under the direction of Borough Manager/Personnel Officer, HR staff are responsible for the management of the recruitment of Borough personnel, retaining talent within the organization, and developing employees for future roles as part of succession planning initiatives. In doing so, HR staff assist Borough department management in the assessment of their need for human capital, efficiencies of current resources, required knowledge, skills, and abilities (KSA's) to complement and complete the workforce population within their respective departments, also having a Borough-wide impact. When it is determined to post a vacancy, HR staff organize the internal and external advertisement, and in collaboration with department management recommendations, determine the target audience and forum(s) to recruit. In addition, our office manages the screening of applications; coordination of interviews; selecting of candidates; initiation of reference checks; preparation of written communication such as contingent offer letters; ensuring completion of pre-employment screening, and the facilitation of employee orientation, including working with individual department management to set goals and objectives for new and/or transfer employees.

By the time of this publication, in 2025 staff posted 64 vacancies (an increase of 56% from 2024); participated in 98 interviews (an increase of 20% from 2024); and processed 41 new full-time and part-time employees, 47 new and 86 returning seasonal employees (32% more than in 2024), 20 internal transfers or promotions, and 22 separations (7 of which were retirements). The Town Council approved 17 new positions in 2025, including three Patrol Officers in the Police Department and four Probationary Firefighters in the Chambersburg Fire Department. All 17 new positions addressed operational staffing needs and succession planning. Through recruitment and hiring initiatives, minority representation increased to 26% of our total workforce, a 12% increase from the year 2024 and 21% from 2023. Our goal

at the Borough is to effectively serve our diversified community population by meeting their communication needs; an increase in this statistic year-over-year shows our commitment to this goal.

Over the last several years, the Recreation Department management team and HR staff have collaborated on the onboarding of the Chambersburg Aquatic Center's seasonal staff. This cooperation has been vital to these activities that unfold quickly, providing a smooth and efficient process for everyone involved. The Borough welcomes approximately 150 seasonal employees to staff the Aquatic Center operations between Memorial Day weekend and Labor Day weekend. However, planning and recruitment efforts begin months before opening day, and post-season debriefing exercises last months after closing day. Efforts are continuously being made, where possible, to improve upon the experience of both employees and patrons, before the next regular season.

For recruitment, staff continue to utilize vendors such as Shield Screening for background clearances, and ClearCompany as an applicant tracking system. Borough departments have benefited greatly from a streamlined process in the hiring of new employees, virtual onboarding, and the timely promotion and transferring of current staff. It is remarkable that in the past three years, we were able shift the entire recruitment and onboarding process from a very manual and inconsistent exercise to a consistent onboarding, 100% online process, improving efficiencies and accuracy in all areas of the recruitment-cycle for everyone involved. Human Resources' staff is committed to continuing to assess ways for improving upon the full-cycle recruiting where possible.

For three (3) years, the Borough has been in partnership with IDEMIA, providing an onsite IndentGO FBI Fingerprinting service location at the Borough's Recreation Center. It continues to be a wonderful opportunity to not only streamline another critical process for Borough onboarding, but more importantly, provides the service close and within walking distance of our local and regional community employers. The location is staffed by Borough employees and is open to the public five days a week. At the start of the fourth quarter of 2025, staff have processed 5,361 appointments. The Borough earns a small profit from each processing fee, which goes to support the operations of the services, including use of the Recreation Department's facilities. The Chambersburg location is one of 300 locations nationwide and has an approval rating of 4.4 out of 5 stars since its opening in 2022. We are very proud to provide this service to the community.

In 2022 the federal government changed the requirement to obtain a commercial driver's license (CDL), requiring entry level driver training (ELDT) as a prerequisite to taking the CDL exam. As a result, the Borough developed an in-house program as the most efficient option, utilizing current supervisory staff to facilitate the program for the Borough. In the same year, the Borough's program, including instructor certification and instruction curriculum, were approved by the federal and state government, and training of staff began. Having this program in-house has proven to be an advantage for recruiting talent into positions where a CDL is required, has expedited the licensing process overall, and continues to provide an opportunity that otherwise may not have been available to some. Additionally, the training was a great addition to an already established Borough training and professional development program. To date, the Borough has processed 23 employees through the program which includes 6 hours of theory curriculum and an average of 10 hours of the pre-trip inspection, range training, and behind the wheel training. In 2025, the training program was expanded to include Class A CDL training, a new requirement for some Borough positions.

The HR Office staff continue to work towards enhancing the Borough's community outreach program, in the employment context, by collaborating with community affiliates. Our goal has been to develop and implement a program to include mentorships, internships, and workplace development opportunities for the next generation of workforce while showcasing the importance of local government. This goal continues to be work in progress, with staff celebrating a growth in the program each year. The Borough is unique in that we have our own utilities as well as traditional municipal government services, offering a variety of job opportunities in the trade, technical, administrative and emergency services industry. Our

goal has been, and continues to be, to increase citizen's understanding of what we do as an organization, including the services we provide to the community on a daily basis.

Our very own Employment Resource Coordinator, Sophia Suarez, was busy in 2025! Sophia participated in a spring and fall event with the Chambersburg Area School District and Career and Technology Center, conducting mock interviews with 142 participating district students, along with 38 other area employers. Sophia was also able to promote job opportunities at these events, directly resulting in the Borough receiving multiple applications for employment. Additionally, Sophia attended, along with Public Works Department staff, the YMCA Career Days; a two-day event showcasing a variety of career options to preschool children, expanding upon their imaginations for potential possibilities. For over a year now, Andrew Stottlemeyer, Storm Sewer Manager, in collaboration with Sophia, began facilitating presentations to 5th Grade classes in the Chambersburg Area School District. To date, the presentation has been delivered 11 times at various elementary schools in the district, and will be expanding into the Greencastle School District for the 2026 school year. Finally, the Borough, through Sophia's efforts, has benefited from a co-op program in conjunction with the Chambersburg Area School District, and has enjoyed 'hosting' two district students as part of this program; one in the Public Works Department in 2024, and the second with the Finance Department in 2025.



Left: Andy Stottlemeyer presents to a CASD 5th Grade Class; Right: YMCA Days with Public Works

We look forward to expanding all these program initiatives in 2026, as both a service to the community and as a pipeline of local talent into future Borough vacancies.

Compensation

The Human Resource Office is responsible for the management of the Borough's compensation plans, including bargaining and non-bargaining pay tables and schedules, pay policies, and pay rates for all full-time, part-time, and seasonal staff. The Payroll and Benefits Manager, Suzanne Upperman, who joined the department in April of 2025, manages a \$23-million-dollar annual payroll budget by processing 26 payrolls each year, including auditing timesheets for accuracy and completion; ensuring appropriate voluntary and mandatory deductions, such as benefit contributions and payroll taxes; reporting, and timely submissions to the bank. Additionally, Suzanne coordinates the performance evaluation and annual step increase program, cost of living adjustments (COLA's) upon Town Council approval, and any transactions that affect pay such as promotions, transfers, demotions, separations, and position classification changes. This role is extremely important to the department, not only in ensuring correct, accurate, and timely payments to staff, elected officials, and business partners, but also in maintaining the Borough's legal compliance as it relates to payroll and benefits.



Suzanne Upperman, Payroll and Benefits

The year 2025 was a year of big change for both HR/payroll staff and employees. On behalf of the organization, staff: 1- implemented Paycom, and 2- finished the Classification and Compensation study which began in the fall of 2023. These two (2) initiatives were successfully completed while simultaneously meeting the normal every-day demands of the department.

1- Paycom

Historically, the Borough was fortunate to have application programmers on staff who designed and maintained the Boroughs' timecard and payroll application, often referred to as our "in house" system. Originally designed over 20 years ago, and customized over time to the Borough's idiosyncrasies, the payroll process became labor-intensive, especially as the organization grew in complexity and size. It was clear that we could no longer support payroll processing as effectively and efficiently as we wanted to in this legacy system. As a result, for the past few years, a small group of representatives from the Administrative Services Department (HR, IT, and Finance) began analyzing current needs and researching possible solutions for improvement. Through this group's assessment, which included a cost and benefits analysis, it was determined that the time had come to engage a third-party payroll vendor, rather than spending current resources rebuilding and enhancing the legacy system.

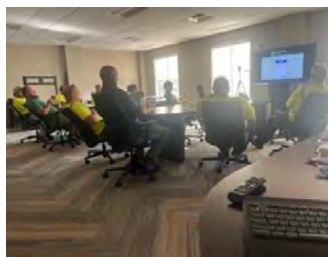
The goal was to find a system that offered more functionality for both employees and payroll staff, alike, as well as efficient overall administration of pay and benefits. A modern system with multifaceted capabilities in one resource where employees could both interact with HR and management and have an exclusive, singular source for HR-related information anytime, accessible on computers and mobile devices. By moving to one system, HR had an opportunity to consolidate vendors and improve upon efficiency in several HR processes, all while saving money. On April 29, 2025, the Town Council approved a professional services agreement with Paycom, an online payroll and human resources software provider. Employees were notified accordingly and the plan for implementation began. For several months, Administrative Services staff worked tirelessly on the implementation of Paycom which was not without challenges. The priority was to implement the processing of payroll, first, following with benefits, and concluding with document and performance management. Our first payroll processed in the Paycom system was on August 15, 2025. As of the writing of this publication, implementation continues. It has been no small feat for the Borough to transition from a decades-old legacy system to a state-of-the-art modern system, but staff were prepared for the challenge and have risen to the occasion.

We are excited to offer better services to our employees through this sweeping change. Specific services include, but are not limited to, an Employee Self-Service (ESS) where employees can access their employment, benefit, and pay information, including direct deposit, W-2's, accrual balances, etc. Additionally, with Paycom, employees are able to submit time off requests and receive a response almost in real time. Employees can also make benefit changes either during open enrollment or when a qualifying life event occurs. The best part of this transition is that the system empowers employees to interface with their personal employment data, more than they've ever had before!

The Borough was fortunate to have the right staff expertise, in the right positions, at the right time for this major payroll overhaul. The Borough's implementation team were critical to the overall success of the Paycom implementation and include: The Borough's Paycom implementation team includes Melinda Thompson, Director Administrative Services; Steve Hampton, HR Supervisor; Sophia Suarez, Employment Resources Coordinator; Suzanne Upperman, Payroll & Benefits Manager; Eric Day, Assistant Director of Finance/Treasurer; Pete Kolva, IT Supervisor, Shawn Chilcote and Tom Dunn, Senior Applications Programmers.

Finally, HR staff want to take the opportunity to thank all of our Borough employees for their patience through this, oftentimes rigorous, process and within such an aggressive timeline. We

are also grateful to the Town Council for approving the project and trusting staff to execute it on their behalf.



Sanitation Department staff receive training on Paycom

2- Classification and Compensation Study

Over the past several years, HR staff had been challenged to address Borough position classification and compensation in response to organizational growth and an ever-changing economic landscape. Most importantly, to address the compensation divide between other municipal and private sector positions and Borough positions, which has in more recent years, directly impacted the Borough's ability to recruit and retain key talent. The goal was to measure whether the Borough's industry market position was competitive enough to attract and retain the employee talent needed to maintain the level and continuity of services offered at the Borough. In response to this challenge, with Town Council's approval and with the assistance and oversight of the Borough Manager/Personnel Officer, the Borough partnered with GovHR Inc., now MGT through a company acquisition, to conduct a classification and compensation study of select Borough bargaining and non-bargaining positions, beginning in July of 2023. As part of this study, approximately 180 internal jobs were analyzed/evaluated with a Job Analysis Questionnaire (JAQ) and employee interviews. Additionally, over 50 targeted local and national municipalities were surveyed for comparable positions and compensation data to measure the Borough's market positioning. The project, which was last done over 20 years ago, was overdue, necessary, and suffice it to say, a huge undertaking for HR staff.

In the early stages of the project, the JAQ's were completed by the employees and their management team, with final review and approval done by the Borough Manager/Personnel Officer. The JAQ's were then scored by MGT industry experts, and the scoring then shared with the Borough as part of a preliminary report, received in the fall of 2024. After more than 12 months of research, employee interviews, meetings with Borough department management, exchanging of information with MGT, and employee group meetings, a final report was released by MGT to the Borough of Chambersburg in March of 2025. The final report included the corresponding compensation data from the 50 surveyed local and national organizations, to aid the Borough in evaluating Borough position's market value and value within the Borough organization, in terms of importance (classification) and corresponding compensation. The study revealed remarkable results that had an impact on a decades-old organizational structure, reorganizing position hierarchy (by value and importance, determined by three-digit skills-level score using the JAQ).

Concurrent to MGT's study, staff continued to work with the Borough Manager/Personnel Officer, exploring options to either enhance the current or develop a new compensation plan, including policies, programs, and initiatives, with the goal of attracting and retaining the administrative and technical talent needed for the continuation of the exceptional level of utilities and services Borough customers have come to expect and appreciate. Through a months-long, often arduous process, the Borough Manager/Personnel Officer showcased a proposed new non-bargaining compensation plan to a group of individuals comprised of select Borough Administrative Services staff, Town Council, and Borough Solicitors. After a positive reception to

the proposed plan, and some tweaking from feedback received, the Borough Manager/Personnel Officer presented the compensation plan to the Town Council at an Executive Session on September 29, 2025. The new Compensation Plan was voted on and fully approved by the Town Council at their October 13, 2025 Regular Meeting. Staff spent the next several weeks implementing the new pay plan, effective the first full pay in 2026, including communicating general plan policies and individual impact to affected employees.

Our goal as a department is to continue to assess compensation-related programs and policies, in a fair and consistent manner and more frequently than the past, so the Borough's services, initiatives, and municipal programs can continue to be delivered by talented personnel resources, our employees.

Benefits Management

HR staff, on behalf of the Borough Manager/Personnel Officer, oversee the management of employee benefits, including the benchmarking and review of current benefits, acquiring new ones, and the enrollment, renewal, contributions, and invoicing processes for employees, employee dependents, and Borough retirees.

The Benefits and Payroll Manager, Suzanne Upperman, with the oversight of Steve Hampton, HR Supervisor, is responsible for the administration and processing of a variety of voluntary and involuntary benefits which include health, dental and vision insurance, life and long-term disability insurance, workers compensation claims processing and payments, pension plan payments, 457B Deferred Compensation, medical and non-medical leave of absence programs (i.e., Family Medical Leave of Absence and Catastrophic Leave), paid time off, and health reimbursement accounts; for over 400 full-time, part-time, and seasonal employees, dependents, and retirees, respectively. All department staff, in one form or another, manage the Borough's professional relationships, including contract maintenance with the various vendor providers, contractors, and consultants whom the Borough does business with, including: Mission Square, Benecon, AFLAC insurance, Davis Vision, Mazzitti & Sullivan Employee Assistance Program, Interstate Tax Services for Unemployment Compensation, Inservco for workers compensation management, and several other providers. Finally, all HR staff members serve as the point of contact for employee questions and concerns regarding benefits and benefit services.

While the Finance Department is responsible for the administration of the Borough's three (3) independent defined benefit pension plans, and works closely with the pension committee to select professional assistance for investments, banking, and legal advice consistent with State Law for selection of such professional services, HR remains the primary point of contact for employees on pension-related matters. The Finance Department, more specifically Ben Hayhurst, Director of Finance/Treasurer, is the Pension Administrator and primary point of contact for disbursement of pension payments, arranges for quarterly and annual review of pension plans, and advises the Pension Committee on proposed actions, including reporting on retirement benefit accounts and services. HR staff also serve as the point of contact for employees on matters related to the Borough's defined contribution plans (401A) and deferred compensation plan (457b) offerings.

The Borough is a member of a consortium through the Pennsylvania Municipal Health Insurance Cooperative (PMHIC), managed by Benecon. Recognizing the effectiveness of group purchasing, Benecon pioneered self-funded consortiums and cooperatives. Benecon currently has approximately over 290-member municipalities and 10,000 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. The Borough of Chambersburg is one of the top two or three largest members of PMHIC. PMHIC members have the opportunity to receive surplus money from their claim fund after all non-catastrophic claims have been paid. For the 2024 claim year, the Borough surplus claim fund through August 2025 was valued at \$377,498. These surplus monies are considered in the premium share calculation for the next benefit year.

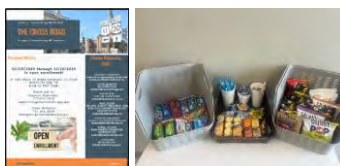
In 2023, the Borough switched the administration of our Health Reimbursement Account (HRA) to Benecon. The HRA benefit is where employees can submit qualified out-of-pocket medical expenses for reimbursement up to a designated amount funded by the Borough and respective to the type of coverage an employee has; whether individual or family benefit coverage with the Borough's medical plan. Benecon offers state-of-the-art online portals for both individual employee accounts as well as an employer portal where reimbursements can be easily tracked and reported. The user-friendly website and easy-to-use reimbursement process have been a welcome relief to employees. As part of the 2025 Open Enrollment for the 2026 benefit year, the Borough added a Dependent Care Flexible Spending Account, or DCFSA, option for employees through Benecon. The DCFSA is a voluntary benefit where eligible employees can make pre-tax contributions via payroll deductions into an account to use for reimbursing themselves for qualifying dependent care expenses (i.e., before and after school programs, day care, adjust day care, day camps, babysitting expenses, etc.). As a current Benecon client, the Borough is able to offer this option to employees at no cost to the Borough or to Borough employees. The Borough is always evaluating ways to reasonably meet employee benefit needs in a cost-effective way.

Employee and Labor Relations

For the past few years, the Human Resource office has been focusing more intentionally on employee engagement and building a safe and inclusive workplace culture. It is important to management that all staff and at every level feel like they are part of a Borough-wide team, a community of employees. Studies have shown that if employees feel they belong and are valued for their individual and collective contributions at work, they will be more productive and inclined to stay with an organization. We believe that every individual has something positive to contribute to the workplace and we will continue to afford them opportunities to do so.

As part of the employee relations program, the HR office staff assists management of all levels in navigating the sometimes difficult and often complex employee issues concerning performance and behavior, and policy development, application, and accountability. Designated HR staff facilitate and administer the disciplinary and performance improvement processes on behalf of, and in partnership with, department leadership, in an effort to help leverage resolutions that bring awareness to impacted employees, protect the Borough from potential liability, as help employees realize the best version of themselves. This work is performed under then general oversight of the Borough Manager/Personnel Officer. In HR, we believe everyone is better when employees are at their best. The office has an open-door policy, providing a place where employees can bring their confidential issues and concerns.

We are always looking for ways to engage staff beyond just traditional HR programs. Our goal is for a holistic approach to an employee's employment experience by fostering a community culture to thrive in. In 2024, we became more intentional with our employee outreach program by beginning The Cross Road Newsletter, a way to communicate information and employee milestones to staff; and the Employee Canteen Program, Borough-provided refreshments for employees that emphasize wellness, morale, and productivity.



From left to right: The Cross Road Employee Newsletter; a sampling of the Employee Canteen Program

In the fall of 2025, a small interdepartmental team of HR and Facilities/Grounds staff began renovating a private space at the City Hall Campus to be used as a Wellness Room. The room will be in compliance with the Providing Urgent Maternal Protections for Nursing Mothers, or PUMP Act.

To continue building upon previous employee outreach initiatives, in 2025, we started, what we refer to as, 'Employee Quarterly Events'. These events replaced our traditional annual holiday function to provide

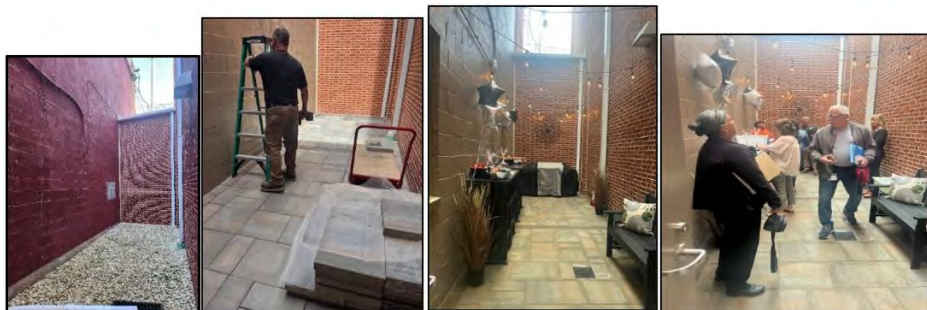
an opportunity for staff to network more frequently throughout the year, building upon employee community. Each quarterly event is hosted by a different Borough department, occurs during the work day to encourage participation, and provides a place for employees to network with co-workers they may not otherwise work directly with. Management believes these events have helped employees better understand how their jobs impact other Borough jobs, as well remind them how important they and their peers are to the Borough organization.

The first quarterly event was a full-service, boundless breakfast hosted by the Chambersburg Fire Department at the Second Street Fire Station in March of 2025. Fire staff cooked and served an array of breakfast items to over 150 employees in attendance that morning. The second quarterly event was hosted by the Land Use and Community Development (LUCOMDEV) and Recreation Departments in May. Both departments partnered to bring a Rita's Italian Ice food truck to the Recreation Building parking lot where Borough staff could break from their job responsibilities to enjoy a cold treat. Following in August, was the third quarterly outdoor cookout event hosted by the Electric Department. Although a cloudy and rainy summer day, the picnic still took place for employees to enjoy great food and good company. The fourth quarterly event, and final event of the year, was hosted by the HR department in October. The department held a tailgate-themed event at the Memorial Park Pavilion with buffalo wings and other tailgating snacks. We are thrilled with how the initiative took off this year! Employees enjoyed every aspect of these events, and we couldn't have anticipated better hospitality than what we received from the Fire, Electric, LUCOMDEV and Recreation, and HR departments! We look forward to continuing these events in 2026!



Pictured from left to right: Breakfast at CFD; Rita's Ice with LUCOMDEV and the Rec Departments; a Summer Cook Out with the Electric Department; and Tailgating with the Human Resources Department

As part of the 2025 Budget, the Town Council approved funding to create an outdoor staff break area at the City Hall Campus that could be used by any Borough staff member. An effort to promote the well-being of staff while at work, employees can now take breaks and enjoy fresh air in a designated area free from public view. In 2024, a committee was formed to identify a space that would require minimal investment, and move the project forward. After a few months of construction, the committee worked to paint and furnish the outdoor space in time for opening the week of Memorial Day. An open house celebration was held to kick-off the use of the renovated space at City Hall.



Outdoor Space for New Employee Break Area from start to finish, celebrated with an open house in May 2025

Also in 2025, Sophia Suarez coordinated several food trucks events, held in the City Hall Campus parking lot. The events were open to employees and the public, alike. Food truck vendors included Hercules Kitchen, Peculiar Pizza, Fat Russ' BBQ, Branded Bean, and Antietam Dairy.



Pictured from left to right: Employees enjoy Hercules Kitchen; a brick oven pizza pie from Peculiar Pizza Food Truck; a promotional flier for the October Food Truck event, and a taste of Antietam Dairy ice cream!

Labor Management

An important function of the HR office is labor relations, the interaction between the Borough as the employer and employees covered by a labor union. HR Office staff participate in labor management activities such as collective bargaining, implementation of bargaining agreements, labor management meetings, and facilitation of the grievance process for three (3) labor unions: the American Federation of State, County and Municipal Employees (AFSCME), the International Association of Firefighters (IAFF), and the Chambersburg Police Officer Association (CPOA). Representatives from both the Borough and the IAFF met to begin negotiations for a successor contract to the current one which expires on December 31, 2025. The AFSCME CBA and CPOA Agreement still have two years, left on their agreements, so collective bargaining on those two contracts will not be occurring next year.

Outside of formal contract negotiations, Borough management and union management teams have been willing to discuss matters as they relate to terms and conditions of employment for respective staff at the Borough, settling any matters in dispute and maintaining open communication between the parties. Having good relations between the unions and Borough management is paramount to HR staff, and staff will continue to do their part in fostering such an environment.

Training and Development

The Borough promotes individual employee professional development. On behalf of the organization, Linda Hess, the HR department's administrative support staff member, processes as many as 600 vocational training requests per year, organization-wide, including Borough employees and the Town Council. This includes arranging for registration, travel accommodations, and reimbursement for personal expenses related to the training. HR staff also manage the tuition assistance program, ensuring proper approval, and tuition reimbursement for those pursuing work-related college degree programs.



Jeffrey Stonehill, Borough Manager and Personnel Officer, along with Melinda Thompson, Director of Administrative Services, attended the International City/County Management Association (ICMA) Conference in October 2025, where Mr. Stonehill was recognized for his 30 years of excellent service as a credentialed city manager.

Celebrating a Remarkable Journey: Jeffrey Stonehill Recognized for 30 Years of Excellence Service

Jeffrey Stonehill, Borough Manager/Director of Utilities and Personnel Officer, was recognized at the International City/County Management Association (ICMA) Conference for 30 Years of Excellence as a credentialed city manager. Jeffrey was recognized in front of almost 6,000 of his national and international peers who congregated in the City of Tampa, FL, in the last week of October 2025, to network, exchange ideas, and learn of more ways to further the profession and municipal government.

The ICMA "is the world's leading association of professional city and county managers and other employees who serve local governments" with whom Jeffrey has been a member. To become a credentialed manager requires dedication and sacrifice to and for the profession, including professional development and applying ethical standards to one's work and life.

All of staff were incredibly gracious as they congratulated Jeffrey on this accomplishment and thanked him for his specific and dedicated service to the Borough of Chambersburg!

In addition to external training opportunities, the Human Resources Department has its own robust in-house training and professional development program, educating employees on various industry standards, organizational enhancements, health and safety rules and regulations, HR-related employee/employer compliance, and procedural training, which is available to all Borough employees and elected officials. Training, depending upon the subject matter, is a mix of in-person presentations and online virtual trainings with the Borough's HSI virtual training provider.

Our Health, Safety, Wellness and Risk Programs Administrator, Paul Flohr, continued the supervisor training "Mini Series" to include a variety of training topics to help supervisors manage the various aspects of employment within their program areas. Since 2023, the "Mini Series" training has been well-received and thus will continue into 2026. The specific purpose of the "Mini Series" training is to educate and support supervisor leadership on internal and external Borough processes; to update on changes; and increase knowledge and understanding, in an effort to promote confidence in applying policies, processes, and procedures in their day-to-day supervision of staff. In 2025, the training theme centered on 'Guts and Courage' of supervision. Each training session is primarily delivered by Paul Flohr, and in partnership with other subject matter experts when needed.

A responsibility of HR is to look for ways to revise and enhance policies and procedures in an attempt to stay up to date with industry best practices and in compliance with laws and other regulations. This past year we continued our work with the Borough's Solicitor's office to update the Non-Bargaining Personnel Manual. The Non-Bargaining Personnel Manual, over time, has become an encompassing source of employment information, and written Borough policies and procedures. The goal with this multi-year

project is to produce an updated resource for employees, and an attempt to consolidate all other Personnel Manuals into one single and comprehensive document for all employees to reference, bargaining and non-bargaining, alike. Staff believe that having a single-source document benefit everyone, including employees, management, and administration, while preserving the rights of every employee group, including the three (3) collective bargaining units: the IAFF, CPOA and AFSCME

And finally, as the Classification and Compensation project with MGT draws to a close, staff will revisit the work of updating Borough job descriptions which was paused at the time of the study. A job description is a present look of core duties and responsibilities, knowledge, skills, and abilities required of each position. The Borough has a job description for each position; however, it is the goal of staff to transfer all job descriptions to a new template format, approved in 2023, while also reviewing the relevancy of each document compared to the job's usefulness at the Borough. A best practice is to review job descriptions on an annual basis and/or as a position becomes vacant. When employees are aware of the parameters of their position, captured in part by the job description, including essential functions and responsibilities, it supports their journey to success.

Health and Safety

The Health and Safety Program is managed by Paul Flohr, Health, Safety, Wellness and Risk Management Programs Administrator. The number one priority of the program is ensuring the safety of all Borough of Chambersburg employees, regardless of their job title, job class or employment status. The core functions of the Health and Safety Program include the total management of the Workers Compensation program, the Safety Committee, the Wellness Committee and Risk Management. These core functions are vital to the Borough in various ways.

The Workers Compensation program includes the following: medical attention based on severity of the injury; medical authorization; medical billing and repricing all bills per Medicare Part B; working with 3rd party insurance companies: Inservco and Mid-West Casualty; helping employees navigate their injury from start to finish; administering a RTW – Return to Work program for light duty assignments; directing and navigating legal claims with Workers Compensation; and filing Commonwealth of Pennsylvania paperwork with Inservco.

The Safety Committee, which includes both bargaining and no-bargaining members from all departments including the Chambersburg Police and Fire departments, is chaired by the program administrator. The committee meets and does site tours monthly. The tours help to identify current or potential safety issues, included but not limited to engineering controls and training suggestions.

The Wellness Committee aims to provide continued health and wellness information for all employees to include the annual flu shots, annual physicals and hydration. The Wellness Committee works with partners to provide important wellness and health tips.

Paul Flohr is also tasked with risk management duties for all job locations and facilities. The key steps to risk management include: identification, assessment, response planning and monitoring and control measures. The is important to minimize losses and protect the Borough in possible litigation issues. Examples: active shooter training and the emergency gates at the Aquatic center for the fence and slide.

In 2025, training was provided in several ways to include online, classroom and hands on. Examples of training include: First-Aid/CPR/AED, forklift training, online general industry standard training, animal training and Stop the Bleed training. Various departments have associations that require training throughout the year which necessitates assistance in setting it up.

The Health and Safety program continues to focus on accident reduction, lowering overall workers compensation expenses, and minimizing loss experience ratios. This process starts with building relationships with employees on-the-job, and continuing to build and foster relationships with trusted vendors in the safety space. The program also practices an “athletes first” approach to injury treatment for

faster employee returns to work, which improves moral and contains lost wages, productivity, and overtime wages.

In 2025, Paul Flohr helped to facilitate two tabletop safety exercises as a mock test for various utility departments, EMS and Police along with ancillary systems for critical response. These mock tests have and will help improve our services and responses for the public. Also in June of 2025, Paul Flohr was appointed by the Town Council as the Borough's Emergency Management Coordinator. Paul attends trainings and roundtables with other local affiliates to plan for emergency events that may impact the community.

Paul Flohr chairs the Borough's Wellness Committee, and through partnerships with both Wellspan Health, PHS Physical Therapy, and Benecon, the committee provided important training and wellness tips. Additionally, with Wellness funding, the annual voluntary Flu Vaccination Clinic was once again made available to Borough staff. In 2024, the Wellness committee helped facilitate the addition of filtered water and ice machines to provide a better solution for the needs of the employees while also doing our part as a Borough in reducing the refuse footprint by minimizing the use of plastic water bottles. Similar initiatives will continue in 2026.



Pictured left to right: Gas Department- replacing a high-pressure line; Electric crew- working an accident location; Manhole with two employees inside doing confined space work; Highway Crew inspecting and repairing a sink hole; and Electric worker classroom training.

Compliance

The Human Resource office is responsible for compliance with federal, state, and local laws that govern almost every aspect of Borough employment. Staff manages employee record retention, including the archiving and shredding of personnel records. Office staff is responsible for ensuring state, federal, and local taxes both quarterly and annually are filed accurately, and conducts Equal Employment Opportunity (EEO) and Bureau of Labor Statistics (BLS) reports, as required. The office serves as a partner and resource to Borough department leadership to assist in the enhancement of compliance and regulated policies, processes, and trainings. The HR Office provides our Health Insurance Portability and Accountability Act of 1996 (HIPAA) compliance, as well as our confidential Employee Assistance Program (EAP), contracted through Mazzitti & Sullivan EAP where necessary. In July of 2024, the Town Council authorized the appointment of Melinda Thompson as the Borough's HIPAA Privacy Officer. In collaboration with the Borough Manager and Borough Solicitor, staff continue to evaluate policies for potential revisions and is in the process of drafting an updated Employee Handbook(s) with the goal of distributing it to all impacted staff by the end of this year. Additionally, staff have offered, and continue to offer, trainings to mitigate the Borough's liability exposure.

Human Resources Challenges for 2026

Staffing:

- Aging workforce and skills gaps, particularly in technical positions
- Continue to address through succession planning, especially in key departments preparation for future retirements of long-tenured employees
- Continue to develop co-op programs, internships, and other recruitment and community engagement efforts
- Continue to look for ways to fill skills gaps in positions where enhanced technical skills are needed (including the exploration of software)
- Continue to explore and review viable options to attract and retain the talent needed for continuity of exceptional Borough-provided services
- Continue to cross train and develop HR staff members

Training:

- Empowering supervisors to manage personnel more effectively; and proactively providing training and resources to employees with transparency
- Continue to address through supervisory training, coaching, performance management, compliance and safety training initiatives
- Develop a leadership academy for mid-level to senior management employees
- Build upon professional development initiatives, organization-wide
- Continue to develop a Safety Culture through our Health and Safety Program

Employee and Labor Relations:

- Building upon a community culture initiative while developing relationships
- Continue to improve transparency and education about employee benefits and HR policies and procedures
- Research and compare best practices for employee benefits to be competitive in industry markets
- Collaborative designing of competency-based performance evaluations with Paycom
- Continual policy review to enhance practices and procedures based on employment trends and best practices
- Continue the job description review project
- Develop focus groups for employee input
- Successfully negotiate the IAFF collective bargaining agreement (CBA)

Compensation and Benefits:

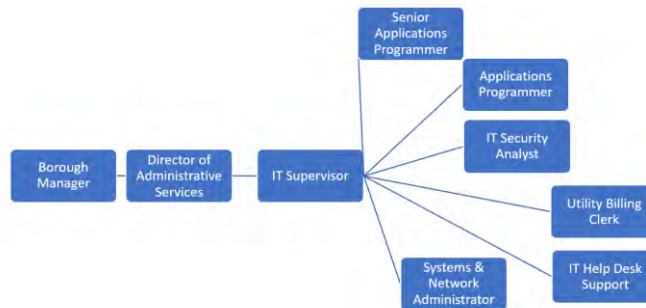
- Being competitive with our total compensation package in a highly competitive market of technical skills; highlighting current benefits and resources available
- Encourage more employee participation in wellness initiatives as a proactive approach for claim reduction, and well as highlight the value of the Borough's wellness and Employee Assistance Program (EAP)
- Develop a more effective way of leveraging benefits for recruitment and retention

We had another very busy and productive year in the Human Resources Department! The office staff reflects fondly on the accomplishments and goals met in 2025. More importantly, staff anticipate another year with new or enhanced goals, initiatives, and objectives that will only continue to make the Borough a great place to work and live.

Information Technology Office

With the oversight of the Director of Administrative Services, Melinda Thompson, and direct supervision of Peter Kolva, Information Technology Supervisor, the IT department, staffed with six (6) full time employees, is responsible for a variety of information technology functions, supporting technology and technology users across the Borough and the public. Functions include internal computer helpdesk support; reports and application programming; systems and network maintenance, network and email security, security cameras, specialized vehicle computer technology, and special interdepartmental projects.

In addition to the full-time technical staff, this office has two (2) full time data processing employees, Tim Brindle and Julie Myers, who take the utility meter reading data and transpose it digitally into the utility billing system. The IT office also has an assigned full-time administrative support staff member, Janine Shoap, who manages the procurement for the department, including cell phone purchasing and set-up, software licensing, mobile device management, and customer service on behalf of the technical team.



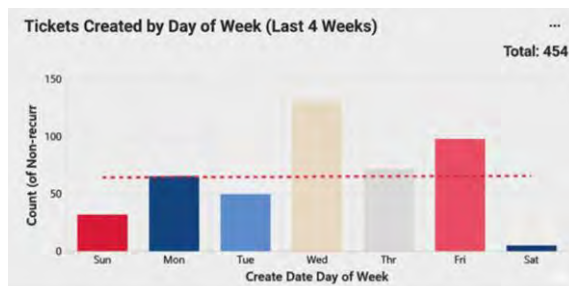
Organization Structure of the Information Technology Department

The IT infrastructure complement includes:

- 33 Servers (42% increase from the previous year)
- 272 Desktops/Laptops/Tablets
- 90 Smart Phones in Mobile Device Management (MDM): 46 with Google and 44 with Maas360 44
- Server Disk Used 16.0 TB out of an available 78.0 TB Total (so there's room to grow!)
- Average 62.0 help desk support tickets/week (8.4% increase from 2024)
- 229 IP Video Cameras
- 13 Network Video Recording (NVR) Camera System
- 11 Police In Car Camera/Wireless
- 7 Fixed Policer LPR Systems
- 3 External Websites (Borough, Chambersburg Fire Department, and Chambersburg Police Department)
- Several thousand programs to support
- Fire, Police, Service Center, Water, Sewer, Electric Plants –All supported 24/7.

The Borough began the helpdesk function a few years ago; an internal IT customer service initiative to streamline the many technical support requests received by the department on a daily basis. The helpdesk has undergone some fine tuning over time, including implementing a new ticket system in 2024. We consider it a success. The primary responsibility of the position is to receive the initial requests from end-users, either troubleshoot the situation or escalate it to the next tier of technical support. Requests are received in a ticket system software and assigned among department staff according to the program area; whether systems and network, programming, utility billing, or information security. Currently performed

by Brent Myers, the help desk position is averaging approximately 62 tickets per month. Tickets can range from forgotten passwords, to programming enhancements, requests for device upgrades, new employee user account set-ups, and wholesale software changes.



A four-week sample of IT Help Desk tickets received 454 total or 113.5 tickets/week

IT Staff are frequently challenged to keep up with the day-to-day demands of Borough end-users, equipment and program upgrades and updates, keeping both the System & Network Administrators, Cory Stine and Trent Olson, and the Senior Application Programmers, Shawn Chilcote and Tom Dunn, very busy. Collectively, the IT team supports all internal technology and also some technology used by Borough customers, such as the Customer Portal, successfully launched in July of 2025. In addition to the thousands of support tickets IT receives per year, projects and enhancements are ongoing as technology is a demanding industry of change.

A breakdown of tickets received by the different program areas through mid-October of 2025 include: 14% programming; 29% systems and network; 5% mobile device management; 7% cyber security; and 45% all other categories handled by the entire team.

In this past year, IT staff have performed major projects, upgrades, and accomplishments listed below.

2025 Major Projects and Accomplishments

- Windows 11 Upgrade on all Borough computers and laptops
- Launch of the Customer Portal
- Upgrade of All NVR Servers
- New Server Cabinet at Backup Data Center Site
- New UPS Install for Main Datacenter
- Penetration Testing
- Completed many programming changes to enhance processes that impact both Finance and Human Resources
- Compliance Manager
- Vulnerability Scanner
- Risk Assessment

The Borough's technology, with respect to programs and software, is a hybrid arrangement with some licensed or contracted, and the rest built and supported in-house by our resident programming staff. We are fortunate to have two, very knowledge and experienced, senior applications programmers. Our staff programmers are in high-demand with approximately 14% of the helpdesk tickets specifically for programming needs.

It is no secret that technology changes at an exponential rate; some changes with a lifespan of less than 12 months. In this ever-changing, ever-advancing field, it is important that our technological infrastructure keeps up with the work demands, and our IT staff have the ability to maintain the skillset needed and required, through training and advancement, to support and secure the Borough's technology resources and users. The Borough supports staff's professional growth through career and education development opportunities. To date, IT staff have spent between 180 and 200 hours in training, including classroom and hands-on training, and attending conferences to improve on their knowledge and skill-sets in a fast-advancing field.

Cybersecurity

The department recently welcomed Joshua Noll, IT Security Analyst, to the team in April of 2025. Josh is a Graduate of Hagerstown Community College, with an Associate of Applied Science degree in Cybersecurity (2025) and an Associate of Applied Science in Network Administration (2023). He came to the Borough with over six (6) years of experience as a Network Administrator. We were excited to

welcome Josh to our team! He is already making an impact on cybersecurity initiatives, including improving policies, enhancing vendor contracts, and conducting simulations and training for Borough staff.



Joshua Noll, IT Security Analyst

Having technology on every level is a beautiful thing, but it can also be scary without the proper tools and planning. It is imperative that IT staff be proactive and up-to-date on cybersecurity resources and challenges. Each year staff build upon existing security measures in a proactive manner, including risk assessments, round tables, and contingency planning. In addition to staff's proactive approach to cybersecurity, regular and routine patching and software updates are a requirement in order to ensure Borough systems remain secure. With the addition of Joshua Noll in 2025, this program area has seen some big improvements.

Steering Committees

New in 2024 was the addition of two steering committees: 1- The Customer Service Portal Steering Committee (CSPSC), and 2- the IT Infrastructure Steering Committee (ITISC). Both committees continue to routinely meet to discuss their respective project areas.

1- Customer Portal Update

For several years, it was the goal to provide Borough utility customers with a web interface portal that would be easy-to-setup, user-friendly, safe and authenticate; and could match to Borough accounts, tenants, property owners, etc. The portal would also allow the use of all types of payment methods (credit, debit, EFT, etc.) remotely online with ease and comfort Borough utility customers, with transactions posted in real-time to the utility billing system, permitting statement billing online so customers could view an up-to-date reflection of their account status.

To achieve this goal, a Customer Service Portal Steering Committee, led by project manager, Melinda Thompson, was formed and met routinely to collaborate on the design, development, and testing of such a portal. With the assistance of web-developer consultants, Fresche Solutions, the Steering Committee's dedicated work transformed into a successful product.

The Town Council originally approved this important IT project to create an internet portal to allow customers (and front counter tellers) the ability to do many of the most common tasks via the internet. The initial project design and development, referred to by staff as Phase 1, included creating customer accounts, paying a bill, checking a balance, closing an account, daily balancing and closing of 'drawers' by staff, and allowing landlords to check tenant's accounts. This also included new seamless internet payment access for e-checks, all credit cards and even Apple Pay, Google Pay, and other cash transfer apps. This project and the original features were included in the original design and Statement of Work, approved by the Town Council on February 13, 2023.

With the Town Council approval in April of 2024, additional attributes were included in what staff have referred to as 'Phase 2' of the project. In the fall of 2024, the Steering Committee began working with Paymentus, the contracted payment processor, to begin the final step of the Portal's development. This phase of the project included, among other things, many hours required for work with Paymentus, project deployment, transitioning of programming from Fresche to our Borough programming staff, training of Borough staff, testing, and some fine tuning of features discovered through testing. Upon successful internal testing with Paymentus, Fresche, and the

Borough's team, the Portal was scheduled to go live with a small group of beta-testers, ensuring its smooth operation before being made available to the public. In March of 2025, the Borough had a soft launch to designated utility customers, or beta-testers, who would spend a few months using the portal as real utility customers, and providing feedback to the steering committee with questions, ideas, or with areas of concern. After this successful piloting of the system, the Customer Portal was officially launched to the public in July of 2025!

This was one of the biggest technical projects the Borough has ever undertaken, and as with any project, there were great accomplishments and unavoidable delays along the way. The Borough never let up on its commitment to providing this Portal to utility customers. We continue to promote its usefulness to as a means of convenience for bill payment and access to account information.

Upon go-live, the management of the Portal and the Steering Committee transferred to the Finance Department, more specifically, Ben Hayhurst, Finance Director/Treasurer. Ben and his team continue to monitor portal usage, customer service of the portal, and the planning of future enhancements for both the utility customer and Borough staff, alike.



Customer Portal Steering Committee
pictured left to right (top to bottom):

Eric Day, Ben Hayhurst, Shawn Chilcote, Stephanie Glover,
Tom Dunn, Pete Kolva, Steph Farris, Melinda Thompson, and Jennifer Rutan

2- IT Infrastructure Steering Committee

This steering committee is made up of representatives from IT, HR, Finance, and the Utilities departments, meets bi-weekly, and is under the oversight of the Borough Manager and managed by Melinda Thompson.

Mission: To provide effective resources and unrivaled services through innovative technology by collaboratively planning for and determining the best options for optimizing operations. We will standardize processes to improve efficiency, productivity, and department cohesiveness.

Vision: To provide effective resources and unrivaled services through innovative technology.

In 2025, the Committee developed a general process/procedure for reviewing technology requests from departments, and in turn, making recommendations to the Borough Manager. All requests (i.e., new software, new subscriptions, subscription renewals, upgrades in both software and hardware, etc.) are reviewed by this Committee to ensure that ultimately the 'product' fits into the Borough's strategic technology plan over the next five and ten years. The committee evaluates mixed functionality, security, cost-effectiveness, and priorities of the Borough. The committee operates under the oversight of the Borough Manager and is managed by Melinda Thompson.

Over the course of the year, the Committee held meetings with every department management team to learn what their technology needs (software, systems, and/or hardware) are over the next several years regarding technology. After all the meetings were held, the Committee deliberated

on a project list as a matter of organizational priority for 2026. Below is the list of technology projects the Committee has recommended to move forward on:

- o Accounts Receivable Rebuild: to account for non-utility accounts receivable (AR) and improve the internal controls surround it; and to build a non-utility AR interface into the Customer Portal for improved customer experience and more efficient processing
- o Fleet Management Software- Public Works: to integrate a fleet management software (FMS) for tracking, communication, maintenance and repair scheduling, parts inventory, and software integration for the Borough's 150+ fleet of motor vehicles
- o Customer Portal Enhancements- Finance: enhance the current Customer Portal platform to improve customer experience and to optimize system capabilities/functionalities for staff use where possible
- o Municipality- LUCOMDEV: purchase and implement a software and service fee payment system for code enforcement, permits, and licensing that allows Borough staff to administer these programs and customers to file applications and make payments electronically
- o Advanced Metering Infrastructure (AMI) Pilot Project through AMP- Gas and Electric: Implement an Advanced Metering Infrastructure (AMI system for Borough Electric and Gas Utilities.

With all the proposed projects and enhancements for 2026, staff have recommended the addition of an Administrative Services Project Manager position; a position that will coordinate the administrative logistics and organization of resources for each of the projects impacting the organization over the next year.

Information Technology Goals for 2026

- Fiber Project
- Firewall Upgrade
- Finance AR Programming Project
- Enhancements to the Customer Portal
- Backup Gateway
- Power 10/11 Upgrade
- Revamping of the Borough's Website
- Develop a Computer Replacement Policy
- Cyber Security Framework
- Migration from MaaS360 to Google's Mobile Device Management
- Redefining the Borough's Cell Phone Program and Policies

Projects for Information Technology

- Borough Wide Fiber Project: \$100,000.00
- Network Switches: \$100,000.00
- Power9 System: \$410,000.00
- New cameras Borough wide: \$50,000.00

In summary, the IT staff are committed to further advancing the Borough's technology through enhancements, research and best practices, training and development, innovative ideas, and state-of-the-art resources. Staff understand that as the Borough's business grows, often to more complexity, so must their technology. Additionally, securing those resources, both in data and infrastructure, is paramount to the Borough's successful delivery of services.

Clerical Pool

Under the supervision of the Director of Administrative Services, and with the assistance of Jamia Wright, Borough Secretary, this internal services division, a part of the Administrative Services Department, consists of a pool of clerical staff on-lend across the Borough to provide administrative support to Emergency Services, Police, Land Use and Community Development, Public Works, five utility departments, IT, HR, Recreation, and the Borough Manager's Office.

Jamia Wright and Tanya Sisk, both tenured clerical employees with the Borough, are the Borough Secretary and Assistant Borough Secretary, respectively. They serve as Executive Assistants to the Borough Manager and to the Town Council. They are exclusively responsible for preparing the information needed for the Town Council and other assigned Committee meetings as well as documenting any actions taken during these meetings. In the course of their duties, they help to support the Borough Manager's goal in having a transparent municipal government. Additionally, they provide training and support to each member of the clerical pool and are involved in the recruitment process for these positions, as well as any enhancement to clerical/administrative processes within the Borough.

This clerical support team is the backbone of the office administrative functions at the Borough of Chambersburg. In 2025, Melinda Thompson and Jamia Wright continued a focused effort on a cross-training plan, so that all clerical staff have someone to cover for them in their absence, whether brief or extended. This comprehensive plan also included succession planning, as the Borough said goodbye to several long-tenured clerical pool staff in 2025.

A few big changes to the clerical pool this year was the transfer of the administration of the Special Event Monitors from LUCOMDEV to the Police Department; a robust enhancement of the Work Order/Job Order digital process, led by IT and Finance staff; the transferring of staff within the clerical pool through promotional opportunities; and the cross-training of various positions in preparation for extended leaves of absences occurring in the clerical pool. Additionally, a few clerical staff members participated on committees, researching ways to improve upon internal processes such as paper permit applications to an online interface through software upgrades.

In 2026, we will have the opportunity to onboard the replacement of a long tenured clerical staff member. as well as a regular part-time employee into a newly approved position assigned to the Recreation Department.

Although clerical pool staff have similar day-to-day job responsibilities, depending on the operations of the department in which they are assigned, their positions may vary in uniqueness from one to another. The Borough is privileged to have such a dedicated, committed, and capable administrative support staff. We look forward to another year of growth and excellence.

Other Borough Clerical Pool Full Time and Regular Part Time Staff Includes:

Officer Manager:	Jackie Umberger (Fire Department), and Laura Middlekauff (Police Department)
Secretary II:	Janine Shoap (IT), Julie Martin (Codes), Amber Kelly (Public Works), Jamie Foose (LUCOMDEV), Dixie Bryan (Recreation), Penny Morrison (Utilities), and Kathy Jo Bard (Finance)
Secretary I:	Wendy Arispe (Police Department), Marshall Warden (Fire Department), Linda Hess (Human Resources), Irene Sosa (Rental Inspections & Retail Food Licensing and Inspections), and Iris Cruz (Recreation)
Receptionist:	Donna Van Winkle and Vacant (Front Counter) and Maria Basile (Police Department)

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 2026 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 Utility	29.55%
General Fund	17.70%
Wastewater Utility	12.53%
Motor Equipment	9.22%
Natural Gas Utility	8.82%
Water Utility	8.15%
Sanitation Utility	6.08%
Storm Sewer (MS4)	2.87%
Parking Traffic & Street Lights	1.86%
Stores/Warehouse	1.53%
Aquatic Center	1.20%
Engineering	0.49%
TOTAL	100%

Allocation Based on actual 2024 (the last full year) expenditures by department



Clock Tower being restored in
2022



Clock Tower finish in 2023

BOROUGH OF CHAMBERSBURG – PROPOSED 2026 BUDGET



1921



1941



1961



2005



2014



2017



2020



2022

Engineering Department



The Engineering Office reviews the design process and inspection of all public works and utility projects. Such projects include, but are not limited to, streets, sidewalks and storm sewers. In general, the office provides support services to all Borough departments from preliminary layout to construction inspection completion. In conjunction with the Borough's Public Works Department, the Engineering Department maintains a record of all assets within the public right of way.

Acting Director: Shawn Layton, PE, CBSI

Supervisor: Brian Fogal

	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Revenue	\$685,083	\$850,168	\$1,063,774
Expenses	\$634,499	\$850,168	\$1,353,774
Excess (Deficit)	\$50,584 Surplus*	- Balanced -	-\$290,000 Deficit**

* - The 2024 surplus was as a result of greater use of services by utility operations than originally planned.

** - Making a \$290,000 withdrawal from fund balance for GIS, Historic Survey, and other projects.

In theory, this internal service fund should balance every year. However, because the use of engineering services maybe different year-to-year, from time to time, the fund demonstrates a year-end surplus or deficit. For example, in 2024 a surplus existed from extra services provided.

While the Engineering Department is just an internal service fund covering the cost of providing civil engineering, utility location services, Geographic Information System (GIS) digital mapping, and surveying to other departments, in the net those services typically result in excess revenue for the department operations. As a result, the Engineering Fund transfers excess resources to the General Fund, over the course of each year, to cover special studies and projects such as the development of new zoning code, the Borough's Comprehensive Plan development, or other engineering studies in Land Use & Community Development.

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.



Currently at City Hall, the Department will be relocating to the future Public Works Campus

Engineering Department accomplishments for 2025 include:

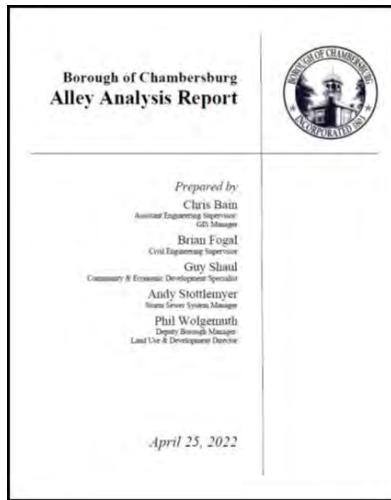
- Work with Town Council and Director of Public Works to advance initiatives relating to the Boroughs Pavement Management Program;
- Increase the use of technology for data collection and field markings of utilities;
- Implemented a new sidewalk standard that matches PennDOT standards;
- Prepared plans/bid specifications, conducted curb/sidewalk inspections and administered construction contracts for 2024 projects, including Full Depth Reclamation and/or Mill and Overlay of Borough streets contained in the 2024 Capital Improvement Program and Permanent Restoration of Surface Openings on Borough Streets and State Routes.

Engineering Department goals for 2026 include:

- Upgrade the GIS system to better assist the utility departments and the emergency services;
- Discover more efficient and cost-effective methods of maintaining the roadways;
- Prepare plans/bid specifications and conduct curb/sidewalk inspections for streets to be reconstructed during 2026;
- Implement new permits that match PennDOT standards.
- Develop a succession plan for the Engineering Supervisor.



Staff from the Engineering Department, Land Use and Community Development Department, and Storm Sewer Utility prepared this report. The Borough Geographic Information System (GIS) and fieldwork were used to prepare the report, which includes various maps depicting alley characteristics as well as ways to potentially finance maintenance of Borough-owned alleys.



In the Borough, there are privately owned alleys and Borough-owned alleys. This report focuses on Borough-owned alleys only. The Subdivision and Land Development Code defines an alley as a right-of-way intended for vehicular travel which serves as a secondary means of access to lots, which abuts the side or rear yards of two or more lots. The Zoning Code defines an alley as a public thoroughfare other than a side street, which affords only a secondary means of access to abutting property and is not intended for general traffic circulation. Some alleys provide primary access to dwellings or other buildings; however, those buildings are mostly located in older neighborhoods. The Subdivision and Land Development Code prohibits construction of new buildings with primary access to an alley, unless granted permission by Town Council. In addition to secondary access, alleys provide connectivity between alleys and streets. Most alleys provide two-way vehicle access, but some provide only one-way access. Alleys are used by:

- Pedestrians;
- Motorized vehicles (motorcycles, cars, trucks, etc.);
- Non-motorized vehicles (bicycles, skateboards, etc.);
- Refuse collection trucks; and
- Utility facilities, underground and above ground, including surface stormwater conveyance, whether Borough-owned or owned by private companies.

Alleys typically have a 16-foot right-of-way with a paved cartway width of 16 feet or less. Comparatively, a local street typically has a 50-foot right-of-way with a paved cartway of 36 feet. Most alleys are paved with gravel, asphalt, concrete, or brick. However, some alleys are not paved at all and are simply covered with grass. There are 23.73 miles of Borough-owned alleys, with 22.05 miles improved and 1.68 unimproved, while there are 68.28 miles of Borough-owned streets. Based on staff inspection and analysis, enhanced Borough-owned alleys are in good, fair, or poor condition. It was 2011 the last time a contract was awarded by Town Council to reconstruct alleys. A mill and overlay process was the most common construction method used.



5th Avenue & Grant Street – Curb and Sidewalk Installation



Paving Operation – S. Harrison Avenue & E. Ludwig Avenue

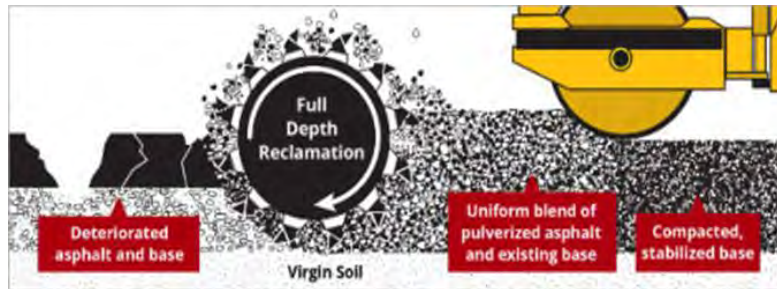
BOROUGH OF CHAMBERSBURG – PROPOSED 2026 BUDGET

Engineering Permits

<u>Year</u>	<u>Curb & Sidewalk</u>	<u>Excavation</u>
2020	46	115
2021	39	76
2022	18	14
2023	25	22
2024	84	131
2025 (thru 10/13/2025)	84	71

<u>Utility Locator Calls Year</u>	<u>Calls</u>
2020	3,915
2021	4,095
2022	4,324
2023	4,780
2024	5,219
2025 (Thru 10/13/2025)	1,966

Street Improvements 2026-2027+



The Engineering Department also helped to prepare the street improvement project lists for 2026-2027 and beyond. This list now includes paving of alleys. In 2022, the Engineering Department participated in preparation of an Alley Analysis Report, which outlines ways to better finance maintenance. In 2023, the Director of Public Works presented to Town Council the plan of action to advance the initiatives outlined Alley Analysis Report, this presentation was entitled Alley Analysis Report. This plan outlined a Pavement Management Program, set a tentative annual budget, and offered potential funding options for Council's consideration. Council elected to phase in this approach with Sanitation increasing their collection/disposal fee for refuse as the first step in 2024, and Sanitation and the Storm Sewer Utility both contributed in 2025. This increase now provides an additional \$205,000 of annual funding to begin alley renovations.

2026 Street Projects			Total
Funding Source	Project	Est. Cost	Cost with Outside Funding
Storm Sewer Bond	Cedar Ave. (W. Catherine St. to W. South St.)	\$ 68,157.00	\$ 68,157.00
USACE	Cedar Ave. (W. Washington St. to W. Catherine St.)	\$ 410,400.00	\$ -
CDBG	E. Catherine St. (S. Fourth St. to Lincoln Cemetery)	\$ 149,280.00	\$ 149,280.00
Liquid Fuels/Capital Reserve	E. Washington St. (Third St. to Eighth St.)	\$ 162,720.00	\$ 162,720.00
Liquid Fuels/Capital Reserve	N. Seventh St. (Lincoln Way to Montgomery Ave.)	\$ 150,000.00	\$ 150,000.00
Liquid Fuels/Capital Reserve	N. Fourth St. (Nelson St. to King St.)	\$ 82,215.00	\$ 82,215.00
Liquid Fuels/Capital Reserve	N. Fourth St. (Lincoln Way to Nelson St.)	\$ 32,500.00	\$ 32,500.00
Liquid Fuels/Capital Reserve	Nelson St. (N. Fourth St. to Fifth Ave.)	\$ 149,948.00	\$ 149,948.00
Liquid Fuels/Capital Reserve	Plasterer Ave. (Lincoln Way East to Cemetery)	\$ 184,612.00	\$ 184,612.00
Liquid Fuels/Capital Reserve	Prince St. (Lincoln Way East to Nelson St.)	\$ 92,439.00	\$ 92,439.00
Liquid Fuels/Capital Reserve	Stonegate Circle North	\$ 108,280.00	\$ 108,280.00
Liquid Fuels/Capital Reserve	Stonegate Circle South	\$ 135,256.00	\$ 135,256.00
		\$ 1,725,807.00	\$ 1,315,407.00

BOROUGH OF CHAMBERSBURG – PROPOSED 2026 BUDGET

2026 Alley Projects		Total Cost with	
Funding Source	Project	Est. Cost	Total Cost with
Liquid Fuels/Capital Reserve	Almond Ct. (E. Washington St. to Elm Ave.)	\$ 10,802.00	\$ 10,802.00
Liquid Fuels/Capital Reserve	Calvert Ct. (E. King St. to Vanburen Ct.)	\$ 10,172.00	\$ 10,172.00
Liquid Fuels/Capital Reserve	Clippinger Alley (S. Second St. to Wood Alley)	\$ 45,641.00	\$ 45,641.00
Liquid Fuels/Capital Reserve	East Point Ave. (E. Washington St. to Lincoln Way	\$ 48,738.00	\$ 48,738.00
Liquid Fuels/Capital Reserve	Elm Ave. (S. Sixth St. to S. Seventh St.)	\$ 15,606.00	\$ 15,606.00
Liquid Fuels/Capital Reserve	Rutherford Ct. (Stanley Ct. to East Pointe Ave.)	\$ 44,440.00	\$ 44,440.00
Liquid Fuels/Capital Reserve	Tolbert Ave. (S. Fourth St. to Fifth St.)	\$ 37,358.00	\$ 37,358.00
Liquid Fuels/Capital Reserve	Venice Ct. (Washington St. to S. Fourth St.)	\$ 52,342.00	\$ 52,342.00
Liquid Fuels/Capital Reserve	Harrison Ave. (Falling Spring Creek to E. Queen St.)	\$ 128,654.00	\$ 128,654.00
		\$ 393,753.00	\$ 393,753.00

2027 Street Projects		Total Cost with	
Funding Source	Project	Est. Cost	Total Cost with
Liquid Fuels/Capital Reserve	Byers Ave. (Cumberland Ave. to Long Ln.)	\$ 240,600.00	\$ 240,600.00
Liquid Fuels/Capital Reserve	Chambers St. (Philadelphia Ave. to Wolf Ave.)	\$ 80,150.00	\$ 80,150.00
Liquid Fuels/Capital Reserve	Dewberry Ct. (Wallace Ave. to Terminus)	\$ 118,908.00	\$ 118,908.00
Liquid Fuels/Capital Reserve	Middle St. (Stanley Ave. to Wallace Ave.)	\$ 236,070.00	\$ 236,070.00
Liquid Fuels/Capital Reserve	Ramsey Ave. (Edgar Ave. to Terminus)	\$ 343,067.00	\$ 343,067.00
Liquid Fuels/Capital Reserve	S. Fifth St. (Highland Ave. to Maryland Ave.)	\$ 305,651.00	\$ 305,651.00
Liquid Fuels/Capital Reserve	S. Fourth St. (E. McKinley St. to E. Queen St.)	\$ 567,490.00	\$ 567,490.00
Liquid Fuels/Capital Reserve	S. Fourth St. (Wayne Ave. to Terminus)	\$ 155,809.00	\$ 155,809.00
Liquid Fuels/Capital Reserve	S. Franklin St. (Lincoln Way West to Loudon St.)	\$ 200,145.00	\$ 200,145.00
Liquid Fuels/Capital Reserve	Wallace Ave. (E. McKinley St. to Dewberry Ct.)	\$ 122,570.00	\$ 122,570.00
		\$ 2,370,460.00	\$ 2,370,460.00

2027 Alley Projects		Total Cost with	
Funding Source	Project	Est. Cost	Total Cost with
Liquid Fuels/Capital Reserve	Belvidere Ct. (Scotland Ave. to Geiman Ct.)	\$ 22,172.00	\$ 22,172.00
Liquid Fuels/Capital Reserve	Cambridge Ct. (Ohio Ave. to Hudson Ave.)	\$ 25,981.00	\$ 25,981.00
Liquid Fuels/Capital Reserve	Dakota Ct. (Park Ave. to Terminus)	\$ 133,988.00	\$ 133,988.00
Liquid Fuels/Capital Reserve	Moon Ct. (S. Fourth St. to S. Seventh St.)	\$ 107,320.00	\$ 107,320.00
Liquid Fuels/Capital Reserve	Stanley Ct. (E. Washington St. to Elm Ave.)	\$ 15,831.00	\$ 15,831.00
Liquid Fuels/Capital Reserve	Stanley Ct. (E. Liberty St. to Lortz Ave.)	\$ 72,572.00	\$ 72,572.00
		\$ 377,864.00	\$ 377,864.00

2028 Street Projects		Total Cost with	
Funding Source	Project	Est. Cost	Outside Funding
Liquid Fuels/Capital Reserve	Grant St. (N. Second St. to Fifth Ave.)	\$ 582,732.00	\$ 582,732.00
Liquid Fuels/Capital Reserve	Horst Ave. (Edgar Ave. to Cambridge Ct.)	\$ 45,234.00	\$ 45,234.00
Liquid Fuels/Capital Reserve	Hudson Ave. (Edgar Ave. to Philadelphia Ave.)	\$ 51,804.00	\$ 51,804.00
Liquid Fuels/Capital Reserve	Leidig Dr. (Stanley Ave. to Orchard Dr.)	\$ 187,281.00	\$ 187,281.00
Liquid Fuels/Capital Reserve	Miller St. (Franklin St. to Garber St.)	\$ 146,751.00	\$ 146,751.00
Liquid Fuels/Capital Reserve	Rife St. (Center St. to N. Franklin St.)	\$ 116,843.00	\$ 116,843.00
Liquid Fuels/Capital Reserve	Wolf Ave. (Chambers St. to Commerce St.)	\$ 16,246.00	\$ 16,246.00
		\$ 1,146,891.00	\$ 1,146,891.00

2028 Alley Projects		Total	
Funding Source	Project	Est. Cost	Cost with Outside Funding
Liquid Fuels/Capital Reserve	Calvert Ct. (Montgomery Alley to Nelson St.)	\$ 17,703.00	\$ 17,703.00
Liquid Fuels/Capital Reserve	Cambridge Ct. (Hudson Ave. to Horst Ave.)	\$ 20,243.00	\$ 20,243.00
Liquid Fuels/Capital Reserve	Columbia Ct. (Ramsey Ave. to Pennsylvania Ave.)	\$ 65,047.00	\$ 65,047.00
Liquid Fuels/Capital Reserve	Delaware Ct. (Park Ave. to Norland Ave.)	\$ 40,695.00	\$ 40,695.00
Liquid Fuels/Capital Reserve	Newport Ct. (Park Ave. to Pennsylvania Ave.)	\$ 73,356.00	\$ 73,356.00
		\$ 217,044.00	\$ 217,044.00

These lists include alleys, as beginning in 2026, the budget included funds for alley paving with:

- \$100,000 from the General Capital Reserve; and
- \$100,000 from the Sanitation Department (for alleys used by Sanitation vehicles for collection).
- In 2026, the budget calls for an additional increase in alley paving of: \$93,753
- \$100,000 from the Storm Water Department (for alleys with storm water conveyance systems).

Storm Water Engineering

In an attempt to comply fully 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 2024, the Borough issued a Request for Proposals to renew our relationship with a storm water consulting engineering firm. The Borough selected Herbert, Rowland and Grubic (HRG) to review drainage plans on the Borough's behalf and selected GHD Engineering to design storm sewer system projects.



In 2027, the Borough will create new aerial photography through a contractor which will be used to refresh both our civil engineering maps, used for everything from design to storm water management, as well as our impervious surface survey, to measure impervious surfaces on all building lots.

Motor Equipment (Motor Pool) Operation



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.

Acting Department Director: Shawn Layton, PE, CBSI
Supervisor: Cole Stull

	<u>2024 Actual</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Revenue	\$5,746,932	\$5,266,420	\$6,531,097
Expenses	\$4,215,575	\$7,101,051	\$4,573,847
Excess (Deficit)	\$1,531,357 Surplus	(\$1,834,631) Deficit	\$1,957,250 Surplus

Such a unique operation, almost no other municipality owns a self-sustaining motor pool operation. However, with the existence of all the utility-based equipment, in addition to normal vehicles such as fire trucks, police cars, and pickup trucks, the establishment generations ago of this outstanding cost-saving business operation, has insulated and protected the Borough from rising equipment costs and debt-ridden vehicle choices.

It is not uncommon for this fund to be out-of-balance. Some fiscal years see a deposit of equity for future use. Other years see a withdraw. In 2026, the fund is scheduled to have a significant equity fix, a readjustment as a result of a needed re-accounting and re-balancing of equity to cash. This accounting move was approved by Council and incorporated in this budget and the numbers herein.

The Motor Equipment fund holds excess equity in the form of cash on deposit, building towards the replacement purchase of future motor equipment. Therefore, in some years, deposits exceed withdrawals whereas in other years it is the opposite. In the net, the fund holds millions of dollars of assets (equipment) and deposits (cash) and therefore carries a significant fund balance. However, that fund balance is all designated to support specific vehicles and equipment.

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Equipment Purchases	\$742,180	\$323,665	\$1,824,725	\$1,306,036	\$1,188,042	\$3,428,000	\$1,072,325

As time has gone on, the cost of vehicles and apparatus has risen astronomically, thereby raising the rates of replacement and charge-back to the departments that use the equipment.

Each piece of equipment has its own account in the Motor Equipment Fund. The Borough tracks maintenance, gas, repairs, insurance, and depreciation on each piece of equipment. When a department needs to replace that equipment, sufficient funds should be on deposit to make a cash purchase. Exceptions include accidents, where insurance helps, unforeseen breakdowns, which consume equity and cause a vehicle's account to go negative, or additions to the fleet. When a department wants to add to their fleet, they can borrow equity from existing vehicles in their fleet, but that loan needs to be repaid with additional vehicle rental payments.

The department will be implementing a new fleet management software in 2026. This software will allow the Borough to track work orders, schedule appointments, part inventory, and track outsourced repairs. It also integrates with Verizon Connect (Vehicle GPS) units. In 2026, the department will be installing

Verizon Connect in all of the Borough-owned vehicles. This will allow the department to be notified when the check engine light comes on and to receive routine maintenance notifications.

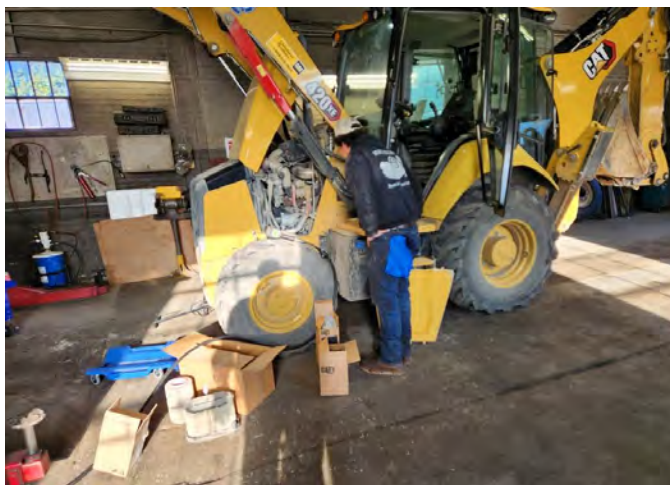
Ultimately, this motor pool accounting formula is a financially responsible method that would require significant capital investment to start today. We are fortunate that past Borough leadership established this replacement model.



Cole Stull and Dirk Lautenslager
Borough Mechanics at Work

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, besides the mechanics who maintain the vehicles, it is 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. The Borough accumulates 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.



Backhoe Maintenance

It is often surprising for outsiders and new employees to learn that no Borough Department actually owns the vehicles they use. For instance, the Police Department owns no patrol car; and the Fire Department doesn't own any ladder trucks. All Borough vehicles (with very few exceptions) are actually owned by the Motor Equipment Department.

Every two weeks during the course of the year, each Department pays the Motor Equipment Department a 'rental rate' for the use of the vehicles. This money is then used to pay for the operation and maintenance (i.e., gas and mechanical services) for each vehicle; the rest of it is then saved to purchase a new, replacement vehicle at some point in the future when the current vehicle wears out.



Loudon Street Public Works Facility

The amount of money that each Department must pay for each vehicle is determined using the Borough's 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. Therefore, if a vehicle costs \$20,000 to replace, we have already saved \$10,000, 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 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 Motor Equipment 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 30%, so that the formula is now: $X = (((R-E)/N) + O) + (OH\% \times X)$, where OH = 25%; so in the equation above, X=\$375.

The finances of the Motor Equipment Fund vary from year to year as revenues enter the account and funds are expended to purchase vehicles and equipment. Without evaluating the entire life cycle costs for all assets, it is difficult to judge the fund's health. The Borough, with thorough annual reviews, evaluates each asset to ensure appropriate funding levels are maintained to support this rate model.

Beginning in 2021, the Motor Equipment Department began experiencing supply chain issues with the procurement of new vehicles and equipment. To address this issue, a new multiyear purchase program was adopted as part of the 2023 capital program. With the new program, vehicle and equipment expected delivery dates will be factored into the equation, thereby insuring they arrive in the year they are needed.



Highway Sign Truck



New Ambulance

Motorized Equipment Purchases

2026				
Department	Account No.	New Vehicle	Replace Vehicle	Est. Cost
Admin Services	81973	Ford Escape (No. 8808)	2016 Ford Escape (No. 2017)	\$41,000
Electric	81973	Ford F250/350 w/ Utility Body (No. 217)	Additional Vehicle	\$75,000
Emergency Services	81973	Ford Expedition (No. 7314)	2021 Ford F-150 (No. 7308)	\$77,900
Police	81973	Ford Police Interceptor (No. 7421)	2020 Ford Explorer (No. 7407)	\$72,425
Police	81973	Ford Police Interceptor (No. 7422)	2020 Ford Explorer (No. 7408)	\$72,425
Recreation	81973	Ford F250 Superduty Truck (No. 7508)	2013 Ford F250 Superduty Truck (No. 7502)	\$48,700
Recreation	81973	UTV Club Car (No. 7507)	2015 John Deere 4x4 Gator (No. 554)	\$22,550
Recreation	81973	UTV Club Car (No. 7506)	2015 John Deere 4x4 Gator (No. 505)	\$20,500
Sanitation	81973	Recycling Truck Possible 50% Grant (No. 613)	Additional Vehicle	\$260,000
Sanitation	81973	Case Unloader (No. 615)	1999 Case 1845C Unloader (No. 976)	\$123,000
Sanitation	81973	2021 Ford F150 Transfer (No. 617)	Additional Vehicle	\$18,000
Water/Sewer	81973	Case Wheel Loader (No. 417)	2005 Case 621D Wheel Loader (No. 404)	\$174,200
Water/Sewer	81973	Ford F350 Superduty Truck (No. 416)	2011 Ford F350 Superduty Truck (No. 142)	\$66,625
				\$1,072,325

2027				
Department	Account No.	New Vehicle	Replace Vehicle	Est. Cost
Admin Services	81973	Ford Escape	2016 Ford Escape (No. 2016)	\$42,000
Admin Services	81973	Ford Transit Connect Van	Additional Vehicle	\$42,000
Admin Services	81973	Ford Ranger Truck	2008 Ford Escape (No. 8807)	\$47,250
Electric	81973	Digger Derrick	2005 Dueco Digger Derrick w/ Trailer (No. 500)	\$231,000
Electric	81973	Traffic Signal Bucket Truck	2016 Traffic Signal Ford Bucket Truck (No. 2015)	\$221,000
Emergency Services	81973	Ford F550 Ambulance	2020 Ford F550 Ambulance No. 1-8 (No. 7306)	\$330,750
Engineering	81973	Chevy Express Cargo Van	2007 Chevy Express Cargo Van (No. 7)	\$57,750
Engineering	81973	Ford F150 Truck w/ Cap	2017 Ford F150 w/ Cap (No. 8301)	\$57,750
Police	81973	Ford Police Interceptor	2016 Ford Explorer (No. 7401)	\$62,400
Police	81973	Ford Police Interceptor	2016 Ford Explorer (No. 7411)	\$62,400
Sanitation	81973	Freightliner Side Load Commercial Refuse Truck	2017 Freightliner Side Load Commercial Refuse Truck (No. 603)	\$252,000
Sanitation	81973	Freightliner Side Load Commercial Refuse Truck	2017 Freightliner Side Load Commercial Refuse Truck (No. 603)	\$252,000
Sanitation	81973	Chevrolet Colorado Truck	2016 Chevrolet Colorado Truck (No. 605)	\$47,250
Water/Sewer	81973	Caterpillar Backhoe	2014 Caterpillar Backhoe (No. 479)	\$157,500
				\$1,863,050

2028				
Department	Account No.	New Vehicle	Replace Vehicle	Est. Cost
Electric	81973	Freightliner Bucket Truck	2016 Freightliner Bucket Truck (No. 672)	\$385,875
Emergency Services	81973	Ford Explorer	2016 Ford Explorer (No. 7302)	\$77,175
Gas	81973	Chevrolet Colorado Truck	2008 Chevrolet Colorado Truck (No. 809)	\$49,625
Gas	81973	Ford F550 Dump Truck	2008 Ford F550 Dump Truck (No. 871)	\$198,450
Police	81973	Ford Police Interceptor	2023 Ford Explorer (No. 7413)	\$64,900
Police	81973	Ford Police Interceptor	2023 Ford Explorer (No. 7414)	\$64,900
Recreation	81973	Ford F350 Truck	2012 Ford F350 Truck (No. 268)	\$66,150
Sanitation	81973	Freightliner Tri-Axle Rear Load Refuse Truck	2017 Freightliner Tri-Axle Rear Load Refuse Truck (No. 601)	\$297,675
Sanitation	81973	Freightliner Tri-Axle Rear Load Refuse Truck	2017 Freightliner Tri-Axle Rear Load Refuse Truck (No. 602)	\$297,675
Sanitation	81973	Street Sweeper	2017 Elgin Pelican Street Sweeper (No. 606)	\$319,725
Water/Sewer	81973	Freightliner Vac Truck	2018 Freightliner Vac Truck (No. 403)	\$661,500
Water/Sewer	81973	Ford F350 Superduty Truck	2016 Ford F350 Superduty Truck (No. 402)	\$60,650
Water/Sewer	81973	Ford Transit Van	2016 Ford Transit Van (No. 401)	\$55,125
				\$2,599,425

This Page Intentionally Left Blank

Chapter 6 – Frequently Asked Questions

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

In 14 of the last 20 budget years, Town Council approved no real estate or Act 511 tax increase. Chambersburg rarely raises real estate taxes and generally only for Police Department and Fire Department needs. The Borough of Chambersburg did not raise real estate taxes between 2007 and 2013; then, the Council was very conservative with minor increases in 2014, 2016, 2018, 2022, 2023, and 2025. In recent history, in most years Chambersburg has not raised the real estate tax rate. Furthermore, there is a constant theme in our finances: real estate tax increases were rare and only dedicated to funding police and fire services.

No real estate tax will pay for any operations of the Borough of Chambersburg other than police, fire, EMS and debt service. The Recreation Bond Tax does not pay to support the Recreation Department operations. The Police Station Bond Tax does not pay to support the Police Department. The Public Works Campus Bond Tax does not pay to support the Public Works Department.

2. Why do I pay so much in taxes?

In 2026, the Borough will only collect a small portion of all 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 if you live inside the Borough.

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

Almost all employees of the Borough, and most of the equipment of the Borough, is owned and operated by our utility departments (Electric, Gas, Water, Wastewater, Storm Sewer and Sanitation Departments) and our utility support departments (engineering, motor equipment, administrative services, which includes information technology, finance, clerical, maintenance of buildings, and human resources). 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 no Borough 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 the State, 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 were used exclusively to support the Chambersburg Police Department. In 2014, a small share was added to support the Chambersburg Fire Department. While the Police Tax rate grew in 2025, 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. In 2022, the separate Police Station Bond Tax was added. This special bond tax does not cover any of the cost of the operation of the Police Department. All of the money collected by the bond taxes goes to pay for the annual debt payments.

The Borough collects about 90% of funds needed from the 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. However, the State has imposed a cap on Police Tax Statewide and the value of each mil is controlled by Franklin County. Our County, Franklin County, has failed to update the County tax rolls, the fair and equitable distribution of real estate taxes, since 1962. This is by far the oldest and most out-of-date taxation system in Pennsylvania. The practical impact of this decision by the County is to reduce the money that 1-mil of real estate tax generates.

As for traffic, street paving, code enforcement, parks, or any other employees and projects, or any other operation or utility of the Borough other than public safety, no real estate taxes are used. This was true in previous budgets as well.

Chambersburg does receive income beyond the property tax. Ancillary miscellaneous tax revenue available to the Borough of Chambersburg amounts to: a wage tax set to a State mandated maximum rate; a local services tax (worker tax), which is set to a State mandated maximum rate; and a deed transfer tax (for real estate transactions), which is also set to a State mandated maximum rate. These so-called Act 511 taxes are important, but cannot be adjusted year-to-year based on need or economic realities. Therefore, they are minor, appreciated, and set by the State since 1965. Together, along with fees and fines, these categories make up the only revenues.

Fortunately, the Electric Utility and the Natural Gas Utility 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 maintenance, 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. Chambersburg is uniquely successful at getting grants. However, grants cost a lot of money to administer, track, and report. So much of their dollar value is diminished by these administrative costs. Further, most require a cash (not services) contribution or match from the Borough to contribute to whatever they are funding. Finally, grants provide funds to build things and almost never to run things. You may get a grant to build a thing. However, rarely do grants pay the day-to-day operations of anything required after you build the thing paid for by the grant.

As usual, in 2026, 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 in proportion.

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 or as a result of any new development, increasing the size of the Borough's independent utility accounts. However, new 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 the Borough get a lot of money from all the development and businesses in the townships?

No, the Borough utilities sell some utility services in the township either directly to customers or through township authorities. However, just as with individual taxpayers, businesses and industry in the townships pay no taxes to support the Borough of Chambersburg, or Police Department, Fire Department, or EMS services. No financial benefit from any development outside the borough limits aid the Borough of Chambersburg other than some utility sales in some cases.

10. 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.

11. 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 property owner 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; rather, it is more like a gift to support the Ambulance service. The annual Ambulance Club is optional, although it is recommended.

Beginning in 2020, Council created a "per month per water utility invoice ready-to-serve Ambulance Fee" to support the Ambulance services. Nothing under the law prevents a fee in support of the Ambulance service but the Borough cannot collect a fee for general Fire Department operations. Further, this is a Borough operation utilizing Borough employees and Borough equipment. This may feel like a tax but it is a required fee. If it were a tax, it could not be associated with water service and many customers would be exempt. That is the meaning of fees in Pennsylvania. However, a very important court case is examining that definition right now. The Borough of Chambersburg is watching that court case carefully.

The Borough Fire Department does invoice insurance companies for auto and home damages after an event. However, they will never bill the car-owner or the homeowner if the insurance does not reimburse them for firefighting expenses.

12. If Borough non-exempt real estate owners pay for the police and fire, 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.

13. 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.

14. 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.

15. 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 the last labor agreement. 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 not be sufficient to protect the townships alone. Not to mention, there are insufficient volunteers for our Borough alone. The best new system would be a regional 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.

For many years, the Borough has requested that the townships take the first step and consider allowing the Chambersburg Fire 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, despite the fact that no one is doing fire safety inspections outside the Borough at this point.; and, that is really dangerous. Perhaps we need to recognize that Chambersburg is more than a neighbor to the townships but rather a place township residents and businesses can pay for emergency services.

16. 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.

17. If the Borough has a Police Tax and a Fire Tax, what pays for streets?

We use the miscellaneous taxes and revenue 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 Utility is a separate utility (not unlike the Electric, Gas, Water, or Wastewater utilities) and they keep the streets clean, free of leaves, and well swept. The Chambersburg Aquatic Center is run like a separate business. Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels) funds highway paving 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 general government responsibilities.

18. 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 (PennDOT) 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 operations cut a State-owned street, then PennDOT makes the utility fix the street. However, when others cut the street, PennDOT and the Borough both watch to make sure contractors 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 pays the Borough 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. If you see bumpy, uneven patches on streets, it is likely still undergoing multiyear repairs. That is not a fixed street, but rather a temporarily patched street awaiting a permanent fix.

For example, in 2025 the Gas Utility replaced all the pipes under Philadelphia Avenue. In 2025, we received a dozen complaints that the street needed to be paved. Of course it did. We had just finish 18-months of replacing underground infrastructure. For months the street was bumpy and uneven. Then, in the fall of 2025, a new surface covered all the scars of the repairs. That was always the plan. So if you see a really bumpy or uneven road, ask yourself if the Borough is in the process of fixing the street and the infrastructure. That might be the case.

The Borough does not pay to fix State-owned streets, County-owned bridges, private streets, or township roads. Finally, the Borough has let many alleys degrade. We now have some resources to pave alleys despite years of neglect. 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 60 miles of public streets. In the 2026 Budget, the Borough will spend almost \$1.6 million in street paving and patching and over \$405,000 in alley fixes.

19. Why won't you pave my street?

We pave streets in the Borough every year. Again, in 2026 we will pave about 8 blocks of side 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. Finally, if a utility department digs up a street not a part of the paving program, they must fix it. 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; as 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 2026, the Sanitation Utility and the Storm Sewer Utility will contribute \$200,000 towards alley patching associated with wear and tear from trash trucks or stormwater conveyance. This is enough to patch three or four alleys per year.

20. 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 do a project; that usually means they bring many employees.

21. 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.

The Aquatic Center, all the Borough-owned tennis courts, and playgrounds, and the Recreation Center roof, were replaced using money from the 2016 Recreation Bond, which is like a mortgage. The Recreation Bond Tax pays for the mortgage on the facilities, but not their operation.

Continuing in 2026, the Borough's Aquatic Center will have two separate rates for Borough residents and non-Borough residents. Borough taxes do not go to support the operation of the Aquatic Center. It costs over a million dollars per year to run the Aquatic Center. Finally, property owners pay no taxes towards the operation of the Aquatic Center or any Recreation Department program. Fees must cover the program costs, not real estate taxes.

This is why residents get a discount on Recreation Department activity fees.

22. 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.

23. 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 a lot of 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.

24. With limitations on the Police Tax and the Fire Tax, how can you afford projects like the new Public Works Campus on Wayne Avenue?

Chambersburg real estate taxes remain earmarked only for police and fire operations. Real estate taxes are not the source of funding for any other department or employee. In fact, the three bond taxes now levied in this budget are not changing in 2026:

- The Recreation Bond Tax, a bond to pay off the 2016 Recreation Bond (bonds refinanced in 2021), a bond to pay for the construction (but not operation) of the Aquatic Center, renovations to all Borough playgrounds in 2018, and all Borough tennis courts in 2018;
- The Police Station Bond Tax, a bond to pay off the 2022 Police Station Bond(s), for the renovation and expansion of the Borough Police Station on S. Second Street, but no police operations; and
- The Public Works Campus Bond Tax, a bond to pay for the 2025-2026 construction of about 24% of the cost of the new Public Works Campus. A second bond is scheduled for sale in January 2026 to complete this construction project financing. The balance of funding comes from the utilities.

These three bond taxes are similar to mortgages. Therefore, one can reliably say, "No real estate tax will pay for any "operation" of the Borough of Chambersburg other than police and fire." It

is important to acknowledge that real estate taxes are not used in support of most departments' operations or employees; not parks or street maintenance or the Borough administration, are paid for using real estate taxes. The only use of these taxes are police and fire, and to pay off the Recreation Bond, the Police Station Bond(s), and the Public Works Campus Bond. This has always been our financial plan for the Borough's use of taxes. These three mortgages pay for no operations, no employees, no operating expenses.

This project, just like the previous Recreation Capital Improvements Projects and the Police Station Renovation and Expansion Project will be funded in part by a dedicated real estate tax. Unlike those other projects, the dedicated real estate tax will not pay all of the cost of the debt issuances. In fact, the tax levied is calculated to only cover approximately 24% of the annual cost of the debt. This is because 74% of the cost of the Public Works Campus project is being funded by the various Borough utility operations. Only that portion of the cost attributable to General Fund or governmental operations (i.e., police, fire, EMS, highway, recreation, community development, etc.) is being paid for by the dedicated real estate tax. The balance is being paid for by interfund transfers from the various utilities.

The Public Works Campus is a very important project for the future of our community. It might not be exciting, but it is desperately needed to replace the aging facility on Loudon Street.

25. How can the Borough afford so many cars and trucks?

Borough vehicles are paid for in a unique system. The Motor Equipment Fund buys the vehicles (everything from dump trucks to police cars to fire engines) and rents them to the departments. The rental fees cover gas, insurance, maintenance, and depreciation. The Motor Equipment Fund holds the depreciation and when the vehicle needs to be replaced, if calculated correctly, there should be sufficient cash-on-deposit to buy a replacement vehicle. This has been working well for generations. The Borough is able to save millions of dollars by not borrowing or leasing any vehicles through this unique motor pool system.

26. 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 Utility and the Gas Utility 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 Wastewater Utility to make similar payments. We could ask the Water Utility to pay taxes but we have not done so in many years.

27. How can the Borough buy the Southgate Shopping Center without affecting taxes?

The project's goal is to create a new sustainable neighborhood that promotes a mixture of uses to include housing, recreation, employment, retail and business services into the neighborhood adjacent to downtown and to therefore increase utility sales from this neighborhood. On April 7, 2022, the Chambersburg Area Municipal Authority (CAMA) purchased Phase 1 of the Shopping Center. On August 24, 2022, the Chambersburg Area Municipal Authority (CAMA) reached an agreement to sell the former Gold's Gym building at the Southgate Shopping Center to Keystone Health. On October 13, 2022, the Chambersburg Area Municipal Authority (CAMA) purchased Phase 2, or the balance of the shopping center. No local taxpayer money is involved in this plan as the American Rescue Plan Act provided a \$7,763,037 non-competitive, federal formula grant from the U.S. Treasury Department to the Borough to help the community respond and recover from the COVID-19 pandemic. Of that amount, Town Council allocated \$4,151,857 to purchase the Southgate Shopping Center. When the parts of the shopping center are resold, Council can reuse the resulting proceeds from the sale for other investments. In the meantime,

store rents more than cover interim operations until the shopping center is resold by CAMA. No local tax money is being used for the Southgate project.

In 2023, the Borough received a grant from the US Army Corps of Engineers to replace underground utilities in the amount of \$3.3 million with a match of \$1.3 million from the Borough in storm sewer fees.

In 2024, the Borough received two more grants to replace Water Street with a new linear park. Also, construction on the Keystone Health Community Healthcare Facility has progressed well. That is the new anchor to the redeveloped neighborhood.

The Town Council goal for the redevelopment is to sell more utilities, improve the downtown area, and open new and expanded public spaces and recreational amenities to the community.

28. 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, Wastewater, Storm Sewer, and Sanitation utilities) 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 anyway, or pay for police or fire expenses.

29. 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 for the Police Department. 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 only, with a prohibition on using them by any local town for anything else such as police expenses, as Chambersburg had suggested the year before.

30. 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 Fire 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, Wastewater, Storm Sewer and Sanitation utilities); 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.

31. 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, Wastewater, Storm Sewer, and Sanitation utilities) 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.

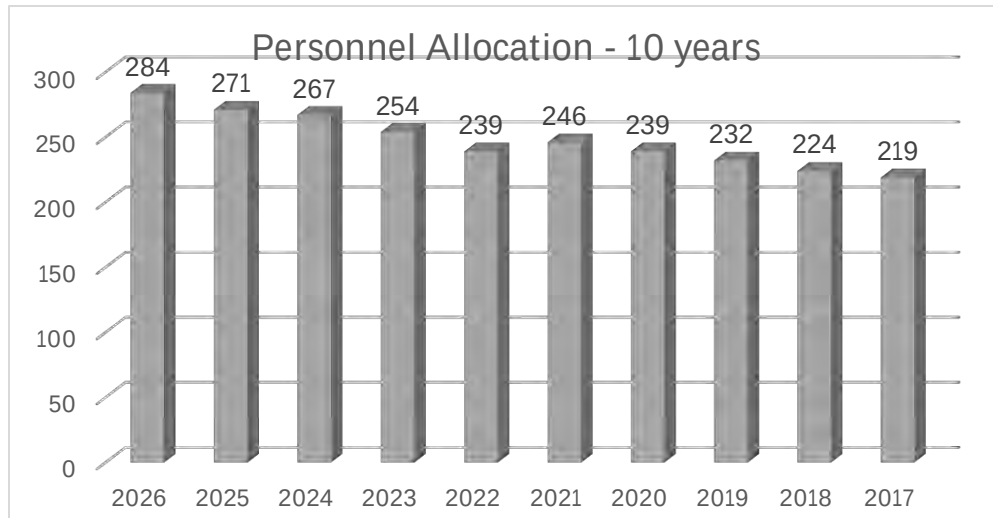
Tax Equivalent of Electric and Gas Utility PILOT Payments

<u>The Value of the Electric & Gas PILOT Payments</u>	<u>2026</u>	<u>Property Tax Equivalent</u>
Electric Department Payment in Lieu of Gross Receipts Tax	\$2,500,000	11.42 mils
Gas Department Payment in Lieu of Gross Receipts Tax	\$975,000	4.46 mils
Subtotal	\$3,475,000	15.88 mils*
Percent of General Fund Budget Supported by PILOT Payments (2026)	6.32%	
How much more would the avg. single family house pay without PILOT	\$281.08	More per year in taxes

*State law limits tax levy to 3 more additional mils so this is impossible

This Page Intentionally Left Blank

Chapter 7 – Personnel Review & Changes

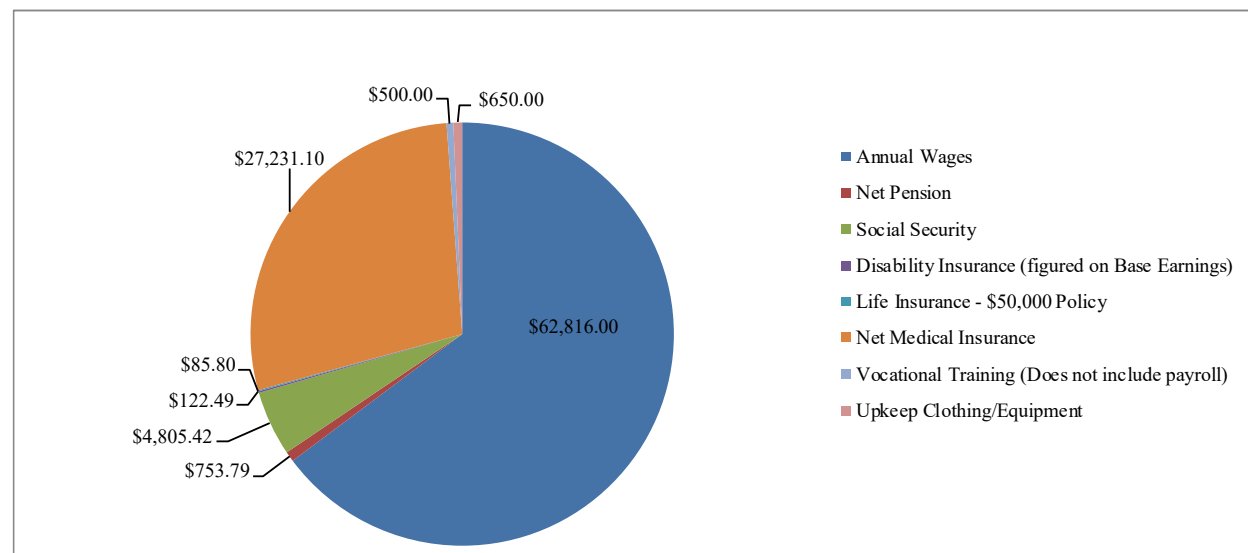


Function/Program	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
General Government										
Administration	2	2	2	2	3	3	3	3	2	2
Clerical	16	14	17	16	15	15	15	13	13	13
Code Enforcement	6	4	5	5	4	4	4	2	2	1
Community Development	0	1	1	1	1	1	1	1	1	1
Engineering	7	5	8	5	5	5	5	5	5	5
Finance /Parking	26	27	26	27	24	27	25	24	23	23
Information Technology	9	9	9	8	7	7	6	6	5	5
Personnel	7	6	7	5	5	5	4	4	4	4
Planning/Zoning	0	0	0	0	0	0	0	0	1	1
Public Information	0	0	0	0	0	0	0	0	0	0
Public Works										
Administration	7	6	6	5	4	4	4	4	3	3
Central Garage (Motor Equip.)	5	4	4	4	4	4	4	4	4	4
Labor/Maintenance (Highways)	5	6	5	5	5	6	6	6	6	6
Sanitation	18	15	14	14	15	14	14	13	11	10
Recreation										
Administration	3	2	2	1	2	2	2	2	2	2
Labor/Maintenance	7	7	6	7	6	6	6	6	6	3
Public Safety										
Fire Administration	2	2	2	2	2	2	2	2	2	2
Fire Personnel	31	27	27	28	26	25	25	25	25	24
Police Administration	2	2	2	1	1	1	1	1	1	1
Police Personnel	35	37	34	35	34	34	34	34	35	35
Utilities										
Administration	8	7	7	8	6	6	6	6	6	6
Electric Distribution	12	12	12	12	10	12	12	12	9	9
Electric Plant Generation	14	13	13	13	12	12	12	12	12	12
Electric System Maintenance	0	0	0	0	0	1	1	1	1	1
Gas Distribution	13	14	10	8	8	8	8	8	8	8
Stores/Warehouse/Call Center	7	7	9	6	6	6	6	6	6	6
Water Distribution	2	2	2	3	2	2	2	2	2	2
Water Treatment Plant	9	9	8	8	9	9	9	8	8	7
Sewer Collection/Conveyance	10	10	10	7	6	7	7	7	6	7
Sewer Treatment Plant	16	16	14	13	12	14	12	12	12	13
Traffic Signal/Street Lights	3	3	3	3	3	3	2	2	2	2
Storm Water Department	2	2	2	2	2	1	1	1	1	1
TOTAL	284	271	267	254	239	246	239	232	224	219

BOROUGH OF CHAMBERSBURG – PROPOSED 2026 BUDGET

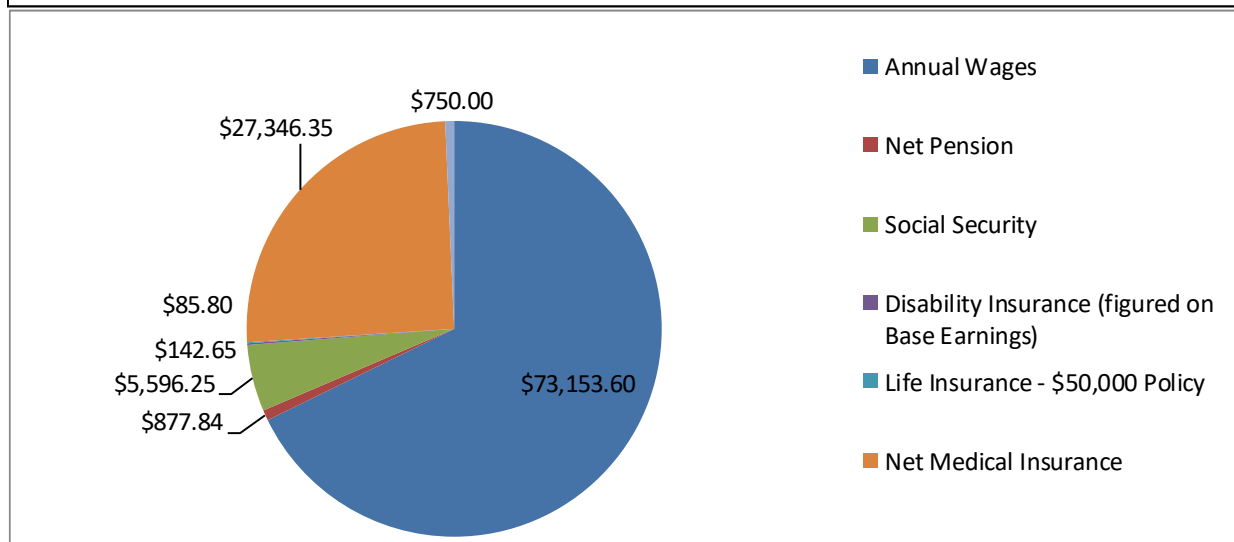
Average AFSCME Employee

AVERAGE AFSCME EMPLOYEE 2025			
	Estimate		
Pay Rate	\$30.20		
Annual Wages	2080	\$	62,816.00
<u>Benefits</u>			
Pension (from Actuarial Valuation)	7.20%	\$	4,522.75
Employee Pension Contribution	6.00%	\$	(3,768.96)
Net Pension		\$	753.79
Social Security	7.65%	\$	4,805.42
Disability Insurance (figured on Base Earnings)	0.00195	\$	122.49
Life Insurance - \$50,000 Policy	$.000143 * 50,000 = \$7.15 * 12 \text{ Months} = \$85.80$	\$	85.80
Medical Insurance	11.7% Increase	\$	26,025.61
Medical Insurance Contribution		\$	(1,698.36)
HRA		\$	2,903.85
Net Medical Insurance		\$	27,231.10
Vocational Training (Does not include payroll)		\$	500.00
Upkeep Clothing/Equipment		\$	650.00
Total Benefits		\$	34,148.61
Total Earnings and Benefits		\$	96,964.61



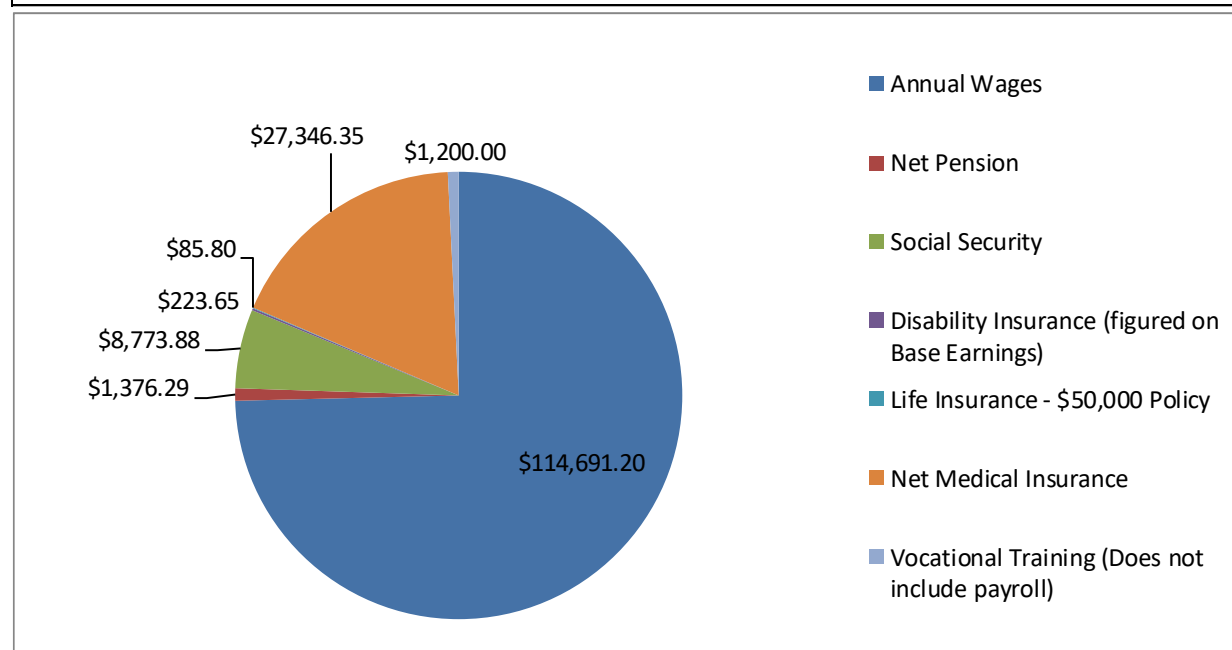
Average Clerical/Technical Employee

AVERAGE CLERICAL/TECHNICAL EMPLOYEE 2026			
	<i>Estimate</i>		
Pay Rate	\$ 35.17		
Annual Wages	2080	\$	73,153.60
<u>Benefits</u>			
Pension (from Actuarial Valuation)	7.20%	\$	5,267.06
Employee Pension Contribution	6.00%	\$	(4,389.22)
Net Pension		\$	877.84
Social Security	7.65%	\$	5,596.25
Disability Insurance (figured on Base Earnings)	0.00195	\$	142.65
	.000143*50,000 = \$7.15 * 12 Months = \$85.80	\$	85.80
Life Insurance - \$50,000 Policy		\$	85.80
Medical Insurance	12% Increase	\$	25,352.57
Medical Insurance Contribution		\$	(1,763.64)
HRA		\$	2,903.85
Dental Insurance	5% Increase	\$	853.57
Net Medical Insurance		\$	27,346.35
Vocational Training (Does not include payroll)		\$	750.00
Total Benefits		\$	34,798.89
Total Earnings and Benefits		\$	107,952.49



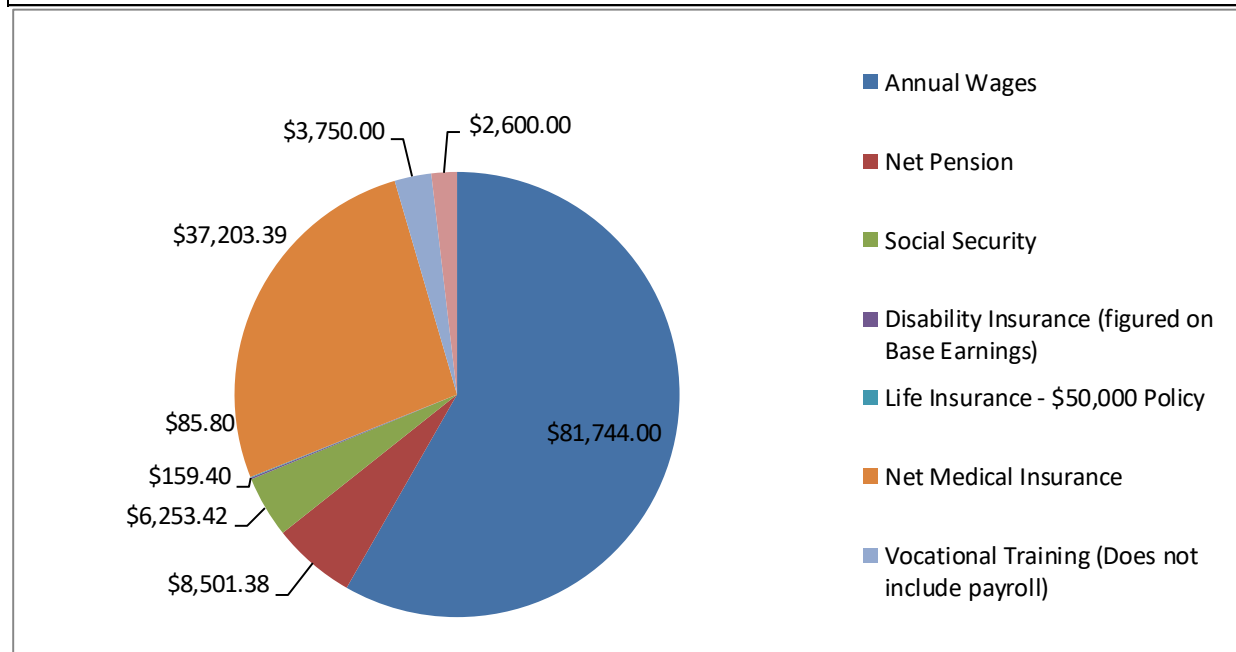
Average Supervisory/Administrative Employee

AVERAGE SUPERVISORY/ADMINISTRATIVE EMPLOYEE 2026			
	<i>Estimate</i>		
Pay Rate	\$55.14		
Annual Wages	2080	\$	114,691.20
<u>Benefits</u>			
Pension (from Actuarial Valuation)	7.20%	\$	8,257.77
Employee Pension Contribution	6.00%	\$	(6,881.47)
Net Pension		\$	1,376.29
Social Security	7.65%	\$	8,773.88
Disability Insurance (figured on Base Earnings)	0.00195	\$	223.65
	$.000143 * 50,000 = \$7.15 * 12$		
	Months = \$85.80	\$	85.80
Life Insurance - \$50,000 Policy		\$	25,352.57
Medical Insurance	12% Increase	\$	(1,763.64)
Medical Insurance Contribution		\$	2,903.85
HRA		\$	853.57
Dental Insurance	5% Increase	\$	27,346.35
Net Medical Insurance		\$	1,200.00
Vocational Training (Does not include payroll)		\$	39,005.97
Total Benefits		\$	153,697.17
Total Earnings and Benefits		\$	



Average Police Uniformed Employee

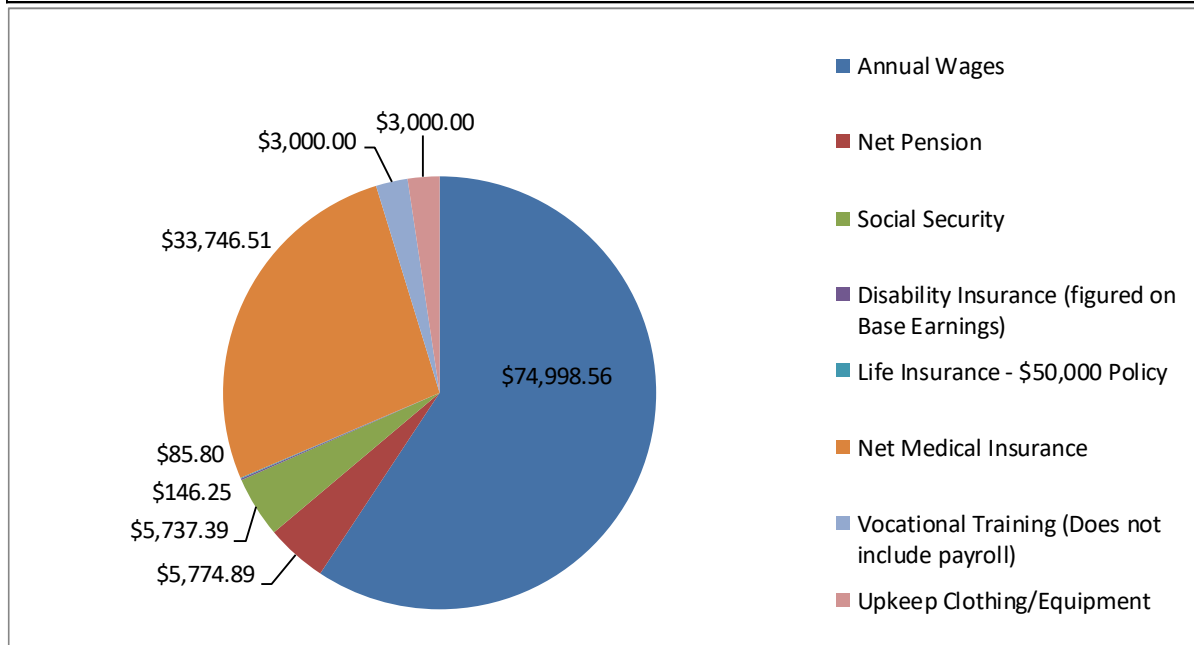
AVERAGE POLICE EMPLOYEE 2026			
	<i>Estimate</i>		
Pay Rate	\$	39.30	
Annual Wages	2080	\$	81,744.00
<u>Benefits</u>			
Pension (from Actuarial Valuation)	15.40%	\$	12,588.58
Employee Pension Contribution	5.00%	\$	(4,087.20)
Net Pension		\$	8,501.38
Social Security	7.65%	\$	6,253.42
Disability Insurance (figured on Base Earnings)	0.00195	\$	159.40
	.000143*50,000 = \$7.15 * 12		
Life Insurance - \$50,000 Policy	Months = \$85.80	\$	85.80
Medical Insurance	12% Increase	\$	39,004.32
Medical Insurance Contribution		\$	(2,713.08)
Dental Insurance	5% Increase	\$	912.15
Net Medical Insurance		\$	37,203.39
Vocational Training (Does not include payroll)		\$	3,750.00
Upkeep Clothing/Equipment		\$	2,600.00
Total Benefits		\$	58,553.38
Total Earnings and Benefits		\$	140,297.38



Average Fire Department Uniformed Employee

AVERAGE FIRE EMPLOYEE 2026

	<i>Estimate</i>		
Pay Rate (Estimate 2% - No Contract)	\$34.34		
Annual Wages	2184	\$	74,998.56
<u>Benefits</u>			
Pension (from Actuarial Valuation)	12.70%	\$	9,524.82
Employee Pension Contribution	5.00%	\$	(3,749.93)
Net Pension		\$	5,774.89
Social Security	7.65%	\$	5,737.39
Disability Insurance (figured on Base Earnings)	0.00195	\$	146.25
Life Insurance - \$50,000 Policy	$.000143 * 50,000 = \$7.15 * 12$ Months = \$85.80	\$	85.80
Medical Insurance	12% Increase	\$	35,347.60
Medical Insurance Contribution		\$	(2,458.80)
Dental Insurance	5% Increase	\$	857.71
Net Medical Insurance		\$	33,746.51
Vocational Training (Does not include payroll)		\$	3,000.00
Upkeep Clothing/Equipment		\$	3,000.00
Total Benefits		\$	51,490.84
Total Earnings and Benefits		\$	126,489.40



Personnel Changes for 2026

FY 2026 new positions and authorization for positions approved mid-year FY 2025**Gas Department (Supported by Natural Gas Utility Revenue and Grant Funding)**

- The 2026 Budget includes a recommendation to convert three (3) Gas Technician positions into Lead Gas Technician positions: In 2024, the Borough received two USDOT grants, with a combined value of \$10.8 million, for the replacement of old gas mains and services. This work is required to be completed within five years, adding significant additional workload to the Gas Department. In order to allow the Gas Department to complete this work within the required timeframe, the Town Council previously approved the addition of three (3) Gas Technicians/Gas Technician Apprentices positions for the fiscal year 2025 which increased the number of work crews and crew sizes. Converting three (3) Gas Technician positions to three (3) Lead Gas Technician positions will allow each work crew to have a lead employee to oversee the team's work under the supervision of Gas management. The position complement will be net zero; no additional technician positions will be added to the Gas team with this proposal; however, this will result in three (3) current staff members' promotions to a Lead position, with their salaries paid for by grant funds.
- This 2026 Budget includes a recommendation to fund a second Assistant Director of Natural Gas Utility position as part of a succession planning initiative for the Natural Gas Utility's senior management, to train with the existing full-time Assistant Director and Director of the Natural Gas Utility Department. This additional cost will be funded fifty-percent (50%) by grant funds and fifty-percent (50%) by operating funds, resulting in minimal impact to the 2026 Budget. The second Assistant Director position will be eliminated upon the retirement of the incumbent Borough employee, whenever that time comes.

Public Works Department (Sanitation, Engineering, and Motor Equipment)**Sanitation (Supported by Sanitation Fund Revenue)**

- This 2026 Budget includes a recommendation to continue to fund the full-time Sanitation Loader position, created with a 2025 budget amendment and approved by the Town Council at the June 16, 2025 meeting. Previous to the budget amendment, Sanitation had been operating in a staffing deficit and had to utilize additional staff for extended periods of time to support individuals out on Workers Compensation injuries and other medical leave. This had a negative impact on limited existing staff, as well as they bore the workload burden when other staff could not assist. A solution was proposed to add an additional Sanitation Loader to the Sanitation Department that would fill-in, as needed, throughout the department, allowing the organization to maintain its mission critical sanitation responsibilities and staff to use appropriate leave without disrupting daily operations. The position is supported by Sanitation Fund revenue.
- This 2026 Budget includes a recommendation to continue to fund the full-time Sanitation Truck Driver position, created with a 2025 budget amendment and approved by the Town Council at the June 16, 2025 meeting. The Sanitation workload (refuse & recycling tonnage) continues to increase as indicated in the department's annual budget presentations. At the time of the budget amendment approval, the daily residential refuse collection was divided between two trucks and crews with each covering a Ward Precinct daily. However, the recycling collection only had one truck and crew which required them to service the entire Ward each day. This unrealistic workload led Public Works management to develop a solution by adding a Sanitation Recycling Loader in 2025 with an additional Sanitation Recycling Truck Driver planned for 2026. However, staffing limitations this year drew a negative impact on operations, and therefore resulted in the request to be moved up one year to allow the department to distribute the workload to a more manageable level. The position is supported by Sanitation Fund revenue.
- This 2026 budget includes a recommendation to continue to fund a full-time Assistant Public Works Supervisor -Sanitation position. The position was approved as a 2025 budget amendment at the September

29, 2025 Town Council Meeting. Public Works is preparing for the impending retirement of a long-tenured employee who holds the Operations Supervisor- Sanitation position. Among many other things, the Public Works Operations Supervisor- Sanitation position is responsible for the supervision and coordination of the Borough's sanitation (refuse and recycling) collection activities. Work involves planning, supervising and directing personnel, performing work with considerable latitude over work methods and procedures. The position conducts frequent inspections and ensures all standards are met. It is imperative for the Assistant position to have a period of training to learn the Supervisor duties and others, all while assisting with managing the office as part of the training period. This position is considered temporary, therefore upon the incumbent Public Works Operations Supervisor's retirement, the Assistant Operations Supervisor may be elevated to the Supervisor position. Staff will not backfill the Assistant Supervisor position, rather the Assistant Supervisor position will be eliminated. The Assistant Operations Supervisor- Sanitation position will be supported by Sanitation Fund revenue.

Engineering (Supported by Charge for Services by Other Departments)

- This 2026 Budget includes a recommendation to fund a full-time Geographic Information Systems (GIS) Technician. The position is needed to meet the workload demands of the Engineering Department and would include drafting responsibilities. The position would be supported by charge for services by other departments.

Motor Equipment (Supported by Vehicle Rental Payments from Other Departments)

- This 2026 Budget includes a recommendation to continue to fund the full-time Mechanic's Assistant position, created with a 2025 budget amendment and approved by the Town Council at their June 16, 2025 meeting. The Motor Equipment Department was experiencing a manpower shortage and along with considerations of the future retirement of senior mechanics. Management believed requesting a Mechanic's Assistant would aide with the workload as well as succession planning. Naturally, as the Borough's fleet continues to expand, the workload grows. To meet these demands, Public Works staff worked to add an additional Mechanic in 2024, bringing the staffing levels to four mechanics and one Operations Supervisor. However, because of the complexity of the fleet (the Borough has an extremely diversified equipment inventory) it takes a considerable amount of time (years) to develop in-house expertise to maintain our assets. Therefore, in an effort to develop a succession pipeline to replace future retirements, staff is requesting approval to continue to fund a Mechanic's Assistant. Sufficient funds exist in the Motor Equipment fund to support this request.
- This 2026 Budget includes a recommendation to continue to fund the full-time Public Works Operations Supervisor- Motor Equipment position. The position was approved at the March 24, 2025 Town Council meeting to replace the vacant position of Assistant Public Works Supervisors- Sanitation and Motor Equipment due to a resignation. At that time, Public Works management staff proposed to reclassify the Assistant Public Works Supervisor - Sanitation and Motor Equipment to a Public Works Operations Supervisor - Motor Equipment. This request divided the Sanitation and Motor Equipment Division, historically one division of the Public Works department, into two separate divisions: 1) Sanitation and 2) Motor Equipment. This provided each Public Works Operations Supervisor concentrated areas of expertise as well as back up support for each division supervisor (i.e., when a Public Works Operations Supervisor is absent the remaining Public Works Supervisors - Engineering, Facilities and Grounds, Highways, Sanitation, or Motor Equipment- would cover the duties in their absence). This backup support procedure would eliminate the need for the Assistant Public Works Supervisor, and would further "flatten" the Public Works organizational structure. It also provided another "classroom" instructor for the Commercial Driver's License (CDL) classes, which was at the time performed by one Operations Supervisor. The 2025 budget funding allocated for the Assistant position was deferred to this new-level position of Public Works Operations Supervisor- Motor Equipment; however, the new Supervisor position is one grade level higher than the Assistant position replaced and only require minimal budget adjustments.

Land Use & Community Development (LUCOMDEV) (Supported by Misc. General Fund Revenue & Code/Development Fees)

- The 2026 Budget includes a possibility of adding (1) in-house Property Maintenance Code Enforcement Officer position; if, the residential rental unit inspection program in-house, as opposed to contracting with a third party, and the additional enforcement position is supported by user fees. This topic will be discussed by Council in 2026 before any decision to move forward is made.

Administrative Services Department (Supported by Charge for Services by Other Departments)

- This 2026 Budget includes a recommendation to continue to fund the full-time Secretary I – Codes position. This position was created through a 2025 budget amendment as part of a succession planning initiative to replace an incumbent employee, who is a Secretary II- Codes, anticipating retirement in December of 2025 with over 29 years of service at the Borough. Upon the incumbent employee's retirement, the position of Secretary II- Codes will be eliminated and this Secretary I- Codes position will remain. The position will continue to be funded through Administrative Services, an internal services fund, supported by charge for services by other departments.
- This 2026 Budget includes a recommendation to continue to fund the Regular Part-time Receptionist position. On June 30, 2025, Town Council approved a staff recommendation to change an Extra Part-time Receptionist position to a Regular Part-Time Receptionist position to afford more office coverage and assistance to the full-time staff, with increased flexibility in the scheduling of the position of up to 20 hours per week/40 hours per pay. By increasing the scheduling flexibility, the position is also used to cover some clerical functions in other areas of the Borough (Finance, HR, and Recreation) when needed and in the event of extended leave of absences, vacation coverage, and vacancies. A regular part-time position receives half the benefits of a full-time position. The position will continue to be funded through Administrative Services, an internal services fund, supported by charge for services by other departments.
- This 2026 Budget includes the recommendation to continue to fund the Regular Part-time Secretary I position assigned to the Recreation Department. The position was approved as a 2025 budget amendment at the May 12, 2025 Town Council meeting. The Recreation Department had a full-time Secretary II and an extra part-time receptionist to support the administrative functions of the Recreation department, including recreation programs and the Aquatic Center operations. Staff requested to change the Extra Part-time Receptionist role to a Regular Part-time Secretary I position in order to have a higher skill-level to support the many and diverse responsibilities within the Recreation Department's administrative operations. The Borough currently has a Regular Part Time Secretary I position that is assigned to the Human Resources Office, but can be used for coverage in other offices. Management will continue to use this Regular Part-Time Secretary I position in Recreation to function in the same manner, for a total of two Regular Part-time Secretary I positions that could be shared among various departments (Finance, HR, Rec, and the Borough Manager's office) when needed, including in the event of extended leave of absence, vacation coverage, and vacancies. Additionally, due to the higher-level skills and responsibilities required for the Secretary I position, this position not only functions as a receptionist, it serves as back-up to the full-time clerical position in the Recreation Department. The position will continue to be funded through Administrative Services, an internal services fund, supported by charge for services by other departments.
- This 2026 Budget includes a recommendation to convert the Budget Administrator position to an Administrative Services Project Manager position. The Administrative Services Project Manager position is designed to be a project coordinator, helping to organize, and manage the paperwork, processes, funding and other administrative functions for Administrative Services' personnel, information technology, and finance project improvements that have impact organization wide. The position will report directly to the

Director of Administrative Services and will perform specific project duties and responsibilities on behalf of and under the direction of the department director whose project they are assigned. The position will be included in developing project scopes, as needed and necessary; will involve managing inventory of project supplies, scheduling meetings with project stakeholders, and coordination of project standards and procedures, as well as ensuring projects are in compliance with federal, state and local regulations. Work includes public outreach to impacted customers and vendor communication. The position will coordinate and attend project planning and progress meetings, capture meeting minutes, and ensure that projects are completed in a timely manner within established budgetary constraints. The Budget Administrator position is a higher-level classification and will be downgraded to accommodate this request. The Budget Administrator position was funded by the Administrative Services fund and LUCOMDEV at a 70/30 ratio. However, this lower classified position of Administrative Services Project Manager will be fully supported by the Administrative Services fund, an internal services fund supported by charge for services by other departments.

Recreation Department (Supported by Miscellaneous General Fund Revenue: positive impact on taxes)

- The 2026 Budget includes a recommendation to fund one (1) Assistant Recreation Director position. The Borough spent the better part of 2025 recruiting for a new Recreation Director. In the absence of a director, management had an opportunity to consider the reorganization of some positions within the department. As part of that reorganization, and also in consideration of the need for succession planning, a request is being submitted for an Assistant Recreation Director role. Fifty (50) percent of the funding for this position will be allocated to the General Fund with a direct positive impact to taxes, while fifty (50) percent will be allocated to the Chambersburg Aquatic Center, an enterprises resource fund.

Police Department (Supported by General Fund revenue: positive impact on taxes)

- The 2026 Budget includes a recommendation to fund one (1) Detective Corporal to be assigned to the Criminal Investigation Division (CID) in the Chambersburg Police Department. The CID squad has only one supervisory employee, a Sergeant, where there is no secondary supervisor to cover the CID in the Sergeant's absence. Additionally, the CID will be staffed with all new detectives with very little experience except the Sergeant and therefore having another experienced officer in CID would help detective unit outcomes. The position would be funded 100% by the general fund with a direct impact to taxes.

Chapter 8 – Charts, Graphs, and Data

The following pages contain additional statistical information to assist the reader with understanding the budget, as presented.

The Summary Budget satisfies the entire statutory requirement for budget approval. The Borough of Chambersburg publishes a line-item budget typically in January following approval of the budget. While line-item budgets can be informational, and are imperative to the management of the budget throughout the fiscal year, in Chambersburg, where Cost Based Accounting leads to a preponderance of interfund transfers, the line-item budget can be misleading.

According to the Government Finance Officers Association (GFOA), “Local governments have developed their budgets in essentially the same way for decades, and people have criticized the traditional budgeting approach for almost as long as it has been in use with local governments. A key criticism of the traditional approach is that it is not strategic. Spending is allocated to line items that concern the day-to-day operations of government. Line items like “travel,” “supplies” or “miscellaneous” don’t speak to how spending impacts big-picture results like public safety, mobility, health, etc. GFOA believes that program budgeting—developing and organizing the budget around programs, rather than mundane line items—is a way local government can begin to move away from traditional line-item budgeting and develop budgets that better reflect the organization’s strategic priorities.”

Data and the details here allow the Borough to employ a successful data-driven decision-making process.



This Page Intentionally Left Blank

BOROUGH OF CHAMBERSBURG – PROPOSED 2026 BUDGET

Summary Budget - Revised

BOROUGH OF CHAMBERSBURG BUDGET IN SUMMARY 2026 REVENUES & EXPENDITURES BY FUND

2026 Revenues Proposed Budget		2026 Expenditures Proposed Budget	
Gen Operating Fund:		Gen Operating Fund:	
Gen Borough Operating Income	\$21,324,170	Gen Borough Operating Expenses	\$2,481,448
Interfund Transfers to Gen Borough	\$648,625	Interfund Transfers from Gen Borough	\$0
		Highway	\$1,738,319
		Emergency Services	\$6,327,556
		Police	\$7,637,728
		Recreation	\$2,131,843
		Planning	\$147,113
		Zoning	\$49,696
		Property Maintenance Code	\$1,063,542
		Miscellaneous	\$395,550
		Special Interfund Transfers	\$0
Total Gen Operating Fund Revenues	\$21,972,795	Total Gen Operating Fund Expenditures	\$21,972,795
Gen Capital Reserve Fund:	\$3,697,000	Gen Capital Reserve Fund:	\$6,505,000
Other Gen Fund:		Other Gen Fund:	
Special Revenue Fund	\$2,482,940	Special Revenue Fund	\$2,482,940
Fire Tax Fund	\$688,770	Fire Tax Fund	\$688,770
Recreation Bond Tax Fund	\$570,505	Recreation Bond Tax Fund	\$570,505
Police Station Bond Tax	\$441,810	Police Station Bond Tax	\$441,810
Liquid Fuels Tax	\$650,000	Liquid Fuels Tax	\$1,000,000
Public Works Campus Bond Tax	\$220,420	Public Works Campus Bond Tax	\$220,420
Surplus Operating Fund	\$0	Surplus Operating Fund	\$0
Total	\$5,054,445	Total	\$5,404,445
Total Trust and Agency Funds:	\$2,448,223	Total Trust and Agency Funds:	\$2,408,663
Enterprise Operating Funds:		Enterprise Operating Funds:	
Electric Department	\$38,867,000	Electric Department	\$38,867,000
Gas Department	\$13,030,000	Gas Department	\$13,030,000
Water Department	\$6,469,000	Water Department	\$6,469,000
Sewer Department	\$8,846,000	Sewer Department	\$8,846,000
Sanitation Department	\$6,177,000	Sanitation Department	\$6,177,000
Parking, Traffic & St. Lighting	\$1,416,000	Parking, Traffic & St. Lighting	\$1,516,000
Storm Sewer	\$1,852,250	Storm Sewer	\$1,852,250
Swimming Pool	\$1,551,325	Swimming Pool	\$1,658,325
Total	\$78,208,575	Total	\$78,415,575
Enterprise Capital Reserve Funds:		Enterprise Capital Reserve Funds:	
Electric Capital Reserve	\$2,946,995	Electric Capital Reserve	\$2,946,995
Gas Capital Reserve	\$4,428,380	Gas Capital Reserve	\$3,853,380
Water Capital Reserve	\$1,047,680	Water Capital Reserve	\$2,350,000
Wastewater Capital Reserve	\$1,272,585	Wastewater Capital Reserve	\$5,250,000
Sanitation Capital Reserve	\$10,000	Sanitation Capital Reserve	\$210,000
Parking Capital Reserve	\$630,600	Parking Capital Reserve	\$530,600
Storm Sewer Capital Reserve	\$3,808,452	Storm Sewer Capital Reserve	\$9,961,452
Total	\$14,144,692	Total	\$25,102,427
Internal Service Funds:		Internal Service Funds:	
Stores	\$1,913,902	Stores	\$1,998,902
Motor Equipment	\$6,531,097	Motor Equipment	\$4,573,847
Public Works Campus	\$11,621,253	Public Works Campus	\$13,976,253
Engineering	\$1,063,774	Engineering	\$1,353,774
Workers Compensation Fund	\$738,065	Self-Insurance Fund	\$1,803,490
Administrative Services	\$10,566,000	Administrative Services	\$10,566,000
Self-Insurance Fund	\$1,803,490	Workers Compensation Fund	\$724,240
Total	\$34,237,581	Total	\$34,996,506
Total 2026 Budget Revenues	\$159,763,311	Total 2026 Budget Expenditures	\$174,805,411
		Difference between Rev & Exp	(\$15,042,100)
		Use of Bond Funds on Hand	\$10,772,021
		Net Decrease of Cash Reserves	(\$4,270,079)

BOROUGH OF CHAMBERSBURG – PROPOSED 2026 BUDGET

2026 Budget Summary Notes:

1. General Fund Capital Reserve Fund: \$2,808,000 from Fund Balance
2. Liquid Fuels Fund: \$350,000 from Fund Balance
3. Swimming Pool Department Enterprise Fund: \$107,000 from Fund Balance
4. Parking, Traffic and Street Light Enterprise Fund: \$100,000 from Fund Balance
5. Water Department Capital Reserve Enterprise Fund: \$1,302,320 from Fund Balance
6. Wastewater Department Capital Reserve Enterprise Fund: \$3,977,415 from Fund Balance
7. Sanitation Department Capital Reserve Enterprise Fund: \$200,000 from Fund Balance
8. Storm Sewer Department Capital Reserve Enterprise Fund: \$6,153,000 from Fund Balance
9. Stores Internal Service Fund: \$85,000 from Fund Balance
10. Public Works Campus Internal Service Fund: \$2,355,000 from Fund Balance
11. Engineering Internal Service Fund: \$290,000 from Fund Balance
12. Capital Investment: \$31,607,427
13. Difference between Rev. and Exp. before Bond Sinking funds applied: (\$15,042,100)
14. Difference between Rev. and Exp. after Bond Sinking funds applied: (\$4,270,079)
15. \$17,727,735 of \$174,805,411 budget or 10.14% of budget funded by cash reserves

Key General Fund Revenues (Excerpt)

<u>Deed Transfer Tax</u>		<u>Amount</u>	<u>Growth Rate Since 2020</u>
2025	Est.	\$ 525,000	
2024		\$ 543,200	-12.5%
2023		\$ 493,324	
2022		\$ 869,660	
2021		\$ 795,061	
2020		\$ 600,003	
2019		\$ 582,654	
<u>Earned Income Tax</u>		<u>Amount</u>	<u>Growth Rate Since 2020</u>
2025	Est.	\$ 2,900,000	
2024		\$ 3,100,100	25.9%
2023		\$ 2,836,387	
2022		\$ 2,745,152	
2021		\$ 2,426,441	
2020		\$ 2,303,983	
2019		\$ 2,261,188	
<u>Local Services Tax</u>		<u>Amount</u>	<u>Growth Rate Since 2020</u>
2025	Est.	\$ 775,000	
2024		\$ 779,226	-5.1%
2023		\$ 774,095	
2022		\$ 785,273	
2021		\$ 787,302	
2020		\$ 816,309	
2019		\$ 864,308	

Police Wages over same period = +29%

Fire Wages over same period = +41%

Borough of Chambersburg – Proposed 2026 Budget

2026 General Fund Revenues (Excerpt)	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 ACTUAL	2024 ACTUAL	2025 BUDGET	2026 BUDGET
Police Tax (rose to 25-mil in 2023, 27-mil proposed in 2025)	\$5,035,978	\$5,067,454	\$5,060,555	\$5,229,081	\$5,347,609	\$5,862,199	\$5,953,990
Ambulance Tax (lowered to 0-mil in 2020)	\$5,490	-	-	-	-	-	-
Fire Tax (½-mil)	\$111,821	\$106,208	\$102,299	\$105,078	\$119,513	\$109,840	\$111,268
Local Services Tax on Workers	\$816,309	\$787,302	\$785,273	\$774,095	\$799,226	\$775,000	\$790,000
Deed Transfer Tax on Real Estate Sales	\$600,003	\$795,061	\$869,660	\$493,324	\$543,200	\$525,000	\$625,000
Wage & Earned Income Tax on Residents	\$2,303,983	\$2,426,441	\$2,745,152	\$2,836,387	\$3,100,100	\$2,900,000	\$3,400,000
Payments In Lieu Gross Receipts Tax - Electric	\$1,350,000	\$1,350,000	\$1,350,000	\$1,470,000	\$1,870,000	\$2,033,000	\$2,500,000
Payments In Lieu Gross Receipts Tax - Gas	\$570,000	\$650,000	\$650,000	\$750,000	\$900,000	\$910,000	\$975,000
Ambulance Service Fee	\$778,980	\$971,785	\$974,749	\$1,244,182	\$1,511,166	\$1,498,868	\$1,738,868
Police Fines & Fees	\$143,345	\$129,978	\$132,141	\$219,153	\$119,438	\$185,000	\$170,000
Ambulance Fees & Charges	\$1,147,111	\$1,217,343	\$1,314,329	\$1,399,772	\$1,609,044	\$1,500,000	\$1,605,000
Motor Equipment Fund Rebate (Includes 2.5-Mil of Fire Tax)	\$573,355	\$585,320	\$575,815	\$612,735	\$594,260	\$586,255	\$209,430

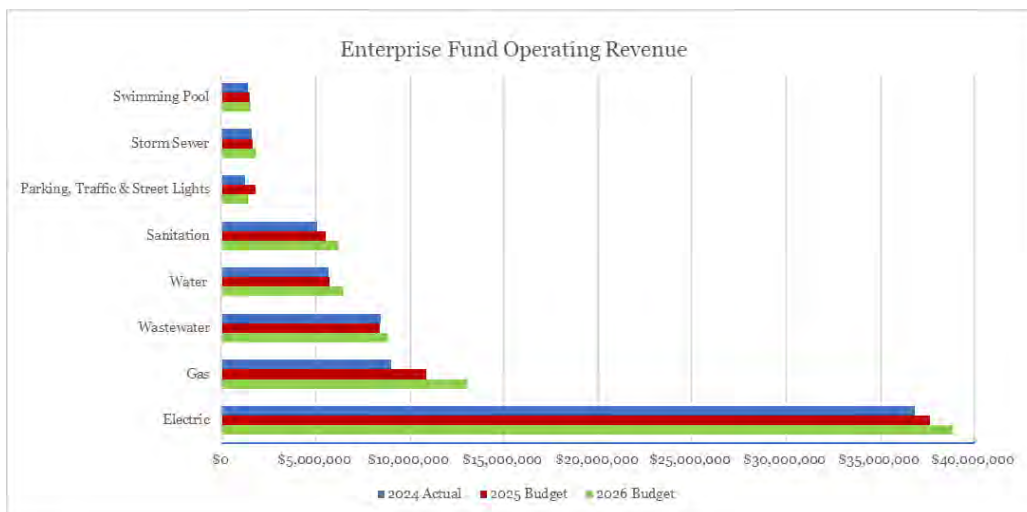
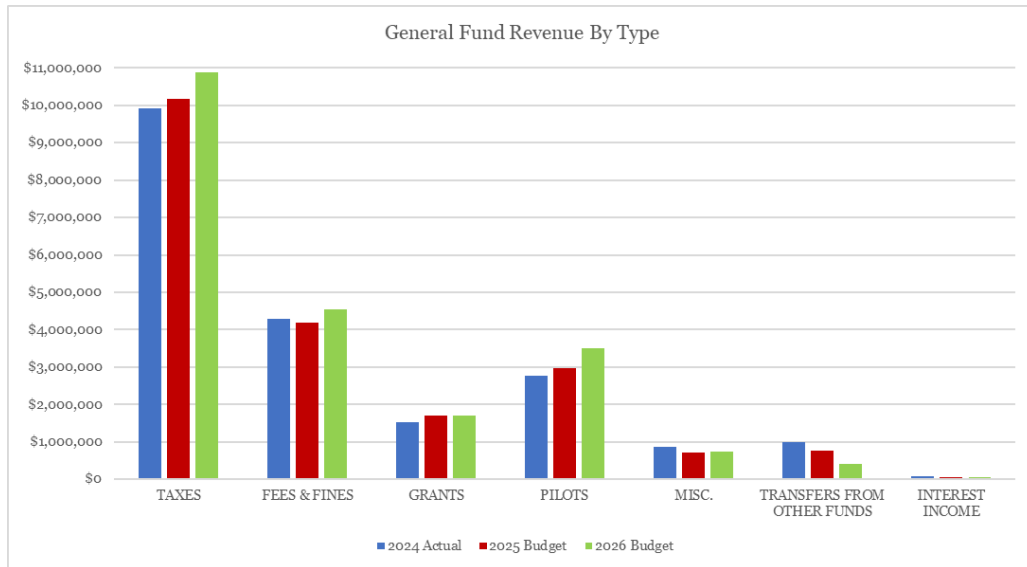
2026 General Fund Revenues (Proposed)	2022 ACTUAL	2023 ACTUAL	2024 ACTUAL	2025 BUDGET	2026 BUDGET
Police Tax (rose to 25-mil in 2023, 27-mil proposed in 2025)	\$5,060,556	\$5,229,081	\$5,347,609	\$5,862,199	\$5,953,990
Fire (½-mil) Tax (Ambulance Tax Eliminated In 2020)	\$102,299	\$105,078	\$119,513	\$109,840	\$111,268
Local Services Tax On Workers	\$785,273	\$785,273	\$799,226	\$775,000	\$790,000
Deed Transfer Tax On Real Estate Sales	\$869,660	\$493,324	\$543,200	\$525,000	\$625,000
Wage & Earned Income Tax On Residents	\$2,745,152	\$2,836,387	\$3,100,100	\$2,900,000	\$3,400,000
Federal Receipts	-	-	-	-	-
State Pension Grant	\$1,301,112	\$1,476,373	\$1,477,816	\$1,637,415	\$1,647,997
Other Inter-Governmental Grants	\$40,276	\$19,988	\$20,598	\$25,000	\$25,000
Invoiced Work	\$78,689	\$256,169	\$118,487	\$135,000	\$135,000
Misc. State Sales Tax	-	-	-	-	-
Interest Income	\$30,703	\$56,930	\$69,871	\$49,560	\$56,825
Street Excavation Permits	\$19,478	\$13,256	\$42,069	\$25,000	\$30,000
Curb & Sidewalk Permits	\$390	\$465	\$1,724	\$1,500	\$3,000
Snow/Ice Removal Fines	\$5,288	\$6	\$1,550	\$1,200	\$1,500
Payments In Lieu Gross Receipts Tax - Electric	\$1,350,000	\$1,470,000	\$1,870,000	\$2,033,000	\$2,500,000
Payments In Lieu Gross Receipts Tax - Gas	\$650,000	\$750,000	\$900,000	\$910,000	\$975,000
Payments In Lieu Gross Receipts Tax -Water	-	-	-	-	-
Payments In Lieu Of Ambulance Fees	-	-	\$8,217	\$32,868	\$32,868
Unrealized Gains	\$298,362	\$473,205	\$395,120	\$300,000	\$319,900
Police Fines & Fees	\$130,744	\$122,750	\$119,438	\$185,000	\$120,000
False Police & Fire Calls	\$15,050	\$12,925	\$7,925	\$13,000	\$80,000
Other Police Department Fees	\$1,397	\$96,404	\$64,311	\$1,500	\$50,000
Property Maintenance Code Violation Fines & Fees	\$37,335	\$37,959	\$52,202	\$41,500	\$51,000
Recreation Department Receipts	\$192,257	\$227,279	\$263,270	\$235,000	\$235,000
Recreation Vending, Concession & Consignment	\$15,928	\$13,054	\$11,733	\$12,000	\$12,000
Property Maintenance Inspection Fees	\$127,280	\$133	\$114,150	\$132,000	\$117,000
Land Use And Development Permit Fees	\$945	\$2,743	\$2,240	\$2,500	\$2,500
Fire Code Permits & Fees	\$79,225	\$85,910	\$88,442	\$80,000	\$88,000
Zoning Permits & Fees	\$3,000	\$2,000	\$2,500	\$2,000	\$2,000
Contributions For Ambulance Service	\$1,019,574	\$1,291,367	\$1,502,949	\$1,506,000	\$1,706,000
Ambulance Service Charges	\$1,209,749	\$1,306,032	\$1,517,964	\$1,400,000	\$1,500,000
Ambulance Club Membership Fees	\$104,580	\$93,740	\$91,080	\$100,000	\$105,000
School Crossing Guard Grant	\$28,872	\$29,948	\$35,218	\$34,000	\$32,800
Comcast Television Franchise Fee	\$334,199	\$305,493	\$279,151	\$320,000	\$300,000
Refunds Prior Year Payments	\$61,243	\$61,899	\$30,140	\$45,000	\$40,000
Real Estate Property Rentals	\$284,821	\$412,420	\$371,866	\$320,000	\$320,000
Contributions From Private Sources	\$602	\$8,350	\$9,640	\$5,000	\$5,000
Miscellaneous	\$1,321,025	\$362,013	\$57,679	\$45,000	\$44,790
Sale Of Scrap	\$2,128	\$670	\$3,745	\$2,000	\$2,000
Transfers From Other Funds	\$6,193,663	\$328,957	\$300,000	\$100,000	\$100,000
Transfers From Highway Aid (Liquid Fuels Grant)	-	-	-	-	-
Transfers From Engineering Department	\$138,550	\$90,000	\$90,000	\$90,000	\$110,000
Motor Equipment Fund Rebate (2.5-mil Of Fire Tax)	\$575,815	\$612,735	\$594,260	\$586,255	\$209,430
Total Estimated General Fund Revenue	\$25,215,218	\$19,832,389	\$20,425,003	\$20,580,337	\$21,839,868

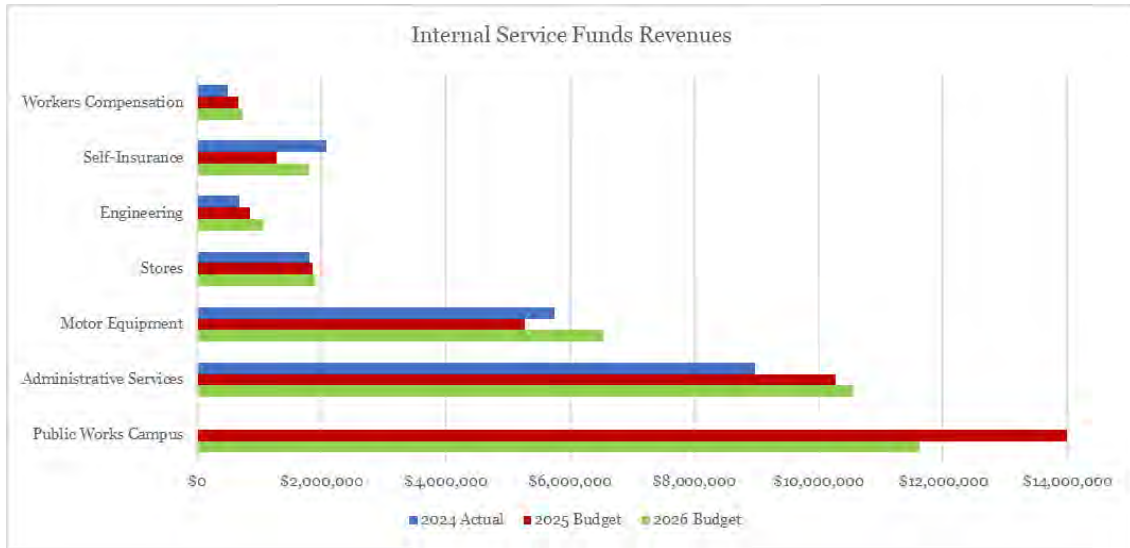
Percent Change	-4.67%	-0.75%	-5.77%

Total Revenues, Deposits, Transfers by Fund

	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Utility Operating Fund Revenue</u>				
Electric Operating	\$33,046,771	\$36,833,398	\$37,633,610	\$38,867,000
Gas Operating	\$12,680,211	\$9,003,679	\$10,881,095	\$13,030,000
Wastewater Operating	\$7,984,226	\$8,456,176	\$8,422,731	\$8,846,000
Water Operating	\$5,121,734	\$5,694,280	\$5,738,804	\$6,469,000
Sanitation Operating	\$4,374,677	\$5,049,491	\$5,542,975	\$6,177,000
Parking Traffic Street Lights	\$1,459,977	\$1,240,841	\$1,818,855	\$1,416,000
Storm Sewer	\$1,225,738	\$1,606,940	\$1,665,542	\$1,852,250
Swimming Pool	\$1,350,685	\$1,405,449	\$1,492,150	\$1,551,325
<u>Governmental Taxes, Fines & Fees</u>				
General Fund	\$19,832,389	\$20,434,301	\$20,558,837	\$21,972,795
<u>Internal Services Fees</u>				
Public Works Campus	-	-	\$13,997,595	\$11,621,253
Administrative Services	\$8,606,634	\$8,982,642	\$10,271,795	\$10,566,000
Motor Equipment	\$5,385,720	\$5,746,932	\$5,266,420	\$6,531,097
Stores/Warehouse	\$2,101,211	\$1,809,595	\$1,866,610	\$1,913,902
Engineering	\$625,547	\$685,083	\$850,168	\$1,063,774
<u>Special Revenue Receiving</u>				
Special Revenue Receiving Acct	\$1,513,086	\$131,155	\$2,999,638	\$2,482,940
Fire Tax Receiving Account	\$646,700	\$745,678	\$661,095	\$688,770
Highway Aid Receiving Account	\$644,652	\$668,110	\$641,225	\$650,000
Recreation Bond Tax Receiving Account	\$553,422	\$574,302	\$561,015	\$570,505
Police Station Bond Tax Receiving Account	\$415,748	\$436,076	\$433,840	\$441,810
Public Works Campus Bond Tax Receiving Account	-	-	\$206,455	\$220,420
<u>Deposits to Self-Insurance</u>				
Self-Insurance Holding Account	\$1,403,055	\$2,083,075	\$1,278,415	\$1,803,490
Workers Comp Holding Account	\$755,499	\$490,038	\$667,670	\$738,065
<u>Deposits for Capital Projects</u>				
Electric Capital Reserve	\$71,242	\$4,173,502	\$4,894,050	\$2,946,995
Storm Sewer Capital Reserve	\$1,230,341	\$6,547,006	\$3,567,480	\$3,808,452
Gas Capital Reserve	\$1,776,772	\$1,846,852	\$3,178,200	\$4,428,380
General Capital Reserve	\$1,339,777	\$1,854,564	\$2,837,310	\$3,697,000
Water Capital Reserve	\$1,955,365	\$1,268,408	\$945,900	\$1,047,680
Parking Traffic Capital Reserve	\$11,019	\$260,208	\$875,230	\$630,600
Wastewater Capital Reserve	\$1,168,878	\$878,304	\$841,100	\$1,272,585
Sanitation Capital Reserve	\$961,491	\$4,414,238	\$265,570	\$10,000

Revenue by Type





BOROUGH OF CHAMBERSBURG – PROPOSED 2026 BUDGET

Total Operating Budget 2026

	Revenues	Less Interfund Transfers	Operating Budget
Stores	\$1,913,902	\$1,022,000	\$891,902
Electric	\$38,867,000	\$0	\$38,867,000
Gas	\$13,030,000	\$0	\$13,030,000
Water	\$6,469,000	\$0	\$6,469,000
Wastewater	\$8,846,000	\$0	\$8,846,000
Sanitation	\$6,177,000	\$200,000	\$5,977,000
General Fund	\$21,972,795	\$648,625	\$21,324,170
Motor Equipment	\$6,531,097	\$1,150,550	\$5,380,547
Public Works Campus	\$11,621,253	\$1,187,443	\$10,433,810
Engineering	\$1,063,774	\$0	\$1,063,774
Parking, Traffic, & Street Lights	\$1,416,000	\$1,131,000	\$285,000
Storm Sewer	\$1,852,250	\$0	\$1,852,250
Swimming Pool	\$1,551,325	\$448,350	\$1,102,975
Workers Compensation	\$738,065	\$695,705	\$42,360
Administrative Services	\$10,566,000	\$0	\$10,566,000
Self-Insurance	\$1,803,490	\$148,575	\$1,654,915
Special Revenue	\$2,482,940	\$0	\$2,482,940
Trust Funds & Utility Deposits	\$39,560	\$0	\$39,560
Citizens' Reward	\$685	\$0	\$685
Recreation Bond Tax	\$570,505	\$0	\$570,505
Fire Tax	\$688,770	\$0	\$688,770
Police Station Tax	\$441,810	\$0	\$441,810
Public Works Campus Tax	\$220,420	\$0	\$220,420
Liquid Fuels	\$650,000	\$0	\$650,000
Sister City	\$3,000	\$0	\$3,000
Project Heat	\$90,000	\$90,000	\$0
Surplus Operating	\$0	\$0	\$0
Subtotal			\$132,884,393
Electric Capital	\$2,946,995	\$2,000,000	\$946,995
Gas Capital	\$4,428,380	\$1,015,000	\$3,413,380
Water Capital	\$1,047,680	\$0	\$1,047,680
Sewer Capital	\$1,272,585	\$0	\$1,272,585
Sanitation Capital	\$10,000	\$0	\$10,000
General Capital	\$3,697,000	\$1,280,000	\$2,417,000
Parking, Traffic, & Street Lights Capital	\$630,600	\$100,000	\$530,600
Storm Sewer Capital	\$3,808,452	\$0	\$3,808,452
Subtotal			\$13,446,692
Total			\$146,331,085

Legal Debt Limit

Schedule 15
Borough of Chambersburg, PA
Legal Debt Margin Information
Last Ten Years

General Bonded Debt Outstanding									
Fiscal Year	Three Year Average Revenue Borrowing Base		Legal Debt Limit	Total Debt Applicable to Limit	Legal Debt Margin (1)	Legal Debt Margin %	Revenues		
2024	\$	87,107,005	\$	217,767,513	\$	59,646,819	\$ 158,120,694	72.61%	\$88,870,103
2023		82,091,822		205,229,556		50,639,687	154,589,869	75.33%	81,647,816
2022		77,132,281		192,830,702		52,894,321	139,936,381	72.57%	90,803,097
2021		69,694,249		174,235,622		43,806,006	130,429,616	74.86%	73,824,554
2020		67,407,971		168,519,928		46,639,280	121,880,648	72.32%	66,769,191
2019		65,870,111		164,675,278		39,922,705	124,752,573	75.76%	68,489,001
2018		64,522,316		161,305,789		32,376,971	128,928,818	79.93%	66,965,722
2017		62,572,053		156,430,133		27,731,696	128,698,437	82.27%	62,155,611
2016		41,853,516		104,633,790		27,148,600	77,485,190	74.05%	64,445,614
2015		60,905,538		152,263,844		19,647,212	132,616,632	87.10%	61,114,934

Source: Borough of Chambersburg Finance Department

BOROUGH OF CHAMBERSBURG – PROPOSED 2026 BUDGET

Debt By Type

Schedule 13
Borough of Chambersburg, PA
Outstanding Debt by Type (Excluding Lease & Subscription Liabilities)
Last Ten Years
As of December 31

Fiscal Year	Governmental Activities (1)				Business Type Activities (1)										Total Primary Government
	General Obligation Bonds	Public Works Campus General Obligation Bonds	Administrative Services General Obligation Notes	Electric Department General Obligation Bonds	Electric Department General Obligation Notes	Sewer Treatment Plant General Obligation Bonds	Sewer Treatment Plant General Obligation Notes	Water Plant General Obligation Bonds	Sanitation Department General Obligation Bonds	Sanitation Department General Obligation Notes	Swimming Pool General Obligation Bonds	Storm Sewer General Obligation Bonds	Administrative Services General Obligation Notes		
2026 Est.	\$ 7,401,684	\$ 17,366,612	\$ 2,082,580	\$ 8,678,996	\$ -	\$ 3,254,995	\$ -	\$ 5,939,001	\$ 4,636,767	\$ 1,598,462	\$ 6,018,774	\$ 6,226,564	\$ 4,959,780	\$ 68,164,215	
2025 Est.	7,679,572	9,987,285	2,170,531	9,155,676	-	3,543,425	-	6,217,566	4,708,202	1,638,002	6,335,886	6,390,489	5,223,634	63,050,268	
2024	7,950,492	-	2,257,026	9,602,446	-	3,828,305	-	6,490,516	4,775,257	1,677,057	6,639,966	6,397,189	5,483,119	55,101,273	
2023	8,229,999	-	2,001,294	9,496,346	-	4,116,073	-	6,787,356	2,297,914	-	6,941,400	-	6,078,215	45,948,597	
2022	8,502,544	-	2,026,530	9,945,066	-	4,396,663	-	7,049,660	2,410,031	-	7,229,802	-	6,385,797	47,946,093	
2021	1,197,797	-	2,129,324	11,882,008	-	4,669,903	-	8,051,155	1,792,084	-	7,535,580	-	6,608,155	48,806,006	
2020	1,177,460	-	2,458,894	12,635,624	1,101,101	-	4,738,899	8,345,029	1,193,905	698,010	7,704,219	-	6,591,139	46,639,280	
2019	1,222,613	-	2,333,531	14,429,310	1,161,435	-	4,998,565	-	-	773,511	7,988,188	-	7,015,552	39,922,705	
2018	1,266,583	-	2,432,984	5,885,427	1,221,769	-	5,258,231	-	-	849,160	8,264,034	-	7,198,783	32,376,971	
2017	2,524,117	-	736,651	7,290,599	1,282,103	-	5,517,897	-	-	922,420	7,319,938	-	2,137,971	27,731,696	
2016	2,526,457	-	-	8,996,973	1,342,437	185,081	5,777,562	-	-	993,365	7,326,725	-	-	27,148,600	

(1) Details regarding the Borough's outstanding debt can be found in the Note 7 in the current financial statements.

(2) Various water projects financed via the Commonwealth of Pennsylvania's Pennvest loan program.

Source: Borough of Chambersburg Finance Department

Performance Measures

Schedule 20 Borough of Chambersburg, PA Operating Indicators by Function/Program Last Ten Years										
Function/Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General government:										
Lien letter & tax certification requests	52	24	52	52	77	94	81	227	244	185
Community development:										
Building permits issued	263	490	511	563	534	606	578	533	556	516
Estimated value of construction	\$ 44,383,880	\$ 76,366,125	\$ 39,819,337	\$ 68,182,066	\$ 6,982,335	\$ 8,289,541	\$ 15,134,264	\$ 10,996,813	\$ 52,165,922	\$ 17,519,123
Occupancy permits issued	308	344	348	299	200	180	269	130	156	98
Number of planning commission Agenda items	23	18	11	15	15	19	24	22	29	24
Public works:										
Roads resurfaced (linear feet)	15,701	5,529	151	359	0	989	13,995	7,630	3,795	3,611
Roads reconstructed (linear feet)	7,366	6,637	6,710	4,904	0	8,744	3,592	7,115	16,495	9,490
Tons of snow melting salt used	733	204		291	174	664	648	347	223	919
Recreation:										
Pool attendance	67,018	62,999	66,335	59,785	38,167	75,000	68,448	0	26,000	24,900
Number of utilization events (1)	3,530	18,027	16,822	14,368	8,675	19,570	15,000	1,681	1,720	1,750
Number of consumers served	162,880	5,133	152,084	125,023	81,203	137,816	111,480	105,337	90,800	95,200
Number of seasonal programs	181	173	152	143	98	205	201	229	278	309
Police:										
Calls for service	19,759	17,393	16,613	14,082	18,639	22,304	23,548	20,784	19,784	21,392
Total arrests	2,129	1,868	1,599	1,162	1,012	1,119	1,177	1,139	1,214	1,264
Part I offenses reported (major offense)	509	482	482	590	669	763	898	906	1,002	1,047
Part I offenses cleared (percentage)	48.0%	45.0%	42.0%	45.0%	52.0%	47.0%	41.0%	41.0%	42.0%	41.0%
Part II offenses reported (major offense)	797	734	746	557	1,455	1,615	1,704	1,753	1,906	2,045
Part II offenses cleared (percentage)	59.0%	66.0%	65.0%	60.0%	43.0%	37.0%	39.0%	39.0%	36.0%	33.0%
DUI arrests	77	85	92	92	115	131	116	128	157	155
Fire:										
Total number of responses	1,217	1,341	1,362	1,153	878	995	1,228	926	1,044	978
Responses involving loss	12	12	11	4	4	7	1	5	5	7
Structure fires	52	47	40	33	26	44	36	30	37	49
Volunteer hours	75	45	205	1,301	54,788	62,367	71,420	73,093	72,989	79,484
False alarms/false calls	294	275	240	231	110	131	165	118	115	130
Total calls for assistance	5,933	4,939	4,624	4,576	4,302	4,351	4,211	4,260	4,167	4,113
Utilities:										
Electric department										
Units billed (xwh)	321,334,572	314,970,638	316,011,089	317,417,606	298,902,132	310,284,238	317,159,888	300,587,452	312,197,885	319,635,858
Billed revenue	\$ 33,642,446	\$ 29,381,706	\$ 28,360,627	\$ 28,395,165	\$ 26,909,692	\$ 28,392,847	\$ 29,021,633	\$ 27,648,682	\$ 28,589,395	\$ 29,135,014
Gas department										
Units billed (100 cu. ft.)	11,043,825	11,025,089	11,751,733	11,642,164	10,611,581	11,267,743	12,071,013	10,152,671	9,905,831	11,130,033
Billed revenue	\$ 7,662,051	\$ 10,297,478	\$ 11,174,392	\$ 7,703,799	\$ 7,134,298	\$ 7,641,459	\$ 7,883,850	\$ 6,525,268	\$ 5,263,898	\$ 6,600,376
Water department										
Units billed (10 cu. ft.)	14,679,961	14,195,443	13,686,404	13,936,575	13,938,621	13,627,727	13,720,268	13,428,778	13,869,496	14,230,754
Billed revenue	\$ 5,090,611	\$ 4,517,495	\$ 3,617,602	\$ 3,398,765	\$ 3,361,002	\$ 3,173,005	\$ 3,005,145	\$ 2,877,281	\$ 2,891,533	\$ 2,870,909
Sewer treatment plant department										
Units billed (10 cu. ft.)	26,477,270	24,103,988	23,203,358	24,979,346	23,667,641	20,368,267	27,974,980	24,569,839	23,805,582	23,047,321
Billed revenue	\$ 7,525,338	\$ 7,302,400	\$ 6,711,299	\$ 6,956,556	\$ 6,657,706	\$ 6,270,847	\$ 6,432,192	\$ 6,212,330	\$ 5,604,837	\$ 5,457,716
Storm sewer department										
Fees billed	9,596	7,989	7,995	8,550	8,490	8,422	8,339	8,254	8,226	8,170
Billed revenue	\$ 1,326,780	\$ 1,109,684	\$ 1,102,584	\$ 510,780	\$ 405,825	\$ 402,039	\$ 399,544	\$ 395,872	\$ 295,134	\$ 293,302
Sanitation department										
Units billed (cu. yds.)	162,568	162,669	159,703	154,268	150,368	150,917	147,474	144,863	142,116	140,519
Billed revenue	\$ 2,120,202	\$ 1,894,350	\$ 3,515,169	\$ 3,462,572	\$ 1,475,791	\$ 1,338,749	\$ 1,311,329	\$ 1,296,451	\$ 1,268,049	\$ 1,139,021

(1) Recreation center usage only

Source: Borough of Chambersburg Designated Departments

Demographic and Economic Statistics

Schedule 17
Borough of Chambersburg PA
Demographic and Economic Statistics
Last Ten Years

Fiscal Year	Population (1)	Per Capita Personal Income (1)	Per Capita Household Income (1)	Median Household Income (1)	Median Age (1)	Educational Attainment Bachelor's Degree or Higher (1)	School Enrollment (2)	Unemployment Rate (3)	Median Value of Residential Property (1)	Total Assessed Property Value (4)	Total Personal Income (5)
2024	22,923	\$ 31,975	\$ 77,078	\$ 53,833	(6)	(6)	5,556	3.10%	\$ 219,778	\$ 213,937,620	(6)
2023	22,364	32,662	65,324	53,493	39.5	26.20%	5,694	3.10%	185,100	\$ 211,048,000	230,921,848
2022	22,316	28,704	63,480	51,861	39.8	24.60%	4,936	3.50%	156,900	\$ 209,049,550	262,083,017
2021	21,903	25,542	63,480	48,662	39.8	23.20%	4,893	4.80%	156,900	\$ 208,150,620	347,760,471
2020	21,553	27,037	63,480	49,023	37.6	27.10%	4,893	7.40%	154,700	\$ 207,001,370	324,085,038
2019	21,143	26,721	57,246	47,963	37.1	23.80%	4,595	3.80%	158,700	\$ 205,330,190	337,873,929
2018	21,029	24,297	57,246	45,846	35.4	23.40%	4,595	3.80%	158,100	\$ 202,849,270	333,510,853
2017	20,878	22,278	52,895	42,432	35.9	21.10%	4,644	4.50%	156,700	\$ 201,414,090	338,462,263
2016	20,691	20,839	51,243	41,751	35.6	22.30%	4,722	5.10%	157,300	\$ 198,422,640	336,932,927
2015	20,691	20,967	50,937	40,936	36.3	21.50%	4,548	5.10%	158,200	\$ 197,793,910	205,330,190

(1) HomeTownLocator based on latest information available

(2) Chambersburg Area School District

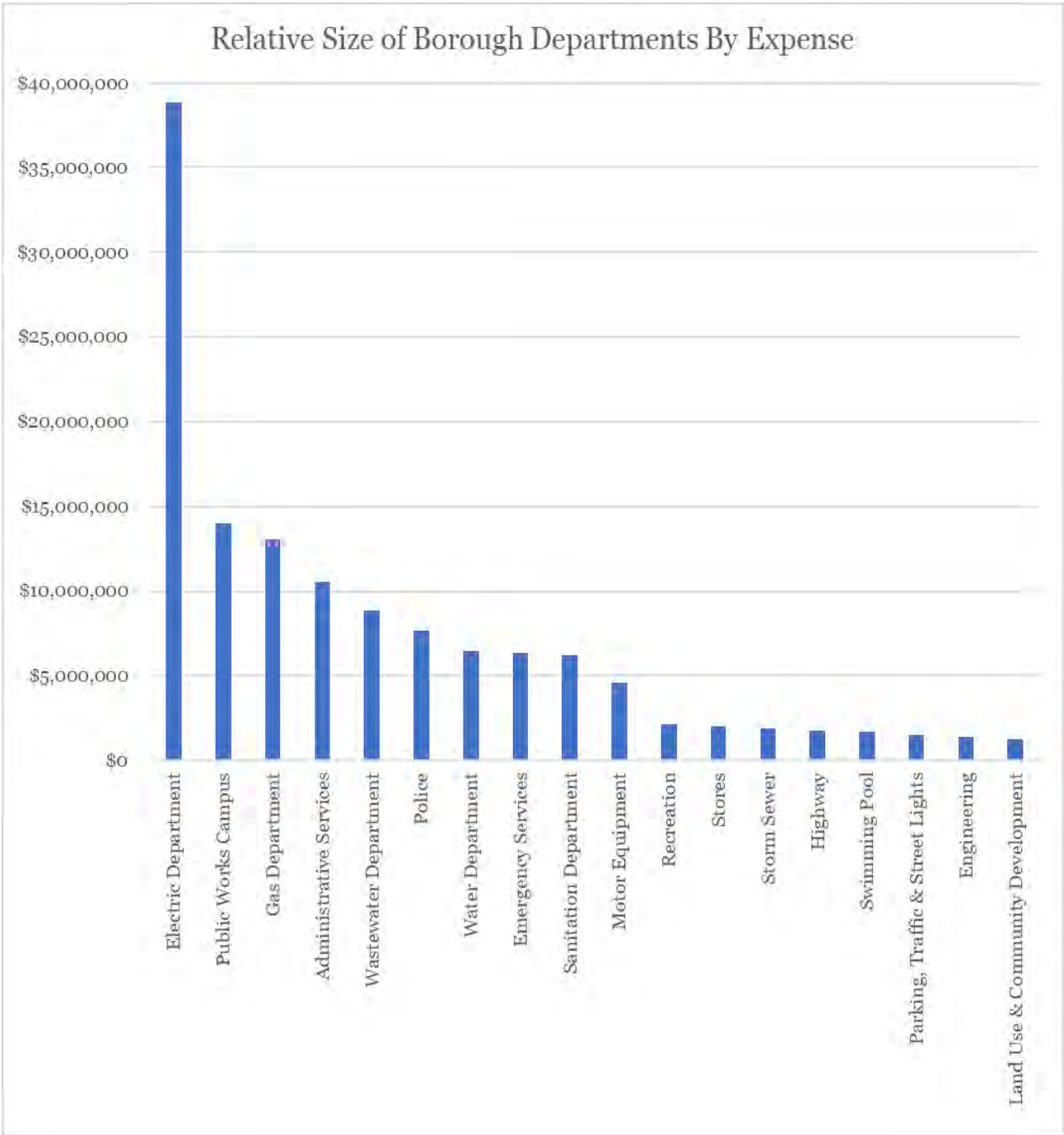
(3) U.S. Bureau of Labor and Statistics

(4) Franklin County Assessor's Office

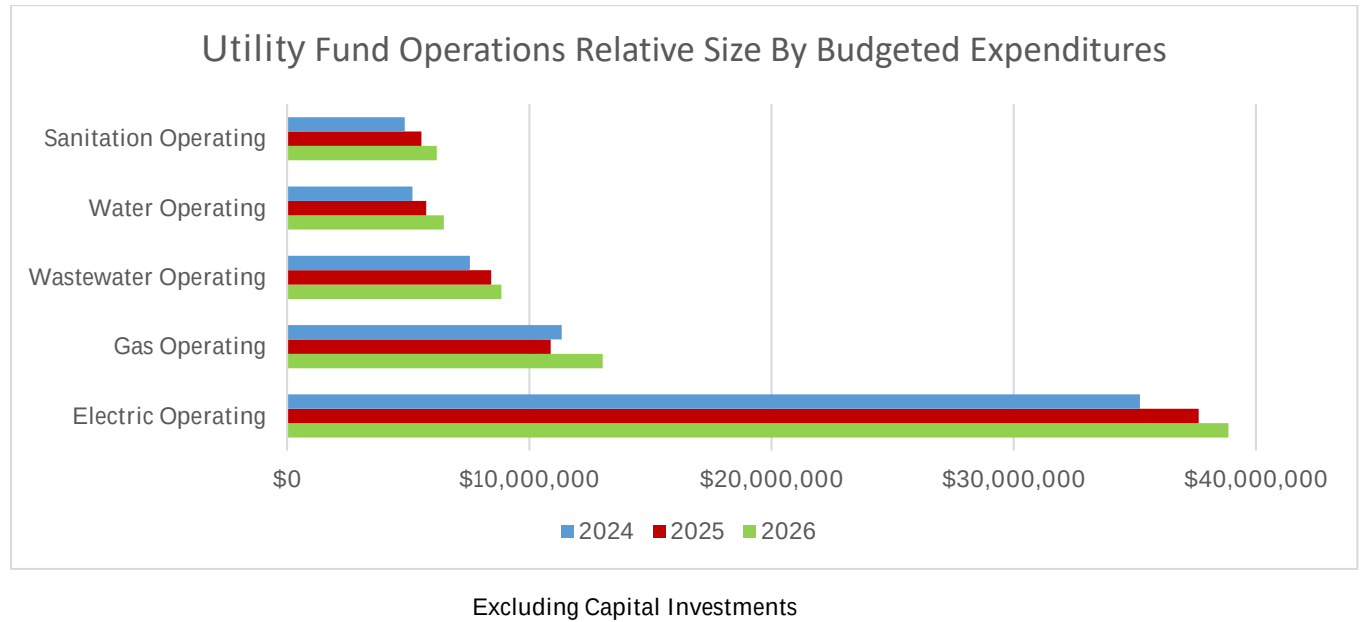
(5) Franklin County Area Tax Bureau

(6) Information for 12/31/2024 not yet available

Relative Size of Borough Departments



Relative Size of Utility Operations



In 2026, the Borough will have an ALL-FUNDS BUDGET of \$174,805,411. In 2025, the Borough had an ALL-FUNDS BUDGET of \$159,998,388. This represents a 9.3% increase, with no major changes to accounting or operational practices. This net increase is largely a result of increases in operational expenses in the Police, Recreation, Property Maintenance Code, Electric, Water, Sewer, Sanitation, Parking Traffic & Street Lighting, Storm Sewer, and Aquatic Center operations; the spending down of fund balance reserves and/or bond funds in the General Capital Reserve, Liquid Fuels, Electric Capital Reserve, Water Capital Reserve, Sewer Capital Reserve, Storm Sewer Capital Reserve, Motor Equipment, and Public Works Campus Funds.

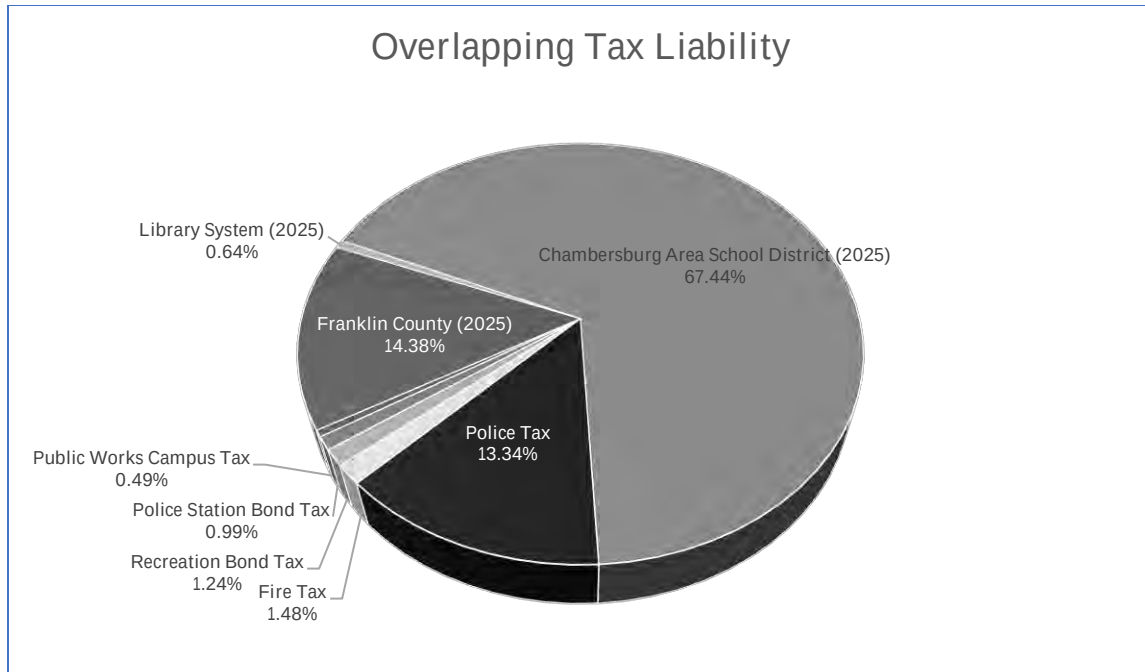
In 2026, the Borough's OPERATING BUDGET will be \$146,331,085. In 2025, the Borough's OPERATING BUDGET was \$137,760,740. This represents an 6.2% increase, with no major changes to accounting or operational practices. This increase is largely attributable to revenue in the Electric, Gas, Gas Capital Reserve, Water, Sewer, Sanitation, General, Motor Equipment, Public Works Campus, Storm Sewer Capital Reserve, and Aquatic Center Funds, as a result of utility rate increases, projected increases in sales, as well as the anticipated revenue resulting from grants and debt issuance.

In 2026, the Borough's GENERAL FUND BUDGET will be \$21,972,795. In 2025, the Borough's GENERAL FUND BUDGET was \$20,558,837. This represents a 6.9% increase, and is a realistic gauge of actual growth in the Borough's spending plan, given the importance of the Police and Fire/EMS Departments, as well as the provision of all major governmental services.

Overlapping Taxes on Borough Property Owners

Average Single-Family House Inside The Borough	2025	2026
Police Tax (All to the General Fund)	\$475.00	\$477.90
Fire Tax (Shared with most going to the Motor Equipment Fund)	\$53.00	\$53.10
Only		
Recreation Bond Tax	\$44.00	\$44.25
All revenue goes to paying the Recreation Bond and not the Recreation Department		
Police Station Bond Tax	\$35.00	\$35.40
All revenue goes to paying the Police Station Bond(s) and not the Police Department		
Public Works Campus Bond Tax	\$18.00	\$17.70
All revenue goes to paying for construction of the Public Works Campus and not the Highway Department		
Total (per year)	\$625.00	\$628.35

<u>Taxing Authority</u>	<u>2026</u>		<u>Per Dollar</u>
	<u>Mil Rate</u>	<u>Annual Avg. Home</u>	<u>Percentage</u>
Franklin County (2025)	29.10 mil	\$515.07	14.38%
Library System (2025)	1.3 mil	\$23.01	0.64%
Chambersburg Area School District (2025)	136.4677 mil	\$2,415.48	67.44%
<u>Borough Taxes</u>			
Police Tax	27 mil	\$477.90	13.34%
Fire Tax	3.0 mil	\$53.10	1.48%
Recreation Bond Tax	2.5 mil	\$44.25	1.24%
Police Station Bond Tax	2.0 mil	\$35.40	0.99%
Public Works Campus Tax	1.0 mil	\$17.70	0.49%
Borough Total	35.5 mil	\$628.35	17.54%
Total	202.3677 mil	\$3,581.91	100%
Median Assessed Value of a Single-Family Home Per Franklin County is \$17,700			\$1



Capital Projects

ELECTRIC DEPARTMENT

2026 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Grant/Capital Reserve	92794	Transmission System Switching and Protection Upgrades (Resilience Grant)	\$1,075,000	\$806,250	\$0	\$268,750
Capital Reserve	92794	Cree Substation Relay Replacements	\$390,000	\$0	\$0	\$390,000
Capital Reserve	92794	Rework and Harden Grant/Second St. Transmission Poles	\$220,000	\$0	\$0	\$220,000
Capital Reserve	92792	Operations Center Smokestack Refurb and Roof Replacement (Initial)	\$205,000	\$0	\$0	\$205,000
Capital Reserve	92794	Convert Park Sub Distribution From 4 To 12 kV	\$190,000	\$0	\$0	\$190,000
Capital Reserve	92794	Major Maintenance Overhaul TB Woods Substation Complete 69 kV Breaker Install	\$140,000	\$0	\$140,000	\$0
Capital Reserve	92794	Convert Water Street Rail Trail Distribution from Overhead to Underground	\$100,000	\$0	\$0	\$100,000
Capital Reserve	92794	Distribution System Upgrades, Extensions, New OH/UG Customers, Capacitors	\$75,000	\$0	\$0	\$75,000
Capital Reserve	92794	Engine/Generator Major Maintenance Items/Parts	\$55,000	\$0	\$0	\$55,000
Capital Reserve	92794	Transmission/Distribution Substation Equipment/Engineering	\$35,000	\$0	\$0	\$35,000
Capital Reserve	92793	Equipment Hauling Trailer	\$25,000	\$0	\$0	\$25,000
Capital Reserve	92794	Build-Out Feeder 273 Toward Downtown	\$25,000	\$0	\$0	\$25,000
			\$2,535,000	\$806,250	\$140,000	\$1,588,750

GAS DEPARTMENT

2026 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Grant	93794	Replace Cast Iron Gas Mains and Old Steel Services (Grant Funded)	\$2,000,000	\$2,000,000	\$0	\$0
Grant/ Capital Reserve	93794	Gas Line Relocation for I-81 Guilford Springs Rd. Exit (PennDOT Funded)	\$1,410,000	\$1,390,000	\$0	\$20,000
Capital Reserve	93794	Upgrade Guilford Springs Regulators	\$225,000	\$0	\$0	\$225,000
Capital Reserve	93794	Install Zone 2 Anode Bed and Rectifier	\$125,000	\$0	\$0	\$125,000
Grant	93794	Installation of New Gas Services	\$50,000	\$0	\$0	\$50,000
Capital Reserve	93794	Extend Gas Mains to Serve New Customers	\$30,000	\$0	\$0	\$30,000
			\$3,840,000	\$3,390,000	\$0	\$450,000

WATER DEPARTMENT

2026 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Grant/ Capital Reserve	94464	Grand Point Water Service Extension (Total Project \$1,200,000 with \$579,000 from State Grant, \$1,100,000 expense in 2026)	\$1,100,000	\$579,000	\$0	\$521,000
Capital Reserve	94464	Water Treatment Plant Sludge Upgrades	\$450,000	\$0	\$0	\$450,000
Capital Reserve	94464	Limekiln Dr. Bridge Water Main Replacement	\$300,000	\$0	\$0	\$300,000
Grant/ Capital Reserve	94461	Alternative Source of Water Supply (Property Evaluation)	\$100,000	\$0	\$0	\$100,000
Capital Reserve	94462	Water Treatment Plant Roof Replacement	\$180,000	\$0	\$0	\$180,000
Capital Reserve	94464	Tools, Equipment and Chemical Feed Equipment	\$70,000	\$0	\$0	\$70,000
			\$2,200,000	\$579,000	\$0	\$1,621,000

SANITARY SEWER DEPARTMENT

2026 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	95794	East Conococheague Pump Station (Total Project \$2,000,000 with \$1,800,000 in 2026)	\$1,800,000	\$0	\$0	\$1,800,000
Capital Reserve	95794	Laurich Meadows Pump Station (Total Project \$2,000,000 with \$1,800,000 in 2026)	\$1,800,000	\$0	\$0	\$1,800,000
Capital Reserve	95793	Sewer Camera Truck	\$500,000	\$0	\$0	\$500,000
Townships/ Capital Reserve	95794	Wastewater Treatment Plant Equipment Evaluation and Upgrade (Borough Share 30.32%/Township Share 69.68%)	\$500,000	\$348,400	\$0	\$151,600
Townships/ Capital Reserve	95794	Wastewater Treatment Plant Solids Processing Improvements (Borough Share 30.32%/Township Share 69.68%)	\$400,000	\$278,720	\$0	\$121,280
Townships/ Capital Reserve	95794	Wastewater Treatment Plant SCADA Replacement (Borough Share 30.32%/Township Share 69.68%)	\$200,000	\$139,360	\$0	\$60,640
Townships/ Capital Reserve	95793	Tools and Equipment (Borough Share 30.32%/Township Share 69.68%)	\$50,000	\$34,840	\$0	\$15,160
			\$5,250,000	\$801,320	\$0	\$4,448,680

STORM SEWER DEPARTMENT

2026 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Grant/Debt	91124	Southgate Neighborhood Storm Sewer System Improvements Project	\$4,643,576	\$3,300,000	\$1,143,576	\$0
Debt	91124	N. Fourth St. Storm Sewer Box Culvert Replacement Project	\$1,772,297	\$0	\$1,772,297	\$0
Debt	91124	S. Fifth St. Storm Sewer System Improvements Project	\$1,340,393	\$0	\$1,340,393	\$0
Capital Reserve	91124	E. Catherine St./S. Fifth St. Stormwater Improvements Project	\$1,232,870	\$0	\$0	\$1,232,870
Debt	91124	Industrial Dr. Storm Sewer System Improvements Project	\$712,316	\$0	\$712,316	\$0
Capital Reserve	91124	Storm Sewer Capital Improvements Project (2026 Streets)	\$160,000	\$0	\$0	\$160,000
			\$9,861,452	\$3,300,000	\$4,968,582	\$1,392,870

WAREHOUSE/STORES DEPARTMENT

2026 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	19893	Warehouse Modernization Project	\$250,000	\$0	\$0	\$250,000
Capital Reserve	19892	Install Customer Service Center Overhang for Electric Transformers	\$80,000	\$0	\$0	\$80,000
			\$330,000	\$0	\$0	\$330,000

ADMINISTRATIVE SERVICES DEPARTMENT

2026 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Information Technology	88995	IBM Power 9 System Server Software	\$410,000	\$0	\$0	\$410,000
Information Technology	88995	Borough Wide Fiber Project	\$100,000	\$0	\$0	\$100,000
Information Technology	88995	Network Switches	\$100,000	\$0	\$0	\$100,000
Information Technology	88993	New/Upgraded Cameras Borough Wide	\$50,000	\$0	\$0	\$50,000
			\$660,000	\$0	\$0	\$660,000

FACILITIES AND GROUNDS

2026 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	88992	Borough Hall First Floor HVAC Replacement	\$50,000	\$0	\$0	\$50,000
Capital Reserve	88992	Borough-Owned Dwelling at 38 W. Queen St. Replace Garage Roof and Add Privacy Wall	\$25,000	\$0	\$0	\$25,000
			\$75,000	\$0	\$0	\$75,000

PUBLIC WORKS CAMPUS

2026 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	82932	Public Works Campus Construction	\$11,189,000	\$0	\$10,000,000	\$1,189,000
Capital Reserve	82933	Furniture, Fixtures, Equipment	\$1,000,000	\$0	\$0	\$1,000,000
Capital Reserve	82933	Security, Access, Cameras, IT	\$500,000	\$0	\$0	\$500,000
			\$12,689,000	\$0	\$10,000,000	\$2,689,000

PARKING, TRAFFIC AND STREET LIGHTS

2026 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Grant	98085	Traffic Signal Improvements Project (PennDOT CMAQ)(Multi-Year Project)	\$500,000	\$500,000	\$0	\$0
Capital Reserve	98085	S. Main St./Orchard Dr. Traffic Signal Reconfiguration	\$15,000	\$0	\$0	\$15,000
Capital Reserve	98085	Installing Handicap Accessible Signals at S. Main St./King St./Queen St.	\$15,000	\$0	\$0	\$15,000
			\$530,000	\$500,000	\$0	\$30,000

AQUATIC CENTER

2026 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	86933	New Shade Sails	\$70,000	\$0	\$0	\$70,000
Capital Reserve	86932	New Locker Room Flooring	\$22,000	\$0	\$0	\$22,000
Capital Reserve	86933	New Lockers	\$15,000	\$0	\$0	\$15,000
			\$107,000	\$0	\$0	\$107,000

RECREATION DEPARTMENT

2026 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	97596	Water St. Linear Park (PennDOT TASA \$734,871, CFA MTF \$650,000 and DCNR C2P2 \$464,910)	\$1,849,781	\$1,849,781	\$0	\$0
Capital Reserve	97596	Recreation Center LSA Improvements Phase 1 (New HVAC system, air conditioning and windows in old gym)	\$619,255	\$600,000	\$0	\$19,255
Capital Reserve	97596	Stormwater Drainage Replacement and Pave Lower-Level Parking Lot Next to Bard Hall	\$80,000	\$0	\$0	\$80,000
Capital Reserve	97598	Zero-Turn Mowers (4)	\$50,000	\$0	\$0	\$50,000
Capital Reserve	97596	Replace Railroad Tie Retaining Wall Along Rail Trail, Located Near Texas Lunch	\$25,000	\$0	\$0	\$25,000
Capital Reserve	97597	Leaf Vacuum for Dump Truck	\$6,000	\$0	\$0	\$6,000
			\$2,630,036	\$2,449,781	\$0	\$180,255

POLICE DEPARTMENT

2026 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	97498	New (Replacement) Tasers Phase 1	\$62,000	\$0	\$0	\$62,000
Donation	97498	New (Replacement) Portable Radios Special Event Monitors	\$20,000	\$20,000	\$0	\$0
Capital Reserve	97498	Purchase Drone	\$35,000	\$0	\$0	\$35,000
			\$117,000	\$20,000	\$0	\$97,000

HIGHWAY DEPARTMENT

2026 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	97299	Limekiln Dr. Bridge Replacement	\$700,000	\$0	\$0	\$700,000
			\$700,000	\$0	\$0	\$700,000

LAND USE AND COMMUNITY DEVELOPMENT

2026 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Grant/Capital Reserve	97197	Purchase and Relocate Cold Weather Shelter at 195 Loudon St.	\$500,000	\$475,000	\$0	\$25,000
			\$500,000	\$475,000	\$0	\$25,000

NOTES: